

Economic Development Committee EDC 01-01 (draft min)

MINUTES

Date	17 January 01
Time	2.00-5.30pm
Venue	Committee Room 1, National Assembly for Wales Building.

Attendance

Members

(Constituency)

Val Feld (Chair)	Swansea East
Alun Cairns	South Wales West
Christine Chapman	Cynon Valley
Glyn Davies	Mid and West Wales
Ron Davies	South East Wales
Mike German (Economic Development Minister)	South East Wales
Christine Gwyther	Carmarthen West and South Pembrokeshire
Alison Halford	Delyn
Brian Hancock	Islwyn
Dafydd Wigley	Caernarfon
Phil Williams	South East Wales

Officials

Derek Jones	Senior Director, Economic Affairs, Transport, Planning & Environment
David Pritchard	Director Economic Development Department
Gareth Edwards	Economic Policy Division
Peter Fullerton	Statistical Directorate
Mike Phelps	EcAD
Karin Phillips	Statistical Directorate
John Clarke	WEFO
Damien O'Brien	European Affairs Division
Tracey Breheny	European Affairs Division
Hugh Rawlings	European Affairs Division

External Contributors

Ruth Marks	Chwarae Teg
Howard John	Disability Wales

Secretariat

John Grimes	Clerk
Sian Wilkins	Deputy Clerk

Apologies: None received.

Item1 - Chair's opening remarks

1.1 The Chair welcomed all to the meeting and invited people to speak in either Welsh or English.

1.2 She gave a brief update of the Business Support Review, advising Members that the final document had been circulated to them and the only comments that had been received were from Dafydd Wigley. It has now gone for translation and printing and it is hoped to have a press launch in the last week of January. Mike German will then make a statement to Plenary on 8 February.

1.3 A Member questioned the use of the phrase Business Connect in the figure on p.27, expressing concern that there would be doubt as to the committee's proposals. The Chair responded that in the final version Business Connect in this context had been replaced by the term Business Support Gateway. Business Connect is only used to describe the existing organisation.

1.4 Several Members also expressed concern that the nature of Member's contributions in plenary will be limited if Mike German is only making a statement. Members requested that it be debated in Chamber. The Minister said that he would speak to the Business Manager.

[Action: Economic Development Minister]

Item 2 - Economic Development Minister's Report.

2.1 Before the Minister introduced the paper, a Member said that, although the Committee had agreed to receive the report as close to the meeting as possible, it would be helpful for any statistical material to be available a little earlier than the main report so that members could do some analysis of them. As an example, the annex containing GDP figures needed time to be researched. The Minister advised that these figures had been issued at a previous meeting.

2.2 The Minister quoted the latest Employment figures which are released the same day as EDC meetings. The seasonally adjusted figures for Wales are up by 300 although the rate stays at 4.5%. The U.K. figures are down by 2,500 but ,again, the rate remains the same.

2.3 The Minister advised that he and the First Minister had that morning met the Secretary of State for Trade and Industry, Stephen Byers, to discuss progress on developing a package of measures to improve the business environment within which Corus operated in the UK. Meetings are being held daily and the All Wales Steel Task force would meet the following day.

2.4 Barclays and L&G had announced a £40m merger deal with some job losses in S.E England. They have however said that this will create approximately 200 extra jobs in Cardiff.

2.5 Hilex Cables who manufacture automotive cables at Baglan have announced a capital expenditure of £5.4m creating 160 new jobs which is to be welcomed for the Cardiff West and Bridgend area.

