

Date: 27 June 2001
Time: 14.00 – 17.30
Venue: Committee Room 1, National Assembly Building
Title : BUDGET ISSUES FOR 2002-03 AND FUTURE YEARS
(A Paper from the Economic Development Minister)

Purpose

1. To inform the Committee's consideration of the Finance Minister's commissioning paper for the 2001 Budget Planning Round.

Summary

2. The attached paper considers the programmes funded by budgets in the Economic Development Main Expenditure Group (MEG), in relation to their contribution to the priorities and targets in *Putting Wales First* and *betterwales*. It is split into 3 parts and gives information on activity and performance in 2000-01, progress towards the targets set for 2003, the pressure and priorities for future years, and on areas where bids are being considered.

Timing

3. The Finance Minister has asked for a response from the Committee on the issues in her commissioning paper by 20 July.

Action for the Committee

4. The Committee should consider the contents of this paper and the issues it highlights, and take them into account when producing a response to the Finance Minister's paper.

Compliance

5. Expenditure within the Economic MEG is covered by the following statutes:

- Industrial Development Act 1982

- Welsh Development Agency Act 1975 as amended by the Government of Wales Act 1998

- Local Government, Planning and Land Act 1980
- Development of Tourism Act 1969
- Tourism (Overseas Promotion) (Wales) Act 1992
- Housing Grants, Construction and Regeneration Act 1996
- Science and Technology Act 1965
- Government of Wales Act 1998 - Section 85

6. The powers under the relevant Sections in these Acts have either been transferred to, or made exercisable by, the Assembly. Authority to operate the various schemes and programmes funded by budgets in the MEG has been delegated to the Economic Development Secretary and to officials.

Point for Contact

7. Business Unit, Investment and Corporate Management Division, Economic Development Department.

ECONOMIC DEVELOPMENT – ISSUES TO BE CONSIDERED IN THE 2001 BUDGET PLANNING ROUND

Purpose

1. To inform consideration of the Finance Minister's commissioning paper for the 2001 budget planning round, a response to which is required by 20 July. This paper considers the programmes funded by budgets in the Economic Development Main Expenditure Group (MEG) in relation to their contribution to the objectives in Putting Wales First: A Partnership for the People of Wales and the priorities and targets for a 'Better Stronger Economy' in betterwales.com.
2. The paper is split into 3 parts and gives information on activity and performance in 2000-01, the priorities and pressures for the next 3 years, and areas where bids may come forward in the planning round.

Background

3. The Finance Minister has issued a commissioning paper for the 2001 budget planning round to Committees and partners. The main aims of this round are:

- To measure progress and focus on delivering against existing key targets, including those in *Putting Wales First: A Partnership for the People of Wales* and *betterwales.com*;
- To continue to test the effectiveness of our existing performance within existing budgets;
- To identify emerging pressures; and
- To look ahead, and to provide positive ideas for meeting medium to long term objectives to create a better Wales.

4. All Committees and partners have been asked consider the following issues as they relate to their areas of interest

- Sustainable development
- Social deprivation
- Equality
- Simplification
- Delivery

5. Responses to the commissioning paper are needed by 20 July and this paper is intended to inform the discussion of the issues raised by the Finance Minister. At this stage in the process, you are requested to consider:

- the way in which the programmes funded by budgets in the Economic Development MEG contribute towards the vision and targets;
- what we need to do to achieve the targets; and
- what policy and resource implications there are for any changes that are needed.

6. To assist in this consideration, this paper shows how the programmes link into the vision and targets and gives an indication of expected progress towards them.

The Economy in Wales

7. As always, the picture is neither black nor white. We have real achievements to be proud of and successes to build on. However, as the recent Quarterly Report to Committee emphasised, we also face significant challenges. These call for clear vision, sharp focus in terms of Assembly action and investment and world class implementation by the Assembly and its partners where there is the real potential to achieve a step change in our economic performance.

