

ECONOMIC DEVELOPMENT COMMITTEE EDC-18-00(p3)

Date:	29 November 2000, 2:00pm – 5:30pm
Venue:	Committee Room 1, National Assembly Building
Title:	WELSH DEVELOPMENT AGENCY: Draft Corporate Plan 2001-2004 (A paper from the Minister for Economic Development)

Purpose and Action

1. This paper provides the Committee with background to the Welsh Development Agency's draft Corporate Plan 2001–2004 (attached at *Annex A*).
2. The Committee is invited to note and comment on the contents of the Welsh Development Agency's draft Corporate Plan.
3. WDA officials will attend the Committee meeting to present the draft Plan and field questions. They are:
 - Sir David Rowe-Beddoe - Chairman
 - Graham Hawker - Chief Executive
 - Graham Moore – Executive Director, Strategic Policy; and
 - Richard Beaumont – Executive Director, Human Resources and Finance

Timing

4. The views of the Committee will need to be given to the WDA at or immediately following the meeting of 29 November. This is because the WDA is working to a tight timescale (see paragraph 7 below).

Background

5. The WDA's Corporate Plan forms an important part of its planning cycle. The Plan builds on the strategic framework set out in the Assembly's Strategic Guidance letter, issued on 31 March 2000 by the First Minister, follow the Committee's discussion at EDC-04-00 (a copy is attached at *Annex B*).

6. The Plan is a strategic document covering the three-year period from 2001-2004. It is NOT intended to contain detailed proposals for specific projects; rather, it is an overview of the Agency's proposed activities over the forthcoming three years.

7. It will form the strategic base upon which the detailed Business Plan for 2001-2002 will be compiled. The WDA will be drafting its Business Plan in the coming months, with the Committee expected to be consulted on a draft Plan in February 2001.

Summary

8. The WDA's four "Strategic Priorities" remain the same as in previous plans: -

- Increasing Participation;
- Adding-Value;
- Internationalisation; and
- Increasing Enterprise.

9. In addition, the Plan contains an analysis of the Welsh economy and sets out the ways in which the WDA can assist the Assembly in meeting the targets as laid down in www.betterwales.com.

10. The detailed budget tables that form the annexes to the Plan are based on the Assembly's draft budget, published by the Finance Minister on 19 October.

Comment

11. I am very pleased with the WDA's work in preparing this draft Plan. It has accurately reflected the Assembly's Strategic Guidance letter, and overall I am happy with the Plan's tone and content.

12. However, since the issuing of Strategic Guidance to the WDA, the Partnership Agreement has been signed, and I am anxious to ensure that its priorities are also reflected in this Plan. Therefore, I have asked officials to liaise with the WDA to ensure that the Agreement's vision for inward investment (Chapter 4, paragraph 12) is incorporated into the draft Plan.

13. I am looking forward to hearing the views of the Committee on this and other issues concerning the draft Plan.

Compliance

14. The WDA was established by the Welsh Development Agency Act 1975 (as amended by the

Government of Wales Act). Powers under that Act have been transferred to the Assembly and delegated to the Minister for Economic Development and his staff.

15. The WDA's Management Statement (section 3.5) states that the Agency will produce, every year, a three-year Corporate Plan. This is an Agency document and as such there is no requirement for the Committee (or, indeed, the Minister for Economic Development) to "approve" the draft Plan. However, the WDA will wish to hear the views of the Committee. There are no issues of regularity and propriety and the Assembly Compliance Office is content.

Financial Implications

16. The costs associated with the WDA's activities during this financial year will be met from within the WDA's existing budget provision. The draft budget published on 19 October includes planned expenditure by the WDA for each of the next 3 financial years. Financial Planning Division has been consulted and noted that there are no additional financial implications for the Assembly arising from this submission.

"A New Economy for Wales"

Welsh Development Agency

Corporate Plan 2001-2004

1. Introduction – The WDA is "In Business for Wales"

1.1 The National Assembly for Wales has published its strategic framework for Wales, (www.betterwales.com), which sets out a series of medium and longer term targets if Wales is to achieve the shared vision, including "A

better, stronger economy". The purpose of this Corporate Plan is to outline the Agency's role within this strategy, including the contribution the Agency intends to make to these targets and objectives. The Corporate Plan includes, a projected budget allocation for the three-year plan period, and an action plan, the first year of which will inform business planning process. By more closely aligning the Corporate and Business Plans, the Agency will better integrate the strategic priorities of the Assembly and proposed Agency actions to achieve these priorities, both set within a common time frame.

1.2 The actions of the Agency will be focussed on the key goals of the National Assembly's strategic plan for Wales, (www.betterwales.com) and the partnership agreement Putting Wales First, as well as on the priorities of the Single Programme Documents and the challenges of the draft National Economic Development Strategy for Wales, in line with the Strategic Guidance of the First Minister and the Economic Development Committee. Inside this framework, this Corporate Plan will build on the analysis and strategies of the Agency Corporate Plan 2000-2003, ("*Promoting Prosperity*"), by updating and editing in the context of changing circumstances. In particular the Strategic Priorities, identified through the analysis of the Economics Panel, remain the same. The tasks of encouraging companies in Wales to meet globally competitive standards, raising productivity, increasing economic participation and enhancing enterprise remain fundamental to the Agency's mission of increasing prosperity across Wales. Prosperity can only be generated by business success – it is business that must drive economic growth in Wales. Hence the primary, (but not the only), purpose of the Agency is to "*activate business success*" in Wales.

1.3 Significant economic disparities between individual communities continue to persist in Wales. These disparities not only imply low levels of well being in some communities but also reduce the average level of prosperity in Wales as a whole, whilst depriving people of significant economic opportunities. The Agency will focus resources and attention on generating business success for Wales' poorer communities, including a range of initiatives and programmes to maximise the economic impact of European Objective One Funding, by fostering enterprise, increasing the level of work opportunities and creating the conditions under which local business will flourish.

1.4 At the same time the Agency will continue to look for, and nurture, sustainable growth opportunities throughout Wales, recognising the economic interdependencies that exist within Wales and the potential for areas of maximum opportunity to impact upon areas of greatest need. Such an approach must be based on effective collaboration involving all relevant partners and the community itself, recognising the long-term nature of regeneration and be flexible enough to meet the particular needs and opportunities of communities throughout Wales.