2.6 In the discussion that followed the following points were raised.

- Several Members expressed concern at the figures attached in the Annex to the Minister's report. Whilst there had been a general improvement in the U.K. figures we should be concerned about the number of business failures. Also production has increased at a slower rate than in the U.K. and the gap between Wales and the U.K. seems to be increasing.
- In support of this point a Member quoted the level of Business failures in Wales. In the U.K. the figure had fallen in all areas, whilst in Wales there was little change. The Minister pointed out that the low level of start-ups in Wales, also affects this result.
- A Member noted that the number of unfilled vacancies in Wales had fallen by 0.5% but rose in the U.K. by 11%. This should be seen as an important measure and should be included in future reports .
- The Minister agreed that in future his reports would be on a regular basis and include statistical analyses of trends as well as the latest information from ONS and other sources. **[Action: Economic Development Minister]**
- The Minister confirmed that delicate negotiations about Corus were taking place daily. He was unable to put figures on the package into the public domain until the negotiations have been concluded but he was prepared to say that substantial sums were involved and all that can be done **is** being done to ensure that the steel making capacity in Wales is retained.
- Concern was raised regarding the implications that the specific support measures offered to Corus would have on other companies were they to predict redundancies in the future. The Minister said that he was well aware of the need to be clear regarding setting any precedent and confirmed that the measures being looked at were all within current rules and guidelines.
- Officials also confirmed that due to the nature of EU rules regarding state aid for the Steel industry, Corus would be aware that any support will have to be approved by the EU.
- The Committee wholeheartedly welcomed the action that was now taking place and the Chair suggested that the Committee publicly confirms its absolute support to the Minister and First Minister for their work to retain the Welsh Steel Industry. The Committee firmly believed that the Welsh steel industry was efficient and economic and that it did have a future.

- Members asked for information on progress with operating aids, as these were now even more important in the light of the threat to the Steel Industry. The Minister confirmed that progress is being made through UKREP and that the Assembly would shortly have the expertise to build the case. He reiterated that the strength of the case would be of the utmost importance.
- It was noted that of the latest seven appointments to the WDA Board not one was a woman. The Minister said that this was also of great concern to him but the panel had concluded that there were not any women of the right calibre and experience. The Chair expressed her bitter disappointment at the situation and said that she has made both the First Minister and DFM aware of her concern about the selection process. The First Minister has invited both Val Feld and Edwina Hart to meet him and several businesswomen to discuss how they can attract high calibre women to apply for future appointments. The Chair invited other members of the Committee to contribute to this process. A Member commented that in a recent survey, more business start-ups were initiated by women indicating that they were showing more entrepreneurial spirit.
- A Member commented that whilst he was pleased to hear that the F.A Cup was coming to Wales he wondered how much public money had been invested in supporting the programme of events. The Minister confirmed that as negotiations on the final terms of the deal were still going on he could not release the figures. However the most rigorous assessment had been applied and when negotiations concluded the Assembly will be advised. **[Action: Economic Development Minister]**
- A Member was concerned that as Dewhirst had received RSA in the past this would affect any future application. There was also concern that high-productivity, small companies could not receive the same amount of support as the steel industry because they only employ small numbers of people. The Minister confirmed that previous applications for RSA would not affect any future application and that each case is considered on its merits. He also said that if companies inform the WDA early enough of problems then they are happy to talk to any size company about the support available.

Item 3 – NEDS

3.1 The Chair confirmed that this was the first discussion on the full, draft consultation paper although the Committee had discussed sections of the strategy at several previous meetings. The Committee would have the chance to discuss the next draft at the meeting on 31 January.

However, the final paper will be going to Plenary on 8 February. The document would go out to consultation but she asked the Committee to consider whether they wished to arrange a series of regional consultation meetings with particular sectors to feed back views to the Minister.

3.2 A member queried the ownership of the consultation paper and emphasised that he had not had access to it during the final stages of its preparation. The Chair confirmed that the document had been prepared by Officials for the Minister, and as such it was inappropriate for Members to have access to the full document until now. The report had been prepared by the Minister with substantial involvement from the Committee

3.3 The Minister said that NEDS must be seen as a 'work in progress' which needed not only Assembly support but also the support of the business community. The strategy proposed a number of ideas for action and asked some major questions on these. The proposals and the action would be developed further, following consultation.

3.4 Members raised the following points in discussion.

- Whilst acknowledging that the report was well written, with some new and interesting ideas in areas, the economic analysis is sketchy especially in relation to economic inactivity. As an example whilst the Borough of Caerphilly has 3,000 unemployed people it has 52,000 who are inactive. This figure is also mirrored in other areas and has a major impact on GDP.
- There appears to be inconsistency in the statistics with different figures quoted within the report for current GDP. In view of current information these need to be resolved. It is important to understand the problem fully before deciding on the prescription.
- If the current target of achieving 90% of U.K. GDP by 2010 is to be retained there needs to be evidence in support of the achievability of this level. A Member commented that for the economy to grow by 1% a year more than the U.K. rate it would have to achieve more than has ever been achieved post-war. He felt that this was not possible. Others expressed concern that the prime target should be employment rather than GDP.
- Some members felt that the strategy did not go far enough in some areas in setting out policies and priorities. The consultation paper did not include sufficient firm recommendations, or show leadership from the Minister.
- There was general regret that the strategy made no mention of resources or whether it required a change in priorities or increased resources. It was felt that the strategy needed quantifiable targets and an analysis of resources was needed. It is not currently clear what these are, where there are shortfalls and what changes have to be made to reach them. One Member requested that a cost benefit analysis of options should be

included.