8. Claimant count unemployment in Wales was 4.0% in May 2001, the lowest level since 1975.

It now compares favourably with rates across the UK apart from the South East of England. However, the All-Wales average hides wide disparities. The claimant count rate in Blaenau Gwent was 7.7%, compared to a rate of just 2.4% in Powys and 2.3% in Monmouthshire (seasonally unadjusted figures).

9. Economic activity rates are lower in Wales than in the UK. In Feb-Apr 2001 the economic activity rate (all persons as a % of working age) in Wales was 73.6%, compared 78.8% in the UK. Given the right conditions, a number of the economically inactive could make a valuable contribution in the labour market.

10. At the start of 1999, the vast majority of businesses in Wales were classified as small and had less than 50 employees (98%), and only a small proportion were classed as large with over 250 employees (0.4%). This is similar to other UK regions.

11. However, the industrial structure in Wales is different. The manufacturing sector is proportionately more important to the Welsh economy, accounting in 1999 for 24.9% of GDP compared to 18.8% in the UK.

12. Wales is underrepresented in the rapidly growing financial and business services - and the higher productivity, higher paying jobs this provides. In 1999 approximately 11.8% of employment in Wales is in the banking, finance and insurance etc., compared to 19.0% in GB as a whole.

13. The rate of new VAT registrations in 1999 was lower in Wales at 8.0% of the stock of VAT registered businesses compared to 10.8% in the UK as a whole. The only UK 'region' with a lower rate was Northern Ireland (6.5%). The rate of business failures in Wales in 1999, as measured by Vat de-registrations, was also lower at 9.0% compared to 10.4% in the UK.

14. However, unlike the UK as a whole, the stock of VAT registered businesses decreased in Wales in 1999 as the number of VAT de-registrations in Wales exceeded VAT registrations. Despite these business closures, though, the number of employee jobs in Wales rose by about 33,000 in the same year.

15. Survival rates for new VAT registered businesses in Wales are generally better than other UK regions. A higher proportion of businesses starting between 1992 and 1996 in Wales survived for three years than in the UK as a whole, and only four UK regions had higher survival rates than Wales: Northern Ireland, the South West, the South East and Eastern.

16. The annual DTI Benchmarking Study shows that businesses in Wales are still lagging behind in terms of implementation of e-commerce. However, it should be noted that the 2000 figures are a 25% improvement on 1999. The betterWales target of 50% of businesses in Wales using e-commerce has already been significantly exceeded and we are now looking to

achieve an 80% target.

Putting Wales First and betterwales.com

17. These have set an ambitious agenda and challenging targets. The strategic direction and vision for economic development to meet these targets are being reviewed as part of the process of completing the National Economic Development Strategy. Consultation on a draft NEDS will end shortly. The Committee has been informed of the timetable for concluding the publication of the Strategy.

18. There is not a Spending Review this year. The Finance Minister will be conducting the planning round on the basis of the indicative spending plans set out in the Supplementary Budget approved by the Assembly on 29 March.

19. The Finance Minister has asked for suggestions for reshaping or refocusing the published plans rather than large new bids. However, the Economic Development Committee has signalled strongly that additional resources and real joined up action will be required to ensure that NEDS is effective and credible, with these resources not being confined to the Economic Development Budget.

Delivery Framework

20. The main public support for economic development is through the Assembly, its Sponsored Bodies and local authorities. The European Programmes have their own delivery mechanisms engaging the main partners on an equal basis and supported by WEFO.

21. The framework for business support has been developed by the Economic Development Committee and has – to a large measure - secured my endorsement. The 5 yearly review of the WDA has been agreed and this will further sharpen the Agency's capacity to deliver. The report on fiscal variations and the scope for rationalising our operating aids will help us raise our game in this whole area and improve the chances that we can translate good intentions into effective action. The Committee will hear the consultants' overview of the study when it meets on 27 June.