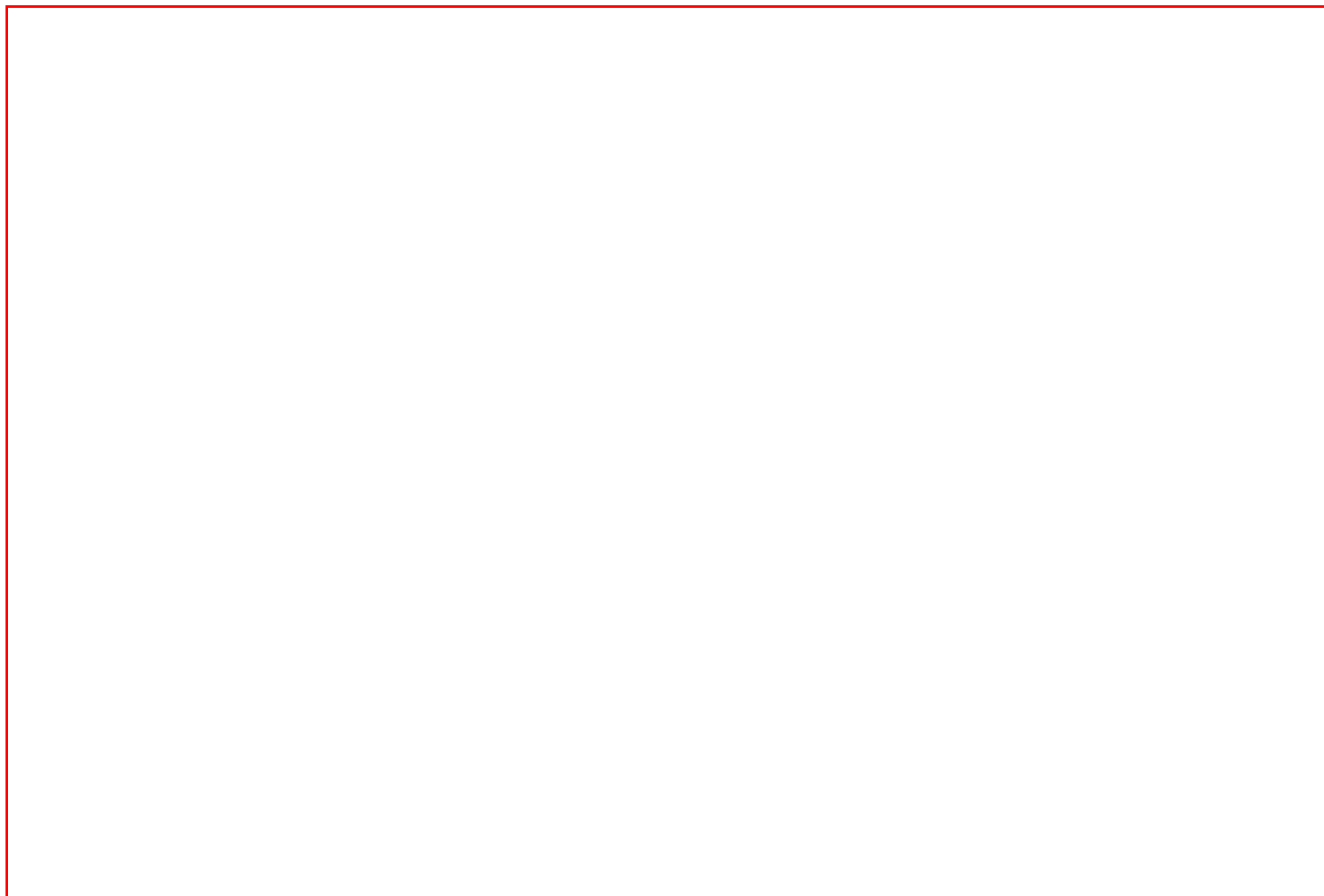
5. The Agency will work to implement the Assembly's underlying themes of equality of opportunity, sustainable development and social inclusion in every thing it does, recognising in particular its obligations under the Human Rights Act 1998 and the opportunities of the Communities First Strategy and the Rural Development Plan.
6. Wales has many advantages as a place to live and work – a vibrant and welcoming culture, a new sense of worth and identity and in many places an outstanding natural and built environment. The Agency is determined to add to these a globally competitive business environment, and a consistent and sustainable high standard of living.

2. Context: A Changing World

2.1 Economies do not stand still – indeed the rate of structural change is accelerating, as the spread and application of information technology increases, creating new opportunities whilst challenging traditional industries and processes. Thus the global economy is once more in the grip of structural change as the products and processes of

business adjust to new technologies and their applications. Whilst structural change is ultimately beneficial, releasing resources (including labour) to more productive uses, Wales is familiar with the costs associated with the processes of change. Wales must respond to these changes if it is not to be left behind. It can do so in part by building on its existing strengths including a strong base of international companies with high levels of re-investment, proximity to major markets in the rest of the UK and Ireland and a successful and growing higher education sector. Moreover the characteristics of the information revolution are unlike the changes of the past. Ebusiness is not only changing the nature of firms, but the very nature of business itself.

2.2 In the midst of this revolution in the processes and practices of business, the Welsh economy continues to be subject to a mixture of short and longer term influences. These include the continued strength of sterling with its downward pressure on export values and margins, the ongoing crisis in agriculture and changes in the mix and origin of mobile international investments. Relative well-being in Wales continues to fall further behind the UK average, with latest figures demonstrating a prosperity gap of more than 20% between Welsh and UK average Gross Domestic Product (GDP) per capita. More of the same, in terms of economic development activity, is not an option, since the prosperity gap will then continue to widen. Reversing this trend calls for radical action, with imaginative and innovative policies conducted on a sufficient scale over a sustained period to address the basic causes of this prosperity gap, reflected in the Strategic Priorities of this Corporate Plan.



2.3 Neither success nor prosperity can be adequately measured by GDP alone. The aim is to secure an improved quality of life for the people of Wales. The generation of economic success will go hand in hand with better health, greater social cohesion, wider access to work opportunities and a better environment. Many of these are the responsibility of others in Wales, and the WDA will work in partnership with other organisations to ensure that Agency activity is complementary to these wider goals.

2.4 Wales can gain strength from the leadership opportunities of devolution, from the blossoming of its creative industries and from the intrinsic value of both its built and natural environment. Moreover European Structural Funding, used constructively and carefully matched to local needs, opportunities and resources, offers the substantial prospect of accelerating Wales' structural adjustment and enhancing the Agency's capacity to activate business success.

2.5 Under Objective One proposals the Agency has been nominated by broad-based partnerships as the lead body on a number of Regional Action Plans, and will participate fully in the planning and delivery of a range of other Regional, Sub-regional and Local Action Plans. Similarly under Objective Two proposals, the Agency will continue to play a full partnership role in the delivery of local Action Plans based on Powys, Cardiff and Newport

2.6 Within this context the WDA is committed to the crosscutting themes of www.betterwales.com, and to the notion of a sustainable and inclusive Wales as integral to the strategy of achieving:

- high and stable levels of economic growth and employment,
- social progress which recognises the needs of everyone,
- effective protection of the environment
- prudent use of natural resources,
- integration of economic, social and environmental objectives.

2.7 The WDA is committed to increasing economic participation, to raising productivity, to encouraging companies to meet internationally competitive standards and to enhancing enterprise in Wales. In doing so the WDA will strive to meet the needs of the future as well as the present, making even greater efforts to look further forward and to better effect in identifying technological and market opportunities, and in helping Wales to take maximum advantage of those opportunities. The Agency is implementing newly developed strategies for Equal Opportunities and Sustainable Development in its own activities and in its relations with others.

3. Strategic Priorities

1. *"Promoting Prosperity"*, the Agency's Corporate Plan 2000-2003, identified four strategic priorities for increasing prosperity across Wales, following an extensive analysis of the opportunities and challenges facing the Welsh economy undertaken by the Agency's Economics Panel (*"Towards an Economic Analysis of Wales"*, WDA 1999). The Agency's view, endorsed by the Panel, is that these priorities, set out below, remain fundamental to the task of increasing prosperity across Wales, since they directly address the basic causes of the prosperity gap.

Increasing Participation

Adding-Value

Internationalisation

Increasing Enterprise

2. Both activity rates (proportion of the working age population who are in or seeking work) and productivity levels (GDP or value-added per employee) in Wales remain below the UK average. Creating new work opportunities and identifying and overcoming the obstacles that prevent people from working, and raising productivity by developing knowledge-based businesses and applying ideas and information across all sectors, must be the crucial basic ingredients of an economic development strategy for Wales. At the same time companies and individuals in Wales must be outward looking, innovative and enterprising in meeting or exceeding globally competitive standards.

3.3 However there are few quick fixes or simple solutions in the processes of economic development. Such development is about finding the right balances - between short-term gains and longer term changes; between support for home-grown businesses and attracting new inward investment; between creating new work opportunities and productivity gains from those already in work; , and between the imperatives of local needs and the advantages of local opportunities, rarely to be found in the same place at the same time. There is a continuing need for enhancements to the business environment to maximise local business success, for high impact inward investment, and for local regeneration projects that can allow communities to play their full part in sustainable economic development.