- Referring to proposals for sector selectivity, it was necessary to be clear how the Assembly will make this process happen, and what powers it will use and how it can direct activity to support particular sectors.
- Members urged the inclusion of proposals for geographical targeting and monitoring.
- A Member commented that there was not sufficient emphasis on public transport and transport links. It was not possible simply to shift from road to rail. Areas such as North Wales have very little opportunity to move freight to the railways. The current strategy does not consider the costs involved. If transport opportunities cannot be developed, then the strategy may well fail.
- Several Members felt that the document was incomplete. They urged major re-writing and further discussion before going to consultation. It was noted that if necessary the timetable could be reviewed. Members felt that more work now could lead to saving time later in the process. They felt it would be regrettable if the report were to go out to consultation without the full support of the Committee

3.5 The Chair pointed out that the strategy was a framework and intended to be a mapping of the areas of activity needed to regenerate the Welsh economy and to identify the measures which the Assembly and its partners would implement to pursue the proposed objectives. It was important to generate debate for there to be agreement on areas for action. Questions about what is realistic and achievable and what are the right kinds of targets should be a part of this debate. The proposed Economic Policy Board would be able to develop the strategy and implementation plan. She urged that ideas for implementation be requested during the consultation process.

3.6 The Minister agreed that the draft strategy for consultation should be about a broad policy and that detail about implementation and resourcing would be added in later. He said that the purpose of the document was to act as a catalyst for debate. He was happy to sharpen up the existing questions on issues such as whether GDP was a completely appropriate measure of economic success and would seek to take on board the issues raised by the Committee.

3.7 The Minister said that the reason for the timetable is that NEDS needs to feature strongly in the next edition of the Assembly's Strategic Plan and influence the outcome of the next budget round which would begin in a few months. Furthermore, any significant delay in the publication of the final, detailed strategy, with implementation plans and resources clearly set out would mean that the corporate plans of bodies such as the WDA and other partners would

not be influenced by it any earlier than 2003.

3.8 Summing up, the Chair reminded the committee that the draft strategy identifies overall objectives, key areas for activity, the potential targets and asks a series of questions. When it comes back to Committee in May there will be an opportunity to firm up on targets, implementation plans and resource implications etc. But at this stage it is very important that the Committee is content with the overall objectives and range of activities and potential targets. She then summarised the major issues that the Committee wanted to see developed before NEDS goes out for consultation and asked the Minister whether it would be feasible to amend the current document taking the following into account:

- The focus on economic inactivity is a major priority and needs more substance.
- A stronger emphasis on transport.
- The need to develop a strategy for Regional Development within Wales, including how our towns and cities could develop.
- Which major programmes are currently underway to meet objectives identified and a question to respondents to identify work in progress.
- More information concerning current resources and any information available concerning cost benefit analysis on current programmes.
- A broader range of targets and questions concerning the appropriateness of GDP and other targets.

3.9 Several members expressed the view that they did not want to see the strategy go out for consultation without substantial changes. They believed that Committee support for NEDS was important. The Chair confirmed that she understood the concerns of the Committee. The Chair asked the Minister to consider the Committee's views and inform her whether it is feasible to make the suggested changes to the strategy. She confirmed that she would inform Members of the proposals within 2 days.**[Action: Economic Development Minister and Chair]**

3.10 Finally, the Chair expressed her, and the Committee's, thanks to Gareth Edwards and his team for the very substantial amount of work that had gone into the preparation of this very substantial analysis.

Item 4 – Strategic Forward Work Programme.

4.1 As the previous item over-ran the Chair asked Members to provide comments on this paper to her via e-mail. **[Action: Committee Members]**

Item 5 – Office of National Statistics

1. The Chair welcomed officials and reminded Members that this item had been delayed previously and it was now important to consider it, particularly as the statistics ONS can provide is critical to NEDS in relation to targets etc.