22. It is essential to recognise though that the private sector is the wealth creator and its decisions will inevitably play a far greater part in directly creating economic prosperity than action by the Assembly and its partners – or indeed Government more widely.

23. The voluntary sector has an important role at the community level, particularly in the social economy. The Voluntary Sector Funding Report has indicated areas where the sector is well-placed to make a wider contribution to the aims set out in [betterwales](http://betterwales.com), including:

- community enterprise;
- credit unions; and
- increasing employability.

Effectiveness of current activities - Review of policies and Sponsored Bodies

24. As highlighted above, the WDA Quinquennial Review was discussed in Plenary on 10 May. It highlighted the Agency as a well-respected and effective organisation whose achievements have made a significant contribution to the changing face of Wales. Key areas where effectiveness might be further improved were identified as strategic and corporate planning, structure and communications.

25. An independent GB-wide evaluation of Regional Selective Assistance between 1991-95 was completed in 2000-01. The evaluation report concluded that RSA continued to provide the same value for money as previously and that:

- RSA made a significant contribution to decreased unemployment in the Assisted Areas in 1993-98
- RSA helped most companies to become more competitive
- RSA was an important tool in attracting inward investment
- large projects provided better value for money than small ones
- new jobs provided better value than safeguarded ones

26. A review of the Wales Tourist Board and the Welsh Industrial Development Advisory Board will take place this year. An independent evaluation of the SMART innovation grants scheme is nearing completion and should be published in the next few months. There will also be an NAO value for money study into Regional Selective Assistance in Wales during 2001-02.

Performance in 2000-01

27. Key overall achievements are agreement on the new Assisted Areas map, which provided a good result for Wales, and approval of the Objective 1 programme. Key achievements for the Structural Funds programmes were:

- Implementation of Objective 1 and Objective 3 with approval given by end of March 2001 to over 280 projects worth some £157m.
- Grants payments on all European Structural Funds totalling £61m
- Private Sector Unit established
- Establishment of 15 Local and 10 Regional Partnerships for Objective 1

28. By betterwales priority, the main achievements for programmes funded by the Economic Development MEG were:

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

- Entrepreneurship Action Plan

- Implementation plan endorsed by Assembly with additional funding of £1.5m obtained for 2001-02 for Business Birth-Rate Strategy. Some Objective 1 projects have already been approved and more are awaiting approval.

- Business Growth and Start-Up

- Directly supported nearly 1500 new start ups
- Over 750 companies participating in the Small Firms Training Initiative and nearly 1,700 companies reviewed by Diagnostic and Consultancy Services
- Innovation and Technology Counsellors dealt with over 5,000 technology queries

- Innovation

- Launch of Design Wales; substantial Objective 1 support secured for development of North Wales opto-electronics cluster; held innovation summit and relaunched WDA's revamped college centre of excellence programme - 20 new Centres of Excellence were identified in Welsh academic institutions. These, along with wide range of other extant mechanisms to enable company-college linkages, will help SMEs access expertise, new technologies and specialist facilities

- e-business initiatives

- Launch of betterbusinesswales, Wales SME information and communications technologies Objective 1 project

- WalesTrade International –

- Established as single international trade unit for Wales and 3 new initiatives introduced: Sector Mission Programme; Trade Fair Pavilion Scheme; and Trade Fair Grant Scheme.
- 901 SMEs made aware of export possibilities, 62 companies introduced to new export markets, 47 companies exported for the first time

- Inward Investment

- Over 9,000 jobs secured by WDA through inward investment projects against a betterwales target of 7,000 per year

- Business Connect Wales

- 87% of customers sampled in an independent survey of customer satisfaction declared themselves satisfied/extremely satisfied.
- New website launched which achieved 1,800 SME registrations in first 10 months, and provided over 200 authoritative advice notes on regulation and a range of business issues, and a monthly email newsletters to SMEs

- Finance Wales

- An independent development fund launched to help stimulate SME development, although not fully operational it provide over £20m of financial support to SMEs in 2000-01. EC clearance of the broader scheme is expected shortly.