3.4 **Participation:** identifying and overcoming the obstacles that prevent people from working in Wales which increasing the level of work opportunities are both essential in the task of increasing prosperity in Wales. Individuals need the motivation and ability to generate their own economic success whilst adding value to business. The Agency recognises the role of its key partners including the Employment Service and CETW, in increasing labour market participation and preparing people for higher level jobs. However new work opportunities will only come from the attraction or creation of new business to Wales, and from the growth of existing businesses within Wales. Attracting and developing inward investment should be complementary to, rather than competing with, efforts to develop indigenous firms, with each requiring an effective business environment, appropriate and affordable premises and sites as well as skilled and outward-looking people. In particular the Agency will seek to develop strategic employment sites in areas where this can have maximum impact on low levels of participation. The Agency will also seek to create the conditions under which women can enter, or return to, work, including new opportunities for business start-ups.

5. **Added Value:** adding value through ideas and information is at the heart of the prosperous New Economies of Europe. The Agency will work to encourage the development and application of the knowledge base in Wales, facilitating much closer co-operation between industry and higher education, ensuring the development of regional innovation centres and developing a series of incubator and spin-out facilities attached to Wales' higher education institutions. The attraction of inward investment is crucial in raising productivity, in adding value and in introducing and diffusing global best practice.

3.6 **Internationalisation:** Prosperous modern economies have outward-looking individuals and firms that meet or exceed global standards, maximising the purchase and sales opportunities of electronic trading, operating in a quality business environment and deriving substantial market value from ideas and information. Encouraging overseas trade is the role of the Agency's partner WalesTrade International. The Agency will take a lead role in driving the E-business environment in Wales, building upon its Information Society initiative and developing new schemes within this integrated strategy to give Wales the infrastructure, skills and motivations to take maximum advantage of the new opportunities.

3.7 **Enterprise:** the need for a more enterprising and innovative approach to business in Wales is widely recognised. Women are especially under-represented in Welsh business start-ups, and will be an important focus for Agency activity within the Entrepreneurship Action Plan for Wales. Alongside longer-term measures to enhance an enterprise culture in Wales, the Agency will focus attention on encouraging and enabling commercial application of electronic communications, on stimulating graduate enterprise and spin-out companies from universities and on the full commercialisation of knowledge through a network of innovation centres. In addition the Agency will develop a series of financial products and services to address the funding gap identified as an obstacle to SME creation and growth in Wales.

8. The Agency is determined to play its full part in realising the vision of www.betterwales.com and will work with its partners to maximise its contribution to the betterwales targets across the full range of Agency activities. The scope of the Agency contribution is set out in the Appendix.

4. A Knowledge-Driven Economy

1. "We want to promote a strong, modern and knowledge-based economy...." *Putting Wales First, Partnership Agreement of the National Assembly, October 2000*. The application of ideas and information, including connectivity and its utilisation, are rapidly becoming key to competitiveness and hence to prosperity. However there are early indications that Wales is lagging behind the rest of the UK in this area, not only reflecting Wales' current relative lack of prosperity but also even reinforcing that position. In this changing world, connectivity and competitiveness both determine and reflect prosperity.



Source: derived from dti and ONS figures, 2000.

2. Prosperity in the 20th century was based on the effective combination of traditional inputs such as land, labour and raw materials, in order to produce (usually) tangible outputs in response to market

opportunities. The strategy for Development Agencies was then to seek to influence this combination in specific locations, typically through subsidy to particular inputs such as land, labour or premises, or by remedying market failure by improving the business environment. Whilst such actions remain important, especially in the regeneration of local communities, changes in the nature of manufactured outputs and traded services dictate that future prosperity will be knowledge based.

3. *"A knowledge-based economy is one where value is added through ideas and information."* Building a knowledge-based economy is then about promoting the application and spread of ideas and information – increasing access to the Internet and Ecommerce, encouraging the development of knowledge industries and enhancing the application of value-adding ideas across the economy. 21st century economic development strategies are about ideas; about encouraging firms and organisations to exchange ideas and information as well as goods and services (ie to learn from each other), about developing process and market expertise within and between sectors, and about looking for future prosperity from the interaction of proximate firms in learning networks. The Agency will seek to utilise Objective One funding to significantly enhance its partnership programmes to maximise the spread and application of innovative ideas. Such a strategy will bring social and environmental, as well as economic, benefits, since high growth knowledge-based firms and organisations typically have a relatively benign environmental "footprint", consume relatively few non-renewable resources and have a locational independence that can facilitate location in areas of greatest need.

5. Activating Business Success – In Business for Wales

5.1 Neither governments nor Development Agencies generate economic prosperity – only businesses can do that. Hence the Agency must encourage, nurture, cajole and stimulate business success – by identifying the drivers and constraints upon business success in Wales, and by working with business to enhance the former and to overcome the latter.

5.2 The Agency will not only work with, but will also listen to, business and it's other partners across Wales, not least through its active participation in the four Regional Economic Fora, various industry fora and direct feedback from customers. The Agency has an established track record in successfully working with communities, local authorities and other agencies to develop the social and environmental infrastructure that enables sustainable business growth. This relies on the ability of the Agency to combine the professional skills of all its staff in delivering the integrated solutions that modern business requires. Agency staff rightly have a world-class reputation for the integrated delivery of economic development through inward investment, business and area development. These skills and professionalism, combined with radical actions and appropriate resources, will be fundamental to the future delivery of sustainable prosperity across Wales

3. The Agency will itself seek to demonstrate the characteristics of a modern successful business, being pro-active in seeking out opportunities, customer focussed, efficient in its operations, taking maximum advantage of the opportunities of Ecommerce, and an exemplar in terms of openness, transparency, and forward thinking.
4. Creating the right conditions for activating business success requires that equal attention be given to supporting existing businesses and attracting new investment. Businesses will only invest in locations where the right conditions for growth exist, where there is an appropriate supply of sites, premises, local services, a quality environment and enthusiastic, regenerated communities. High growth knowledge-based businesses in particular are typically sensitive to the quality of the local business

environment – then enhancing that environment through the provision of quality sites and premises has an important part to play in the overall strategy for increasing prosperity across Wales.

5.5 The Agency's strategic role lies in focusing resources to generate the highest level of impact in those areas with the greatest potential for economic development. Achieving this relies on the Agency's ability to utilise the ingenuity and expertise of its professional staff. The Agency will seek to act as a "model employer", and will promote best practice in the management and development of its staff, balancing the needs and career aspirations of individual employees with the need to achieve its corporate aims and objectives. This balance is set out in the Agency Human Resource Strategy (Appendix A). The Agency will implement the Welsh Language Scheme proposals and, during the lifetime of this Plan, will endeavour to achieve Investors in People status.

5.6 Whilst successful economic development must recognise the unique characteristics of the individual region, Europe's prosperous regions of the future will share a number of key characteristics. These include a developed and comprehensively applied knowledge base, individuals and firms that take maximum advantage of e-business, indigenous businesses that grow by competing successfully in global markets, an attractive location for internationally-owned businesses and a focus on strategic area development for economy-wide as well as local benefit.

5.7 The attraction, retention and expansion of inward investment are each critical to achieving each of the strategic priorities, as well as the targets of betterwales.com. However the competition for mobile investments is increasing rapidly – it is only by having available quality sites and premises alongside a skilled and effective workforce that Wales will be able to maintain, let alone enhance, its relatively high share of inward investment into the UK.

8. The Agency's contribution to the actions to realise the Strategic Priorities can be grouped together into five distinct themes for activating sustainable business success and hence increasing prosperity in Wales:

- E-business Development – enhancing the take-up and utilisation of e-business in Wales
- Developing Knowledge Based Business – encouraging firms and individuals to add value through ideas and information technology
- Support for Business Into Wales – attracting new business to Wales and encouraging firms in Wales to meeting globally competitive standards
- Support for Business In Wales– stimulating the birth of new businesses and the growth of existing businesses in Wales
- Strategic Area Development–the creation of competitive communities, generating local and regional economic activity in Wales by ensuring adequate provision of employment sites and premises to meet the growth needs of existing and potential businesses

5.9 Strategic Action Plans will be developed for each of these themes, focussing resources for maximum impact on the Agency strategic priorities. In particular the Agency recognises the distinct characteristics, needs and opportunities of the different parts of Wales and will tailor its efforts in each area to stimulate sustainable business growth and success relevant to the particular characteristics of the area.