2. In discussion Peter Fullerton responded to members' concerns on a number of points.
 - A Member who welcomed the paper stated that better figures are needed for Wales particularly with regard to disaggregation from U.K. figures. He gave as an example the need for figures on housing in rural Wales. The Chair welcomed the progress made in expanding available data and asked about the policy of disaggregation by gender ethnicity and disability. Peter Fullerton confirmed that the Assembly does have a Statistics Plan and that the further development of Housing Statistics could be built into this. All relevant statistics are collected by gender, some by ethnicity and disability. Officials are looking to build on this in the Statistics Plan.

 - A Member expressed concern about the new Local Authority Data Unit and asked whether this information would be available to the Assembly. She also asked if this work goes out to tender and whether we are getting the best value for money. Peter Fullerton replied that a Data Unit is being set up, complementary to Statistics Directorate. A key objective for the unit would be to liaise with LAs to make better use of existing sources of data. The unit will be reviewed in a few years time. With regard to going out to tender, normal Assembly procedures apply and a robust case must be made to go to a single organisation, such as the ONS. Most survey work, however, goes out to tender.

 - Members highlighted the need for sub-regional data and Karin Phillips confirmed that the enhanced Labour Force Survey would improve the quality and quantity of data that

is available at Unitary Authority level.

- A Member asked when the Census data would be available. Peter Fullerton confirmed that the first results are not expected before the Autumn of 2002. Members also referred to the Sample Census of 1966 and asked, given how quickly things now change, whether it would not be valuable to consider an interim 5-year Census. Peter Fullerton confirmed that others had raised this issue but it is not currently UK Government Policy.
 - A Member requested that the ward-level deprivation project be regularly updated.
2. In conclusion the chair thanked the officials and stressed the importance of this work to the Committee, particularly in order to set achievable economic targets and monitor progress towards them. She requested periodic updates.

Item 6: Structural Funds Reporting

Item 7: Objective 1 Progress Report

7.1 These 2 items were taken together.

7.2 The ED Minister briefly introduced Paper 5 referring to the dual accountabilities within the system to both WEFO and the Monitoring Committee. Christine Chapman as Chair of the Objective 1 Programme Monitoring Committee said she very much welcomed Paper 5 which addressed the question of roles and responsibilities and said she would like to take the paper to the PMC to get their reaction to it. She spoke about progress in the way that the PMC was developing and their desire not to lose the existing momentum. She spoke of the Task and Finish Group report which had been unanimously accepted. The PMC had now established an implementation sub-group to work with WEFO to take forward the proposals. This had met twice and was developing a programme for action including looking at the future development of the PMC. They were also setting up a policy group and were currently seeking nominees with the expertise that it required.

7.3 A number of points were made in the discussion:

- It was important that the public was aware that WEFO was responsible for the administration of the Structural Funds programmes and that the Monitoring Committee did not make decisions on individual applications. Similarly, if the Task and Finish Group had appeared to suggest that the 'strategic partnerships' decided whether individual projects should be supported, that needed correction. This was still the responsibility of WEFO.

- Phil Williams pointed out that a number of measures within the programme were oversubscribed and sometimes it was possible to 'adjust' a project in order for it to fall under another scheme within the programme where resources were available. It seemed likely that there would soon be a need to write to the EC about transferring money between the elements of the programme.
 - Paragraph 9 of Paper 5 said that it would not be appropriate for the EDC to express views in support of, or against, projects submitted for support. This was an important point arising from the formal responsibilities of WEFO and the PMC. However, this did not prevent individual AMs from expressing support for a project, in their capacities as constituency Members, nor did it prevent the Committee having views on the economy as a whole.
 - Concern was expressed about projects which had been considered in the local plan priorities and for which the promoters were still awaiting a decision. It was suggested that these projects were probably put forward by 'partnerships' scheme and it might be that the appropriate partnership could provide information. Nonetheless, it was acknowledged that these delays were unsatisfactory.
 - There were differences in the methods of 'scoring' assessing projects for support under ESF and ERDF. For ESF there was a numerical system whereas for ERDF, the scoring was more qualitative in nature. John Clarke said he would look into whether this caused delays. [**Action: John Clarke**]
 - In response to a question about the 'Leadership gap' and the 'Policy and Strategy Vacuum' referred to in the report of the Task and Finish Group, The Minister said that since then there had been a significant change in the structures through which Objective 1 operated.
 - A member asked why an earlier draft of the Objective 2 programme had included both Llanrumney and Ringland as eligible communities while the later one had excluded them. The latter had also dropped the description of them as the "most deprived in Wales". The ED Minister promised a written response. [**Action: ED Minister**]
4. Members commented on the lack of information available for the public on progress with Objective 1 and asked whether they might see the briefing notes that were prepared after each PMC meeting. The ED Minister said these were on the website and the public should be encouraged to visit it. The address was www.wefo.wales.gov.uk. It was suggested the Clerk might check what was available on