Priority: Increase the number and quality of jobs and reduce economic inactivity, particularly in less prosperous areas

- **Major projects secured for Wales** – a series of major projects were announced during the year, including

Company	Location	New (n) and safeguarded (s/g) Jobs
Wireless Systems International	Cwmbran	264 (n)
Pure Wafer	Swansea	110 (n)
BAE Systems	Broughton	1700 (n) 3000 (s/g)
Ford	Bridgend	500 (n)
Mostyn Docks	Mostyn	85 (n)
Cycle City	Bangor	160 (n)
Mitsui	Ammanford	220 (n)
Paramount Food	Deeside	230 (n)
General Domestic Appliances	Bodelwyddan	1000 (s/g)
Lloyds TSB	Pencoed	400 (n)
On-Line Finance	Treforest	400(n)
Mainetti UK Ltd	Deeside	100 (n)
Hi Lex Cables	Baglan	160 (n)
Fort James	Bridgend	231 (s/g)
Mollertech	Cwmfelinfach	110 (n)
Ethnic Cuisine	Swansea	125 (n)

- Welsh Development Agency

- Nearly 22,000 jobs created or safeguarded, the highest number in the Agency's 25 year life - 57% of jobs were in West Wales and the Valleys, 43% of the total jobs were from inward investment, and 52% were new jobs.

- Regional Selective Assistance

- Over 11,000 jobs secured, of which 49% were from projects by overseas companies and 69% overall were new jobs

Priority: Raise the international profile and influence of Wales

- Wales Tourist Board

- The Wales Tourist Board met nearly all its strategic targets for 2000-01: getting a return of investment of 30:1 for its domestic marketing campaign and over 6:1 for its investment grants, increased spend from primary overseas markets of over 5%, and created over 470 new jobs.

- International profile

- A state of the art communication and promotion package was completed and was being issued in early June
- Assembly office established in Brussels in May 2000.

Priority: Stimulate development that conserves natural resources and respects the environment

- Work is ongoing with companies to help protect the environment

- WDA Environmental Goods and Services project extended to all-Wales and beyond current ERDF funding, and by March 2002 I expect the project to have supported 225 companies
- Well on the way to meeting target of 500 companies of to have environmental management systems – Expect to reach 350 companies by end 2001-02
- Major sustainable development bid submitted under new EC "Innovative Actions" programme.

- Electricity generated from renewable sources

- Study carried out on Welsh renewables - Draft report issued to stakeholders for peer review and conference being arranged for summer 2001 on renewables opportunities in Wales
- Objective 1 clean energy and energy infrastructure projects submitted – approval expected shortly
- Major gas (Anglesey and Rassau) and off-shore wind power stations in the pipeline

- Support for Steel, Oil and Coal Industries

- Welsh coal operations in receipt of significant DTI coal subsidies
- Remedial measures in place to deal with the major Corus closures
- DETR approval given for Marathon off-shore drilling exercise

29. Additional results for 2000-01 can be seen in Annex A

Progress Against betterwales 2003 Targets

30. Some targets are already achieved, such as the establishment of a development bank and the % of companies using e-business. Other ones, like the overall target for net additional jobs and jobs for inward investment, should be achieved comfortably unless there is a major problem. And we are making good progress at achieving the job target for West Wales and the Valleys. The impact of the Objective 1 programme will also ensure we exceed the target set.

31 We are well on to our way on achieving the target for the number of companies with environmental management systems and, judging by the work of WalesTrade International in its first year should achieve the target for the increased number of exporting companies.

32. We are raising the international profile of Wales: we have joined the Wales European Centre, established an Assembly office in Brussels, arranged a very successful St David's day event, and launched a state of the art promotional package for Wales.