5.10 Rural areas have special problems of remoteness, weak infrastructure links and isolated communities. The Agency will work to develop local areas in ways that fully recognise local needs and opportunities.

5.11 The Agency will continue to play a full partnership role in the refinement of the Rural Development Plan for Wales. The Plan will form the basis for revitalising a diversified rural economy building on the work of LEADER and sectoral initiatives such as Forestry, Agri-Business and Environmental Goods and Services, each of which have a part to play in developing a sustainable and diversified rural economy in Wales.

12. The figure below shows the overall relationship between the prime objective of increasing prosperity across Wales through concerted action in line with the strategic priorities focused on the identified themes in response to the strategic objectives. This then leads to the full range of activities and projects detailed in the Agency Business Plan.

6. Impacts

6.1 The Agency recognises the need to develop systems that will allow the full impacts of its activities to be assessed. The Agency will seek to respond ever more quickly to changing needs and opportunities, and deploy resources for maximum impact on the Assembly aspirations set out in www.betterwales.com. Within these high-level objectives, the Agency will concentrate on those targets appropriate to its mission of increasing economic prosperity across Wales, noting the complementarity of these to the broader objectives of [betterwales.com](http://www.betterwales.com). It must be recognised that the creation of quality jobs, and the need to spread prosperity to the West and deeper rural areas, may result in higher costs per job and hence a lower output from a given budget. Similarly, the shift in focus to business support programmes demands greater staff resource.

6.2 Individual projects will be set within identified budgets in the light of their anticipated impacts on these targets. These individual projects will then be assessed according to their prospects for activating sustainable business success in local areas, as measured principally by turnover or sales revenues, but including other value indicators such as wages or job quality. Within the context of www.betterwales.com, the Agency proposes three principal targets for economic development in Wales over the period 2001-2004, and will work to maximise its contribution to these:

- Increasing business turnover,
- Extending work opportunities,
- Increasing productivity

Given the proposed budget, the Agency will strive to increase business turnover by a billion pounds, extending work opportunities to a further 15,000 people per year and increasing productivity by more than 10% over the period of this plan. The Agency will work with the Assembly to develop systems to monitor progress towards these targets. The point needs emphasising that the setting of targets must not be divorced from the level of available resources

6.3 Within these high level targets the Agency, with the National Assembly, will develop a range of subsidiary targets, concentrating on maximising the impacts of activities in terms of the differences made to business performance through turnover and resulting jobs and productivity gains. These will reflect the Agency's determination to activate sustainable business success, particularly in Wales' least prosperous areas.

4. In accordance with the First Secretary's Strategic Guidance and "Putting Wales First", the Agency will work in partnership with the Assembly, the Unitary authorities, CETW, the Higher and Further Education sectors, the Wales Tourist Board and others to help create a better, stronger economy in Wales, acting strategically in order to improve the prosperity of every part of Wales, in particular those areas of greatest need. The Agency will target a greater proportion of its development programme support and marketing effort on companies in the Objective One area.
5. The Agency will pursue the principles of partnership and consultation through the Objective 1 partnerships, and through strengthened links with organisations such as CBI Wales, the Welsh Local Government Association, CETW, WalesTrade International, etc.
6. The evaluation of Agency performance is critical to its success. Alongside existing procedures for evaluation, the Agency will work with the Assembly and others to generate new and innovative methodologies to measure economic development impacts appropriate to the new economy, where intangible assets such as human capital are becoming increasingly important to prosperity. A high priority will be given to the design, management and dissemination of evaluations on an ongoing basis. In addition the Agency will be outward-looking in monitoring Wales' internationally competitive position and in learning from best practice in assessing Development Agency impacts across Britain, Europe and the rest of the world.

7. Strategic Action Plan

7.1 This section sets out the broad details of how the Agency intends to implement its' priorities, in line with the key objectives of the Assembly's strategic guidance. Approval of a three-year plan will create a stable, long-term framework within which the Agency can work.

2. These Proposals are based upon the Assembly's draft budget for Economic Development 2001/2 to 2003/4. Additional Grant-in Aid will be used together with the opportunities of Match Funding to support the Agency's ambitious plans to more quickly develop the knowledge economy in Wales.
3. **Key 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.

7.4 The Agency will work to identify and overcome the obstacles that are preventing people from working, looking at the particular circumstances of local communities and the challenges for applied information technology to create new opportunities for participation.

7.5 **Key Objective: To carry out strategic area development.** 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 focussed on increasing economic participation.

6. **Key Objective: To encourage the application of Innovation and Technology.** The Agency will

work to commercialise the knowledge base by encouraging the better exploitation of the knowledge and expertise contained in Wales' Further and Higher Education institutions. A three-year rolling programme will deliver a network of properly supported and managed Innovation Centres across Wales, linked to the European Business Innovation Centres network.

7.7 An Innovation Centre in each of the four WDA regions will become the hub of innovation activity in the region, linking in to smaller incubator units and centres. Each centre will be able to house a number of new innovative companies with access to a wide range of support and finance

7.8 These Innovation Centres will become increasingly specialised and focused on particular sectors such as optoelectronics, software and materials, to support the Agency's cluster development programme. Funds will also be made available to assist industry fora to develop longer term strategies. Each Innovation Centre will undertake e-business training for students with a view to developing e-business counsellors, and will help to establish a local R&D fund for SME's to carry out research related to new product development.

7.9 The Agency will implement a complementary programme to significantly increase the level of commercial Research and Development in Wales.

7.10 **Key objective: To increase the number of jobs in higher value added sectors and clusters.** Higher value added sectors are those where the application of ideas, innovation and technology create competitive advantage and fast growth.

7.11 The Agency will adopt an integrated cluster and sector development strategy, identifying and prioritising development where the greatest impact can be achieved in increasing value added. Early analysis suggests that cluster candidates include biosciences/healthcare, software and systems design, creative industries, energy and environment, optoelectronics, and transportation industries: automotive and aerospace. Further work will include the mapping of current activity, a strategic review of future technologies; support for industry led forums and the costing and development of long term action plans for each cluster.

7.12 **Key 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.

7.13 The e-community programme. This programme offers support for an e-communities initiative which will help families, businesses and schools in communities across Wales; will support local Intranets for use by those communities; will promote e-commerce clusters within specific sectors; and include schemes for implementing information age technologies.

7.14 Network of ICT centres. This network would be linked into the innovation network and the e-community initiative. A range of services would be provided in refurbished high street premises in communities providing technical or mentoring advice for individuals, schools libraries and offering 'free' hands-on technical services on a proactive basis. The centres will encourage business start-ups, and be located in areas where the market does not have a presence, supporting the Communities First action plans.

7.15 **Key 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.

7.16 Key objective: Support for agricultural and rural communities. Agency activity in this area will focus on promoting a sustainable future for agriculture and forestry within a diversified rural economy, including support for the value-adding agri-food sector and growth firms in food-processing.

7.17 Key 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, the National Assembly and others in a coherent programme of management development through to Objective One partnerships and close relationships with the Council for Education and Training in Wales in the development of a skills strategy to meet the needs of the new economy.

8. Budget Allocations

1. The total Agency budget is dedicated to achieving transformation of the economy via the objectives of betterwales.com and Putting Wales First. An approximate allocation of that budget across the main Assembly priorities is set out below.

Build an advanced competitive and more diverse economy, with a dynamic small and medium enterprise sector (60%).

Increase the number and quality of jobs and reduce economic inactivity, particularly in less prosperous areas (25%).

Raise the international profile and influence of Wales and establish it as a first class place to live, study, visit and do business (10%).

Promote a sustainable future for agriculture and forestry within a modern rural economy (5%).

2.