the website after each PMC meeting and forward this to members. **[Action: Clerk]**

7.5 In response to a question about the appeals procedures on present bids, the ED Minister agreed to provide a note. **[Action: ED Minister]**

5. It was agreed:

- The Committee broadly endorsed the proposals in the paper regarding the relationship with the PMC. These would be taken forward after the PMC had discussed the paper. The question of periodic meetings between EDC members and representatives of the PMCs should be considered after the initial meeting, which had previously been cancelled, was held.
- that Christine Chapman would consider at her PMC the question of PMC papers being available to EDC members at the same time as they were to the PMC; **[Action: Christine Chapman]**
- EDC would receive in future monitoring reports, after each PMC:
 - a list of projects approved, in the same format as that attached to Paper 6, with the addition of the source of match funding for each;
 - a report giving an analysis of numbers of projects, total commitments and expenditure incurred compared with the original profile.
 - a 'broad' report from the Chair of the PMC. **[Action: ED Minister / Christine Chapman]**

It was noted that Huw Rawlings was moving to another division. The Committee thanked him for his work and contribution to the Structural Funds process.

Item 8: EQUAL Community Initiative Programme

8.1 Damien O'Brien introduced the paper which he said was a first draft of the Programme. He

explained that EQUAL differs from other EU programmes in that it is about finding common solutions to inequality. The emphasis is on trialing and testing new ways of doing things, trans-nationally and learning useful lessons.

2. In discussion the following points were raised.

- There is provision within EQUAL to support Asylum seekers in the transition to refugees, the budget for this is held at a U.K. level but Damien O'Brien assured the Committee that there would be scope for activity in Wales in this respect.
- A member raised issues concerning the waste of human resources due to occupational health problems (such as nurses), and the fact that in Cardiff 95% of the Somali population had been unemployed for more than 6 months. In raising these issues the Member questioned whether Officials were able to seek out projects as well as respond to requests.
- It was confirmed that the programme could be used for 13 year olds and up, allowing issues of segregation to be tackled at an early stage.

8.3 The Chair commented that whilst it was a very exciting project she found the document difficult to read and confusing, especially regarding the nature of development partnerships. It appears to be a U.K. document that has been adapted and strongly urged that a programme should be developed for Wales and then made to fit within the U.K. format. She was disappointed that there was no mention of mainstreaming of equality and getting equality measures into policy making. There was also no mention of women or black or Asian people in decision making or of gender segregation.

8.4 Howard John commented that he was very optimistic about the project as it was the only 'pot of money' where you can explore issues and have failures. He said that this differs from previous programmes in that others have been about the individual and most barriers tend to be social. He felt that EQUAL was designed to address this. He hoped it would begin to address key strategic issues when developing equality within economic policy.

8.5 Ruth Marks also spoke in support of the programme. She felt that EQUAL complements existing policy areas and will assist with mainstreaming and sustainable development agendas. It will help with 3 key objectives

- It allows organisations to try out new and innovative ideas and approaches. e.g. in relation to child and other dependant care.
- It allows the sharing of best practice with partners across Wales and Europe.

- It helps with practical implementation of improved equal opportunities across Wales.

8.6 In conclusion the Chair thanked everyone for their contribution and said that the Committee would like to see the final report and receive ongoing reports once it is up and running.

Item 9 – Minutes of the meeting held on 13 December 2000

9.1 Members agreed that these were a true record of the meeting.

9.2 A Member commented that he was expecting a follow up debate on Matched Funding, following the paper that was tabled by the Minister at the previous meeting. The Chair confirmed that she would follow this up. **[Action: Clerk]**

Committee Secretariat