33. During the year there were many VIP visits to Wales, including that of the Chinese Vice-Premier, and Ministers have made several high profile visits overseas. The Millennium Stadium has successfully established itself and Cardiff as a venue for high profile concerts and sporting events, culminating in the FA Cup Final in May.

34. Some targets, however, probably remain ambitious. In particular we will need to look closely at the short-term target to double the research and development spending by companies in Wales. We will devise a more effective R&D inward investment strategy, and further investment in this area may be appropriate.

35. We will also need to look hard at the targets and support for tourism in Wales. It is perhaps

too early to assess the full impact, but Foot and Mouth disease has had a very significant impact on tourism in recent months.

36. Bringing the rate of business start-ups, as measured by new VAT registrations, closer to the UK average will be challenging. We have a rate currently of only 75% of that of the UK as a whole. Improving this should be easier once the Entrepreneurship Action Plan is fully implemented and the Business Birth-Rate Strategy is properly established.

37. The Business Support Review has considered the issue of building a business development fieldforce of the highest possible quality, and the Assembly will debate its recommendations in July. Additional investment may be required in this area.

Pressures and Priorities for Future Years

38. Our immediate pressures relate to the difficulties being experienced in the rural economy and repairing the damage caused to Wales tourist industry by Foot and Mouth disease. The Wales Tourist Board redirected some existing funding into revised marketing activities and received over £1m additional funding to help launch Easter and bank holiday marketing campaigns.

39. The Board has developed a Recovery Plan to help tourism industry recover from the effects of Foot and Mouth and I am currently considering this. However, there is no doubt that further additional resources might be needed in this area in the short term if we are to meet the ambitious *Putting Wales First* target for tourism of 10% of GDP.

40 It is also essential to the future economic well being of Wales that we make rapid and successful progress with the Structural Fund programmes. The immediate tasks this year are:

- Implementation of Objective 2, EQUAL, INTERREG 3, URBAN 2, LEADER + and EC Innovative Actions programmes
- Establishment of six local and one regional partnership for Objective 2
- Establishment of 4 strategic partnerships to take a strategic and overall view of the Objective 1 Programme in the 4 key areas identified by the Objective 1 Programme as drivers for economic changes, Business Assets, Community Assets, Human Assets and Rural Assets
- Achievement of Commitment target by end of calendar year 2001
- Employment of Private Sector Facilitators to be based in the regions to work with local companies to build awareness, develop ideas and encourage companies to work together

41. Overall we are making good progress against targets for 2003 and most should be achievable.

42. In round terms, the Welsh economy is currently growing at around £500m per year. If we are to improve our position against the UK economy as a whole, Wales needs to grow at a significantly faster rate, adding perhaps as much as £1,000m per year for the next few years and proportionately more later in the decade.

43. The Assembly does not control the macroeconomic situation in Wales. The UK Government therefore has an important role in its fiscal policies to stimulate growth and reduce the level of red tape affecting business.

44. The Assembly could not achieve the necessary growth through public spending alone. Although the Objective 1 programme will provide a large boost to the economy, it is only part of the answer. The Assembly must provide strong leadership to facilitate business growth by providing a credible framework for growth and the right environment for businesses in a modern economy to grow and prosper.

45. Wales currently has a disproportionate reliance on manufacturing industry and also needs to develop a more diverse high added value economy. Manufacturing industry will remain important to Wales and we must work to help existing businesses modernise and become more competitive.

46. It is essential we take account of the emerging messages coming from the development of the National Economic Development Strategy. To achieve what is possible for Wales, the main messages are about the need for increased innovation and entrepreneurship, and having the right skills and infrastructure, including vigorous promotion of ICT, to facilitate growth of a modern economy. Additional investment may be required to achieve this.

47. Research and development links between businesses and academic institutions are key to increasing innovation and technology transfer in Wales. The Economic Development Department has made good progress in forging these links. Attention is now being focused on helping translate innovative ideas into successful companies in Wales and bring future benefit to the Welsh economy. One of my priorities for the planning round will be to consider how this might be achieved.