3. The table below summarises the overall funding position of the Agency over the next three years, in line with the proposed budget of the National Assembly. Increasing resources of £10m GIA and the opportunity to bid for an estimated £18m of match-funding that would secure a further £12m in EU income could significantly enhance Agency activities over time.

	2000/01	2001/02	2002/03	2003/04
	Forecast	Proposed	Proposed	Proposed
	Outturn	Budget	Budget	Budget
	£m	£m	£m	£m
<u>EXPENDITURE</u>				

Programme Expenditure	126,017	113,329	124,029	125,206
Established EU Programmes	<i>Inc above</i>	16,100	5,000	5,000
Core Programme Expenditure	126,017	129,429	129,029	130,206
New European Programmes	n/s	12,000	9,000	10,000
Total Programmes	126,017	141,426	138,029	140,206
LG	22,000	10,000	0	0
Bute Avenue Project	2,370	5,000	5,500	5,700
Special Projects Fund	1,491	6,000	9,200	12,000
Management Running Costs	26,826	29,825	29,825	29,825
VAT/Taxation	3,100	2,500	2,500	2,500
ECSC/ NLF Deficit	1,500	1,500	1,500	1,500
(TOTAL excl. Land Division)	183,304	196,254	186,554	191,731
Land Division Expenditure	29,113	22,091	21,000	21,000
Land Division MRC	2,018	2,018	2,018	2,018
TOTAL EXPENDITURE	214,435	220,363	209,572	214,749
FUNDING				
Grant-in-aid	132,246	131,882	135,432	141,632
NLF	0	0	0	0
Public Dividend Capital	670	599	599	599
Base Assembly Funding				
Pathway to Prosperity Fund:				
a. General Programmes	<i>Included</i>	2,323	2,273	0
b. Finance Wales	<i>Above</i>	3,350	4,250	4,500
Total Assembly Funding	132,916	138,154	142,554	146,731
Self Generated Receipts	36,970	30,000	30,000	30,000
European Receipts:				
Established Programmes	13,418	16,100	5,000	5,000
New Programmes	N/a	12,000	9,000	10,000
TOTAL(excl. Land Division)	183,304	196,254	186,554	191,731
Land Division Funding	31,131	24,109	23,018	23,018
TOTAL FUNDING	214,435	220,363	209,572	214,749

4. The proposed programme allocation of the budget over the planning period is given in the table below. This planned programme allocation reflects the continuing shift of Agency resources towards the strategic priorities, seizing the opportunities of both a longer time horizon and the additional funding of Objective One projects, as well as the priorities of "Putting Wales First". Additional funding has been allocated to programmes driving the development of the knowledge-based economy in Wales, and to regeneration projects in support of the

Three year indicative budget profile

Programmes	2000/2001	2001/2002	2002/2003	2003/2004
<i>Operational</i>	£m	£m	£m	£m
Participation	1.5	7.3	8.4	9.0
Competitive Development **	46.9	46.9	47.4	47.8
Internationalisation	0.5	0.5	0.5	0.5
Enterprise development	2.7	4.1	5.5	6.5
Inward Investment***	15.2	11.9	13.0	14.0
Business Infrastructure	25.6	32.0	27.0	27.0
Regeneration	23.2	27.5	23.0	21.3
Support for other bodies*	2.7*	-	-	-
<i>Corporate</i>				
Marketing	4.5	5.5	5.5	6.0
Strategic Policy	1.2	1.3	1.3	1.3
Property Management	2.0	2.2	2.2	2.4
Total	126.0	139.2	133.8	135.8

* Incorporated into relevant programmes from 2001/02

** Excludes Finance Wales from 2001/02

8. Operational Programmes 2001/2002

9.1 This section sets out the Operational Programmes for the first year of this Corporate Plan, outlining in more detail the expenditures set out in the tables above. Once more this is necessarily preliminary in advance of specific allocations.

9.2 Participation: Actions to increase work opportunities and to overcome the particular obstacles preventing people in local communities from working, for example through access to childcare facilities where appropriate. The enhanced budget expands these programmes and includes funding for an e-communities programme to encourage take up of Internet access and e-commerce.

Budget allocation: £7.3 million

- 3. Competitive Development:** Competitive Development programmes support direct action with businesses located in Wales to improve business efficiency and trade. The key programme areas are set out below. The enhanced budget will allow the implementation of a major integrated programme to push forward the growth of the knowledge economy in Wales.

Budget allocation: £46.9 million in order to finance:

- **Supply chains & networks**

All-Wales and local programmes to increase the efficiency of supplier firms through networking and sharing best practice, including increasing the level of in-Wales sourcing, the developments of sector networks and support for Industry Fora.

- **Innovation & Technology**

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.

- **Information Society**

Actions to enhance the take-up and utilisation of e-business and the Internet across Wales, including individuals, communities and businesses.

- **Financial products**

WDA programmes have been transferred to the wholly owned subsidiary Finance Wales Plc

- **Agri-food**

Developing and implementing the Agri-food strategy through the Welsh Food Initiative.

- **Advance premises**

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.

- **Bespoke premises for businesses in Wales**

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

9.4 Internationalisation: The development of outward-looking businesses, and the generation of business opportunities and trade potential through the achievement of global standards. International trade activities have been transferred to the National Assembly Wales Trade International.

Budget allocation: £0.5 million

9.5 Enterprise development: 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.

Budget allocation: £4.1 million

- 6. Inward Investment:** 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.

Budget allocation: £11.9 million

- 7. Business Infrastructure:** Actions to improve the communications infrastructure in Wales, and to provide quality strategic sites and premises in support of new investment.

Budget allocation: £32 million

9.8 Regeneration: 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, focussed on creating the conditions under which Wales' communities can prosper and grow.

Budget allocation: £27.5 million

9.9 Corporate Programmes: Includes the core Marketing, Strategic Policy and Property Management functions of the Agency. The enhanced budget principally reflects a greater focus on marketing.

Budget allocation: £9 million

9.10 Management Running Costs : 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; Implementation of the Entrepreneurship Action Plan, Leader Plus, launching "EWDA", Technium Advisors and the revitalisation of inward investment strategies.

Appendices

- A. Human Resource Strategy
- B. Summary performance 1999/2000
- C. www.betterwales.com targets and Agency contribution

Appendix A

WDA Human Resource Strategy

The Agency employs over 550 staff, the cost of which accounts for more than 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 key features of the WDA's Human Resource Strategy include:

- A commitment to equal opportunities policies and practices, both in employment and in the delivery of WDA 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 WDA 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 WDA will act as a 'model employer' and will promote best practice in the management and development of its own staff.
- The WDA'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 WDA's aims and objectives. The Agency will also offer ample opportunity for personal and career development. In support of this objective, the WDA will seek to be recognised as an *Investor in People* by 2002.
- The promotion of an unified organisational culture which is client focussed, inclusive, yet which values

diversity, both in terms of individual employees and the need to respond to local client needs.

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Appendix B

Strategic Targets Annual Review 1999/2000

This report sets out Agency performance against Performance Targets agreed for the year 1999/2000 summarised against the priorities of Betterwales.com.

Participation: Increasing the number and quality of jobs and reducing economic inactivity

The Agency continued to shift the balance of emphasis within its operations to ensure greater focus on indigenous business and move resources from capital expenditure on property and regeneration into business services.

This resulted in more jobs being created through support for indigenous business. Out of a total of 19,989 jobs created or safeguarded in 1999/2000, 10,215 or 51% were attributable to this activity. Inward investment was responsible for a total of 9,774 jobs created or safeguarded.

In line with the aspirations of Pathway to Prosperity and the draft NED's, nearly 80% of these inward investment jobs were in western Wales and the Valleys – the Objective One areas of Wales. Overall, 63% of jobs were located here, exceeding the target of 56% by a large margin.

Added value: Building an advanced competitive and more diverse economy, with a dynamic small & medium enterprise sector.