48. Greater support for research and development also needs to come forward through the traditional funding routes. I would therefore support any bid from the Minister for Education and Life-Long Learning to increase funding to academic institutions for projects which stimulated innovation and technology transfer in Welsh businesses.

49. As I have already noted the rate of business start-ups in Wales is low compared to the UK as a whole. We must improve this situation and the full implementation of the Entrepreneurship Action Plan is crucial to this.

50. Key areas in this are implementing the Business Birth-Rate Strategy, getting business support right, reducing bureaucracy for small businesses, and getting agreement on fiscal variations. I have identified much of the resources to take this work forward but this will be a priority area for the budget planning round.

51. As well as trying to build an entrepreneurial culture, we must ensure that managers and workers have the right skills for projects that develop and grow in Wales. Without these skills, even if Wales could attract the projects, they are unlikely to prosper and grow.

52. Part of this relies on Welsh companies and managers adopting modern management practices and the Assembly's role here is in providing education and support to businesses and in disseminating best practice.

53. The Minister for Life-Long Learning and ELWa are already starting to tackle the issues of skill levels in the workforce. I know she is also looking at how we can additional support people during training and re-entry to the workforce through measures for childcare. I would support any bid she makes for additional funding to ensure the right skills are available in the right place at the right time to help attract high added value projects to Wales.

54. Last but not least, if Wales is to successfully attract new high added value businesses, the right infrastructure must be in place. This relates partly to transport infrastructure, which is essential to good get goods in and out, and to get the workforce to and from work.

55. I would therefore support any bids made by the Minister for Transport Planning and the Environment, to improve these issues in our priority areas of West Wales and the Valleys and thus make the locations more attractive to potential inward investors.

56. Another essential component of infrastructure for a modern economy relates to information and communications technology. It is essential, for example, that we improve access to broadband communications in Wales at the earliest opportunity and I am considering how I can support improvements in this area.

Links with Cross-Cutting Themes

57. The major focus in economic development is in the most disadvantaged areas of Wales. My policies are aimed at increasing the number of jobs available to those who are economically inactive, and improving the quality (and salary) of existing jobs. This will support the cross-cutting theme of Social Inclusion by improving employment prospects in these areas, and providing those already in work with a higher standard of living.

58. I would expect that Wales will attract more inward investment projects in future that are part of the knowledge economy where flexible working is not only permitted but in many such

industries is the norm. This will allow more people to take on part time working to fit round other commitments but for many appropriate childcare arrangements are essential for this to happen.

59. The Assembly is also committed to encouraging companies in Wales to enter schemes such as Investors In People, where development and implementation of equal opportunities policies are an integral part of the process.

60. My policies are also working to support sustainable development through more efficient use of energy, development of sources of renewable energy, more effective waste management, and the pursuit of innovation policies that will enable sustainable development projects. As part of this work I expect to see Carbon Trust Wales fully established during 2001-02. The WDA is already working to reclaim and reuse old industrial sites, and its Environmental Goods and Services project has been extended to cover all of Wales.

61. I am also considering how other programmes, such as Regional Selective Assistance can support the Assembly's cross-cutting themes. I gave some initial thoughts on this to the Economic Development Committee in January and hope to come back later this year with worked up proposals.

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Summary of Priority Areas for this Planning Round

62. I recognise the Finance Minister's wishes for programmes to be reshaped and refocused in this budget planning round. I am reviewing the way existing policies and activities fit together and complement each other through the ongoing development of the National Economic Development Strategy, the Business Services Support Review, the report on Fiscal Variations, the Regional Technology Plan and the Entrepreneurship Action Plan.

63. I am also actively following a review of existing activities and Sponsored Bodies to ensure continued value for money. For example, the WDA was reviewed last year, the WTB and WIDAB are being reviewed this year. A retrospective independent evaluation of RSA was completed last year and the NAO will carry out a value for money study on RSA this year. I am also awaiting the report of an independent evaluation of the SMART Wales innovation grant schemes.