The Agency continued to focus on high value added services and knowledge based industries. Major call-centre developments were recorded for Cable and Wireless at Llansamlett, One2One at Merthyr and Manpower at Pembroke Dock. In its efforts to encourage modern communications across Wales, the Agency supported the Llwybr Pathway rural telecommunications project and launched a major programme aimed at introducing SMEs to e-commerce. In addition the Agency secured over £42 million of new business for Welsh firms.

The drive to encourage high technology start-ups was supported by the creation of the £2m Technium Centre, a joint venture between the Agency, the University of Wales, Swansea, the Swansea Institute of Higher Education, the City & County of Swansea and West Wales TEC. This venture provides the model for a future network of Innovation centres across Wales.

Permanent jobs were found for over a thousand graduates with Welsh based companies and work experience for another thousand students with small businesses. New forms of financial backing for small firms and increasing the numbers of Innovation and Technology Counsellors were among measures introduced to encourage spin-outs from academia.

Strategic Area Development

The Agency continued to give priority to the rejuvenation of areas of greatest need, in order to improve prosperity in both rural and urban areas. Caernarfon, Swansea and Merthyr Tydfil were a focus for this campaign.

Over 467 acres of derelict land was reclaimed, and through the Land Division acquisitions were made to enable a number of community regeneration projects in rural areas, for example the acquisition of former Forestry Commission offices near Aberystwyth. The success of the Market Towns Initiative in Mid Wales led to the Small Towns and Villages Initiative being piloted in North Wales.

	1999/2000	YTD	Variance
	Target	Actual	
<u>JOBS SUPPORTED</u>	17,000	19,989	2,989
Business Development/Capital Programmes	10,000	10,215	215
Inward Investment	7,000	9,774	2,774
IBB Criteria	6,975	13,927	6,952
<u>PRIVATE SECTOR INVESTMENT</u>	£550m	£757m	£207m
Business Development/Capital Programmes	£260m	£282.559m	£22.559m
Inward Investment	£290m	£475.345m	£185.345m
IBB Criteria	£380m	£656.872m	£276.872m
<u>NUTS II – WEST WALES & VALLEYS</u>			
No of Jobs	9,500	12,559	3,059
Percentage	56%	63%	
Business Development/Capital Programmes	4,500	4,777	277
Inward Investment	5,000	7,782	2,782
Private Sector Investment	£280m	£381.632m	£101.632m
Business Development/Capital Programmes	£80m	£102.936m	£22.936m
Inward Investment	£200m	£278.696m	£78.696m

NUTS II - EAST WALES

No of Jobs	7,500	7,430	(70)
Percentage	44%	37%	
Business Development/Capital programmes	5,500	5,438	(62)
Inward Investment	2,000	1,992	(8)
Private Sector Investment	£270m	£376.272m	£106.272m
Business Development/Capital Programmes	£180m	£179.623m	(£0.377m)
Inward Investment	£90m	£196.649m	£106.649m

BUSINESS DEVELOPMENT

Business Secured	£40m	£42m	£2m
Value of new business in export markets	£11m	£13.6m	£2.6m

LAND RECLAMATION

Area Reclaimed	135Ha	189Ha	54Ha
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LAND DIVISION**Disposal of Land**

Hectares	180Ha	234Ha	54Ha
Value	£19m	£11m	(£8m)
Floorspace	30,000 sq m	6,140 sq m	(23,860 sq m)

MANAGEMENT RUNNING COSTS (maximum)	£26.829m	£25.328m	(£1.501m)
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Appendix C: The Agency Contribution to the www.betterwales.com Targets

This Appendix illustrates many of the contributions of the WDA to the medium term (2003) targets of www.betterwales.com. These targets identify a key stage towards the longer term objective of increasing overall average prosperity in Wales to at least 90% of the UK average by 2010, alongside the necessary job creation and productivity targets implied by this. Of course many of these targets, and the WDA contribution towards them, are relatively intangible and non-quantifiable. As noted above the Agency welcomes the target-driven strategic approach, recognising the need for qualitative as well as quantitative targets, and will work with the Assembly on the refinement of targets as well as the development of mechanisms to monitor progress towards them.

BetterWales Targets:

By March 2003

WDA Contribution

Build an advanced competitive and more diverse economy, with a dynamic small and medium enterprise sector.

- The rate of business start-ups to be closer to the UK level; more sole traders to employ people; a stronger presence of service and knowledge-based business.

Support for the Entrepreneurship ActionPlan

Support for qualifying start-ups through financial products - Finance Wales

Continuing support for relevant third agencies

Programmes for business support and investment focussed on higher added-value sectors such as software, multi-media, biotechnology etc.

New responsibility for E in TEC's.

Lead body for Objective One Partnership

- Inward investment projects to generate an average of 7000 jobs a year and expansion of the home-grown sector of industry to receive a higher priority from public agencies.

Indigenous company expansions through business support programmes.

Promoting and securing inward investment

Creation of more effective supply chains and cluster development.

Advance and Bespoke premises.

Provision of fully-serviced sites

Finance Wales investment and loan funds.

ICT development programmes, eg smE-business

Agri-food programmes

<ul style="list-style-type: none"> ● The number of exporting companies to have increased by 10% as a result of our new Overseas Trade Operation and Strategy. 	<p>Linkage development between SME's and Trade International</p> <p>EDIMAR-European programme</p>
<ul style="list-style-type: none"> ● The percentage of UK R&D spending in Wales to have doubled; the number of top level research ratings in Welsh higher education to have risen by one-third and to have drawn on the Knowledge Exploitation Fund to encourage spin-off companies from higher and further education, more college-company collaborations; targets for the fund will be set by October 2001. 	<p>Wales Relay Centre</p> <p>'Spin Out' Programme</p> <p>RTP & WIS strategies</p> <p>ICT network development,</p> <p>Support for industry fora</p> <p>Centres of Excellence</p> <p>Know How Wales</p> <p>Strategic Action Plan for Enhancing R&D</p> <p>Innovation and Technology Implementation programmes</p> <p>Lead body for Objective One Partnership</p> <p>Joint activity with Knowledge Exploitation Fund</p>
<ul style="list-style-type: none"> ● At least 50% of companies to use e-commerce. 	<p>WIS strategy and actions,</p> <p>WDA becoming an exemplar</p> <p>Wales smE-Business Project</p> <p>Cymru.com Solutions project to benchmark best practice</p> <p>Lead body for Objective One Partnership</p>
<ul style="list-style-type: none"> ● An independent Development 'Bank' or Fund to be launched to help stimulate development among small and medium enterprises. 	<p>Establishment of wholly-owned subsidiary, Finance Wales, to include portfolio of investment and loan funds and supporting programmes</p> <p>Lead body for Objective One</p>

<ul style="list-style-type: none"> ● Creation of a business development fieldforce of the highest possible quality. 	<p>Support for Business Connect Partnership;</p> <p>Lead body for Objective One Partnership</p> <p>Strengthening of Agency regional business development teams</p>
<p><i>Increase the number and quality of jobs and reduce economic inactivity, particularly in less prosperous areas.</i></p>	
<ul style="list-style-type: none"> ● 40,000 net additional jobs to be created, 34,000 of which should be in the west of Wales and the Valleys (20,000 filled by people over the age of 50), by implementing our Objective 1 plans and targeting a greater proportion of Assembly and WDA development programmes and support on companies in the west of Wales and the Valleys. 	<p>Support for Entrepreneurship Action Plan</p> <p>Lead body for Objective One Partnership</p> <p>Aftercare support for client companies</p> <p>Advance and Bespoke premises</p> <p>Provision of fully serviced sites</p> <p>Targeting of inward investment</p> <p>Business Development and Regeneration Programmes</p> <p>Almost 20,000 jobs created or supported in 1999/2000</p> <p>Graduate Wales programme</p>
<p><i>Promote a sustainable future for agriculture and forestry within a modern rural economy.</i></p>	
<ul style="list-style-type: none"> ● The value added per person employed in agriculture to grow at least as fast as productivity in the economy as a whole; and the number of jobs in the dairy, lamb and beef processing industries to increase by about 5%. 	<p>Support to sector led Agri-Food programmes;</p> <p>Lead role in national and regional Agri-food Partnerships;</p> <p>Contributing to the delivery of the red meats, dairy and organic Action Plans</p> <p>Support to Rural Partnership</p> <p>Lead body for Objective One Partnership</p>

<ul style="list-style-type: none"> ● Updated action plans for the lamb, beef, dairy and organic sectors to be agreed with the Agri-Food Partnership. 	Provision of Executive Support
<ul style="list-style-type: none"> ● An action plan for strengthening training, information and advisory services to help farms adapt to be agreed with the Agri-Food Partnership by December 2000. 	Contributing to the delivery of Farm Development Task Force strategy;
<ul style="list-style-type: none"> ● The proportion of agricultural land covered by an agri-environmental agreement, or which is registered as organic, or is being converted to organic status, to reach nearly 25%. 	Contributing to the delivery of the Organics Action Plan;
<ul style="list-style-type: none"> ● The added-value of forestry to Wales to increase by developing small-scale sawmills, biofuels and increasing by 10% the area of woodlands brought into active management on farms. 	Support for ‘Coed Cymru’ and Wales Timber Forum; TIMBER Programme;
<ul style="list-style-type: none"> ● To achieve a better balance of employment between sectors in rural areas and lower levels of out-migration of young people by implementing the Rural Development Plan. 	Llwybro – Routes initiative; LEADER+ Support; Community Regeneration (eg Llanafan and Llanmiloe) Market Towns and Small Towns and Villages Initiatives
<p><i>Raise the international profile and influence of Wales and establish it as a first class place to live, study, visit and do business.</i></p>	
<ul style="list-style-type: none"> ● A state of the art communication and promotion strategy to be agreed and implemented by 2001. 	International Marketing Activities;

<ul style="list-style-type: none"> Greater influence in Europe through an effective Assembly representation office in Brussels, membership of the Wales European Centre and twice as many secondments of Assembly staff to UKREP and European institutions as in 1999. 	<p>WDA financial and executive support for Wales European Centre;</p> <p>Transnational Partnerships especially innovation and technology</p>
<p><i>Stimulate development that conserves natural resources and respects the environment.</i></p>	
<ul style="list-style-type: none"> 500 Welsh businesses to be encouraged to introduce an environmental management system. 	<p>Environmental Goods and Services Programme;</p> <p>Environmental Counsellors and schemes aimed at energy saving, waste minimisation and environmental management systems.</p>
<p><i>Build an advanced, competitive and more diverse economy with a dynamic small and medium enterprise sector.</i></p>	
<p>Sustainable development:</p>	
<ul style="list-style-type: none"> Assist the shift towards environmentally-friendly economic growth by encouraging service and knowledge-based businesses and encouraging best practice, including greater efficiency within industry. 	<p>Environmental Goods and Services Programme;</p> <p>Sustainable Development Policy and Strategy;</p> <p>Greening the Valleys Initiative</p> <p>Urban Villages Initiative</p>
<ul style="list-style-type: none"> Pursue a course of developing Wales as a global showcase for clean energy production. 	<p>All-Wales Energy Initiative</p> <p>Baglan Energy Park project</p> <p>Anglesey Energy Island</p>

<ul style="list-style-type: none"> ● Encourage the development of strong environmental goods, services and renewables industrial sectors. 	<p>Environment Goods and Services Programme;</p> <p>Renewables Programme;</p> <p>Partnership Project on Valuing the Environment</p> <p>WDA Sustainable Development Strategy</p>
<p>Social disadvantage:</p>	
<ul style="list-style-type: none"> ● Break down some of the barriers to starting up businesses with growth potential by establishing the development ‘Bank’ or Fund. 	<p>Establishment of wholly-owned subsidiary, Finance Wales, to include portfolio of investment and loan funds and supporting programmes</p> <p>Support for Entrepreneurship Action Plan.</p>
<ul style="list-style-type: none"> ● Target our economic development effort so that job opportunities are improved for those in deprived areas. 	<p>Area regeneration programmes;</p> <p>Market Towns & Small Towns & Villages Initiatives;</p> <p>Community Regeneration policy;</p> <p>Advance & Bespoke Build Programmes and strategic site provision;</p> <p>Targeted inward investment</p>
<ul style="list-style-type: none"> ● Encourage people, including those in disadvantaged areas, to be creative and turn good ideas into new businesses through the implementation of the agreed elements of the Wales Entrepreneurship Action Plan. 	<p>Support for Entrepreneurship Action Plan;</p>
<ul style="list-style-type: none"> ● Encourage the formation of more business in the social economy sector. 	<p>Support for third party provision;</p> <p>Community Loan Fund through Finance Wales.</p>
<p>Equal opportunities:</p>	

<ul style="list-style-type: none"> ● Encourage more flexible human resource practices and job opportunities through the development of more service and knowledge-based businesses and exploiting the potential of information and communication technology. 	<p>Internal/External Equal Opportunities Policy;</p> <p>WIS – infrastructure provision and take up of training.</p> <p>SME Equality Project.</p>
<ul style="list-style-type: none"> ● Ensure the widespread provision of quality childcare to enable parents to train and work. 	<p>Encouragement of Childcare provision amongst inward investors</p> <p>Work-life Balance Challenge Fund</p>
<p><i>Increase the number and quality of jobs and reduce economic inactivity, particularly in less prosperous areas.</i></p>	
<p>Social disadvantage:</p>	
<ul style="list-style-type: none"> ● Reduce unemployment and inactivity amongst groups which have traditionally experienced high unemployment, such as young people, lone parents, black and ethnic minorities, disabled people and the over 50s. 	<p>Support for Third parties eg Menter a Busnes and Chwarae Teg</p> <p>Entrepreneurship Action Plan</p> <p>SME Equality Project</p>
<p>Equal opportunities:</p>	
<ul style="list-style-type: none"> ● Implement action on equality of opportunity as a cornerstone of all European Structural Funds. 	<p>Internal equal opportunities strategy;</p> <p>SME Equality Project.</p>
<p><i>Promote a sustainable future for agriculture and forestry within a modern rural economy.</i></p>	
<p>Sustainable development:</p>	
<ul style="list-style-type: none"> ● Encourage sustainable farming through an increased emphasis on agri-environment measures and organic production.. 	<p>Support for the Organics Action Plan.</p>
<p>Social disadvantage:</p>	

<ul style="list-style-type: none"> ● Regenerate rural communities by encouraging new forms of rural enterprise, including forestry, and assisting farming families to diversify through the Rural Development Plan. 	<p>Executive support for the Rural Development Plan;</p> <p>Support for the Farm Development Action Plan</p> <p>Support for third party delivers eg Cwysi - Menter a Busnes; Coed Cymru, Wales Timber Forum etc</p> <p>Facilitation of LEADER+ programmes</p>
<p><i>Stimulate development that conserves natural resources and respects the environment</i></p>	
<p>Sustainable development:</p>	
<ul style="list-style-type: none"> ● Intensify Business and Environment campaign activities. 	<p>Partnership Project on Valuing the Environment</p> <p>WDA Sustainable Development Strategy</p>

Rhodri Morgan AM MP

Our ref/Ein cyf: SF 2400/00

David Rowe-Beddoe

Chairman

Welsh Development Agency

Principality House

The Friary

CARDIFF

Dear David

WELSH DEVELOPMENT AGENCY: STRATEGIC GUIDANCE

1. This letter sets out the Strategic Guidance and priorities that I want the Welsh Development Agency ("the Agency") to incorporate into its planning cycle, informing its 2001-2004 Corporate Plan and subsequent Business Plans. In drawing up this guidance, I have taken due regard of the priorities in the National Assembly's draft Strategic Plan, BetterWales.com, and the views of its Economic Development Committee. This letter replaces all previous Strategic Guidance issued to the Agency.