64. However, there are clear messages emerging from this work about the overall level of resources available for economic development and my priorities for the coming budget round, as outlined in paragraphs 34-37, 39, 46-47, 49-50 and 56, are:

- To help tourism recover from the impacts of Foot and Mouth Disease and move towards

the *Putting Wales First* target of 10% of GDP;

- Additional support for innovation and technology transfer;
- Achieving the full implementation of the Entrepreneurship Action Plan and the Business Birth-Rate Strategy; and
- Ensuring access to broadband communications technology across Wales and promoting its wide and effective use.

67. I would also support any bids made by the Ministers for Education and Life-Long Learning and Transport Planning and Environment that further the economic development agenda in Wales, as outlined in paragraphs 53-55.

Annex A

BETTERWALES PRIORITY – A BETTER, STRONGER ECONOMY

This Annex provides information on areas not covered in the main paper and some supplementary information on the key achievements shown in the main paper for 2000-01 against targets in *betterwales* and *Putting Wales First*.

PRIORITY: BUILD AN ADVANCED, COMPETITIVE AND MORE DIVERSE ECONOMY, WITH A DYNAMIC SMALL AND MEDIUM ENTERPRISE SECTOR

Business Growth and Start-Up

	1999-2000	2000-01
	Outturn	Outturn
Number of new business starts	1129	1482
Percentage surviving for 52 weeks	83%	74%
Small Firms Training Initiative:	815	764
Number of participating companies		
Diagnostic & Consultancy Services:	1726	1260
Number of business reviews		
Number of diagnostic reviews	5	15
Number of specialist consultancies	567	403

Investors in People:	468	534
Organisations making a commitment		
Organisations achieving recognition	293	353
Sole Traders' Initiative:	191	225
Number of new jobs created		
Cymru Prosper Wales:	547	576
Number of work placements		

Innovation grants to SMEs under SMART Wales

	No. of awards	Total amount (£m)
Regional Innovation Grant	100	2.296
SMART/SPUR	33	2.622

- 20 companies participated in the College Business Partnerships scheme and 44 in the Teaching Companies Scheme
- Innovation and technology Counsellors dealt with over 6,000 queries from SMEs, made 1,820 new company contacts and 622 company projects were undertaken
- Know-How Wales handled 929 technical queries
- Design Wales dealt with over 600 company contacts and was asked to give presentation on best practice at Brazilian Design Conference

- A number of excellent Objective 1 innovation projects have been offered funding.

WalesTrade International

TARGETS

	Actual	Planned
Number of companies new to exporting	47	32
Value of business deals (000's £)	27m	22m
No. of jobs created	468	440
Value of Opportunities introduced (000's £)	294m	250m
No. of companies participating in Projects	609	600
Number of SME's made aware of export possibilities	901	600
Number of sector specific clusters established	3	2
No. of Trade Missions	8	8
No. of companies introduced to new export markets	62	55
Sector trade mission	1	2
Number of exhibitions at overseas trade fairs	1	2

PRIORITY: INCREASE THE NUMBER AND QUALITY OF JOBS AND REDUCE ECONOMIC INACTIVITY, PARTICULARLY IN LESS PROSPEROUS AREAS

Welsh Development Agency - 2000-01 Strategic Targets

	Target	Outturn
All Wales		
Jobs supported - Total	19,000	21,873
- Inward investment	8,500	9,425
Private sector - Total	580	545
Investment(£m) - Inward investment	290	340
West Wales & Valleys		
Jobs supported - Total	12,500	12,559
- Inward investment	6,000	5,075
Private sector - Total	330	215
Investment(£m) - Inward investment	165	150

Regional Selective Assistance - Offers Accepted

	No.	Associated Project		Forecast	
		Value £m	Costs (£m)	New	Employment Safeguarded
Total	149	95.6	753.4	7,779	3,472
Overseas Owned	20	53.6	533.9	3,622	1,885