Operational Principles

2. In everything it does, the Agency must concentrate on helping to create a better, stronger economy in Wales, acting strategically and working in partnership wherever practicable in order to improve the prosperity of every part of Wales, in particular those areas of greatest need.
3. The work of the Agency must be in accord with the aims, policies and programmes of the National Assembly; in particular the Agency must pursue the priorities set out in BetterWales.com, the National Economic Development Strategy and the Single Programming Documents for both Objectives 1 and 2. These documents, together with directions from time to time from the National Assembly, will shape economic planning and policies in Wales for the duration of this guidance and beyond.
4. One of the outcomes envisaged in BetterWales.com is that, by March 2003, 40,000 net additional jobs are to be created, 34,000 (i.e. 85 per cent) of which should be in the west of Wales and the Valleys. This will be achieved by targeting a greater proportion of the Agency's development programmes support and marketing effort on companies in the Objective 1 area. I want to see this reflected in the Agency's future plans. I expect to see WDA targets/outcomes for jobs created to be marked by comparable emphasis on the Objective1 area.
5. The Agency will at all times insist on the highest standards of probity in public life and promoting openness where possible. I expect the Agency to follow the standards and principles of partnership adopted by the National Assembly, with particular attention to the requirements set out in sections 113 to 115 of the Government of Wales Act 1998, to consult local government, the voluntary sector and the business community on matters affecting their interests.
6. I expect the Agency to continue to be committed to the Assembly's underlying themes and of equality of opportunity, sustainable development and social inclusion in everything it does. The Agency should take into account the specific guidance issued by the Assembly and should work

closely with those organisations having expertise in these areas, such as the Equal Opportunities Commission. As an organisation sponsored by the National Assembly, the Declaration of Human Rights applies to the Agency just as it does to the Assembly itself.

7. Your preface to the Agency's current Corporate Plan (2000-2003) indicates that the Plan sets out the role which the Agency can play in shifting Wales forward to a future as a more prosperous, innovative, enterprising and inclusive economy. I strongly endorse that. The direction of the economy needs to shift up a gear in technological, business and occupational terms. You also say that the Plan identifies the most effective contributions the Agency can make to achieving this vision, which then become its priorities. I want the Agency to be committed to learning, reviewing and improving, by regularly reviewing its actions to ensure that they continue to be the most effective and give value for money. I want to see full evaluation programmes included in all future plans.

The Agency needs to have regard to the particular competitive strengths that Wales has within the European economy and the increasing competition from countries in Eastern Europe now seeking entry into the European Union with far lower wage levels than Wales.

General Operational Priorities

8. The greatest challenge for us all is to make sure that we use effectively the funds which will become available to Wales through the European Union structural funds programme 2000-2006, through Objectives 1, 2 and 3, the Rural Development Plan and Community Initiatives. The Agency will play a full and effective part in providing executive support for the management of relevant European Funding packages, and I

will be looking to you to develop the Agency's work in a way which reflects the opportunities which Objective 1 in particular represents. The Single Programming Document which we are in the process of agreeing with the European Commission envisages a range of business support and other activities which sit well with the Agency's domestically-funded activities, and it will be important that optimal use is made of the resources available to you as an element in match-funding packages.

1. I should stress too the need for a truly partnership approach, in accordance with the agreed model of balanced representation from the public sector, social partners and the voluntary sector, to the development of projects for which European funding is to be sought.
2. The Agency has an important role to play in developing the economy in those areas of greatest need, specifically the Objective 1 area. I expect the Agency to support the National Assembly in the emerging proposals to regenerate the most socially disadvantaged communities. In rural Wales, the Agency must continue to develop and implement policies, in conjunction with the National Assembly, to support and develop businesses in the Agri-food sector and indigenous company growth. It should always seek to work with local communities.
3. The Agency should concentrate on providing better job opportunities by raising the quality of jobs right across the sectoral and occupational mix, developing more added value processes by reaping the maximum advantage from research and development, and advanced technology, headquarters-type functions, and ensuring a high quality environment. Clusters of high tech companies should be encouraged with the ability to compete on a global scale.
4. In drawing up future programmes, the Agency should seek to strike an appropriate balance between its capital and revenue programmes, and between support for home-grown businesses

and inward investment. The Agency should have regard for the National Assembly's priorities in BetterWales.com and as set out below.

5. The Agency's Land Division should continue to support the objectives and activities of the Agency with emphasis on the priorities and areas of greatest need identified; in particular supporting the priorities set out by Local Planning Authorities.

Specific Operational Priorities

14. As well as having regard to the operational principles, as set out in paragraphs 2 to 7 above, and working towards the general priorities in paragraphs 8 to 13, I want to see the Agency working towards the following specific priorities:-
 1. Continuing to give the National Assembly and its partners every support in setting up an independently managed *Enterprise Development Fund* for Small and Medium Enterprises, which will help make available the resources to stimulate development among Small and Medium Sized Enterprises in Wales.
 2. Securing top quality inward investment into Wales, with particular emphasis being placed on those areas of greatest need. The Agency should continue to identify and develop strategic employment sites and ensure the provision of a suitable range of premises for business, especially in the Objective 1 area. In addition, I expect the Agency to work closely with Local Authorities to support their regeneration plans.
 3. Playing an effective role in the operation and development of *Business Connect* at the all-Wales and local level, and providing executive support for *Business Connect Wales*. The Agency should also work closely with the *Wales Management Council*, *Business Connect* partners, the National Assembly and other organisations to ensure the delivery of a more coherent programme of management development activities to businesses in Wales. Through *Business Connect*, the Agency should ensure the effective day-to-day management of the *Innovation and Technology Counselling* service.
 4. Working closely with academic institutions, businesses and others in Wales to deliver an effective and efficient *Know-How Wales* service to set up additional collaborations which commercialise within Wales more of those institutions' technologies. The Agency should also play a constructive role in implementive proposals arising from the *Entrepreneurship Action Plan*, and supporting small companies under the aegis of the *Regional Technology Plan*.
 5. Working to develop the *Agri-Food Strategy* together with the *Agri-Food Partnership*, through the Agency's Agri-Food Directorate, drawing on the resources of the Agency's regional offices. This will include supporting the *Agri-Food Partnership* and its Strategy and Regional Groups; preparing the Farm Development Action Plan; revising the existing Lamb and Beef, Dairy and Organic action plans; undertaking new work on developing new objectives for the *Agri-Food Strategy*, including the new action plans for the next sectors identified as priorities for development to assist the rural economy. The Agency also has an important role in delivering all the relevant European Union structural funds in the Agri-Food sector as an "Accountable Body" for European funding.
 6. Working closely with services deliverers, the National Assembly and others, to play a full and

effective part in promoting more widespread adoption of E-business by Welsh companies, and contributing to the development of the Information and Communication Technology infrastructure throughout Wales.

7. The Agency should also be developing ways to assist Welsh businesses to exploit the opportunities offered by emerging eco-friendly markets, and working with the National Assembly, the *Wales Environment Centre* and others to improve the competitiveness of Welsh businesses through more efficient use of materials and energy and encouraging the development of the renewable, clean energy sector.
8. Working to establish effective strategic and operational links to the new *National Council for Education and Training for Wales*, helping to ensure that there is no overlap in functions.
9. Working in partnership with the National Assembly and other partner organisations in order to promote a coherent and positive image of a competitive, sustainable Wales to an international audience.

Strategic Targets

15. Strategic targets for the next financial year have traditionally been included in the Strategic Guidance letter. However, this year I propose to deal with strategic targets for 2000-2001 separately. In future, I want the Agency to have regard to the points I have made in paragraph 4 above.
16. Assembly officials are currently working closely with your officials in order to agree challenging targets for 2000-2001. I hope to be able to issue these targets to you as soon as possible.