Credit Union movement

- Programme of support has been agreed and in 2001-02 expect to increase credit union members from 12,000 to 39,000, double credit union volunteers from 500 to 1,000, and support 1,800 people through financial exclusion projects

PRIORITY: RAISE THE INTERNATIONAL PROFILE AND INFLUENCE OF WALES

Wales Tourist Board Strategic Targets for 2000- 01

Performance Measure	2000-01	2000-01
	Target	Forecast
Private Sector Investment	£12m	£11.5
Leverage ratio - WTB grant :Total cost	1:5.0	1:6.6
No. of jobs created/safeguarded	400	477
Annual share of UK spend in Wales(Oct-Jun)	51%	51%
Running cost limit	£4.457m	£4.457m
WTB domestic (UK) marketing campaign return on investment	30:1	30:1
Increase spend from primary overseas markets	+5.0%	+5.3%

Putting Wales First - Initiatives for Enterprise and Economic Development.

Initiative

We will ensure that money is available through the Welsh Development Agency to promote the Regional Technology Plan, to support community enterprises, and to develop entrepreneurship.

Progress

- Development and implementation of **Regional Technology Plan** is a continuously evolving process, the current phase of which is just coming to an end. Work is ongoing on the revision and updating of the plan and until this work is complete it is not possible to identify fully the funding required.

We recognise the important contribution played by the Assembly in the development of the Welsh economy through the distribution of RSA and other business support grants. We will ensure, in the light of our statutory obligations, value for money considerations and the best independent advice available, that no high-quality jobs in Wales are put at risk because of the Assembly's policy on RSA. We will implement measures to monitor the way in which the distribution of such grants reflects the regional diversity and economic needs of all areas of Wales.

We will nurture service industries and new high-technology industries, ensuring that the increased levels of European Funding are made available to enhance indigenous supply chain development for the larger companies in the Welsh manufacturing sector.

We will move to implement the Assembly's decision to establish a Community Investment Authority to channel funding to community and voluntary enterprises and help to secure longer-term finance.

In the light of the current European Funding Programmes, we will increase by £60 million per annum funding to the WDA, WTB, and other bodies in order to enable them to fully meet their respective match funding requirements.

Alongside a baseline increase in the budget of the Wales Tourist Board of £4.5m in 2001/2002, we will take the necessary steps to assist it in reaching a target for tourism to represent 10% of Wales' GDP by 2004

- Data on RSA now being collected in different way so a report can be provided to EDC in way requested by Committee
- Proposals for development of RSA should come forward later in the year but must take account of NEDS and NAO value for money study proposed for 2001-02.

- NEDS will provide the strategic framework.
- Will be driven in key sectors pioneered by automotive and electronics.
- Accelerate Wales launched 22 Nov 2000.

- A £50,000 start-up budget has been agreed.
- Arrangements not yet finalised but expect other colleagues in Assembly to lead on this, with input from the Economic Development Department.

- Structural Funds match-funding of £67m/£69m/£71m allocated to specific budgets during 2000 BPR.

- Baseline increased by £4.65m in 2001-02, £4.8m in 2002-03 and £6.15m in 2003-04.
- Foot and Mouth may have an adverse affect on target of 10% of GDP being reached by 2004. Target may need to be re-visited.

Increased funding for the WDA will be targeted in order to develop a 'second wave' of higher skill, high value Foreign Direct Investment built around existing SME supply chain provision, and developed within a framework or strengthening Wales' overseas marketing capacity.

We will establish a funded partnership between the Assembly, Business and Higher Education sectors to undertake research and evaluation into the impact of the Assembly's economic policy activities to improve our understanding of the workings of the wider Welsh economy.

- £1m extra for 2001-02 allocated to WDA and detailed allocation agreed.
- To be taken forward as part of implementation of Business Support Review recommendations which are being discussed by the Assembly in July