

Enterprise and Business Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
11 October 2012

Meeting time:
09:45

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

1. Informal briefing on the Draft Budget (09.45 – 10.15)

Members received an informal briefing on the Welsh Government draft budget proposals for 2013–14.

(Break – 10.15 – 10.30)

2. Introductions, apologies and substitutions

3. Welsh Government draft budget proposals for 2013–14:

Ministerial Scrutiny Session (10.30 – 11.30) (Pages 1 – 25)

Edwina Hart, Minister for Business, Enterprise, Technology and Science

Rob Hunter, Director, Finance and Performance, Welsh Government

4. Welsh Government draft budget proposals for 2013–14:

Ministerial Scrutiny Session (11.30 – 12.30) (Pages 26 – 35)

Carl Sargeant, Minister for Local Government and Communities

Frances Duffy, Director Transport, Welsh Government

Claire Bennett, Deputy Director, Transport Policy, Planning and Partnerships, Welsh Government

5. Motion under Standing Order 17.42 to resolve to exclude the public for the remainder of the meeting (12.30)

6. Consideration of evidence and budget report (12.30 – 13.00)

Agenda Item 3

Memorandum on the Business, Enterprise, Technology and Science (BETS) Draft Budget Proposals for 2013/14

Enterprise and Business Committee - 11 October 2012

Introduction

This paper provides information on the BETS budget proposals as outlined in the draft budget announced on 2nd October. This paper does not cover detail relating to the Deputy Minister for Agriculture, Fisheries and European Programmes which will be addressed by the Environment and Sustainability Committee on the 18th October.

Summary of Budget Changes

In overall terms, the total BETS MEG budget allocations for 2013-14 and 2014-15 (excluding Annually Managed Expenditure (AME)) have decreased by £0.9m and £2.2m when compared to the June 2012 Supplementary Budget allocation, as shown in the table below.

	2012/13 Supplementary Budget * £'000	2013/14 Proposed Budget £'000	2013-14 Changes £'000	2014/15 Indicative Plans £'000	2014-15 Changes £'000
Revenue	175,319	180,748	5,429	182,077	6,758
Capital	98,356	92,070	(6,286)	89,370	(8,986)
Non Cash	1,551	1,551	0	1,551	0
	275,226	274,369	(857)	272,998	(2,228)
AME	41,402	20,000	(21,402)	20,000	(21,402)
Total DEL	316,628	294,369	(22,259)	292,998	(23,630)

*Supplementary budget included an uplift of £6m to fund infrastructure work in the Deeside Enterprise Zone and the Wales economic Growth fund

The Department has set out a Draft Budget that is broadly in line with the previous indicative budget allocations at Action level, subject to the budget realignment that was implemented in the June 2012 Supplementary Budget. Budgets were realigned to delivery plans and the draft budgets for 2013-14 and 2014-15 reflect recurrent changes, as shown in the Main Expenditure Group tables attached to the published Draft Budget. For ease of reference a table of the recurrent changes for 2013-14 and 2014-15 are shown at Annex A.

The Department has undertaken a detailed review of future spending plans and some adjustments to budgets below Action level have been made. The Budget Expenditure Line tables attached at Annex B provide a breakdown of the budgets below Action level.

The review has also identified funding from across BETS to meet the commitments to deliver the Science agenda and focus on the sector priorities to deliver growth and jobs. The Science Programme funding requirement is 2013-14 £5m and 2014-15 £6m. The review of commitments for legacy SIF schemes suggests that as that a further £10m will be released in 2014-15 which we have moved to deliver new projects in Sectors. The proposed budget re-allocations for the Science Action and Sectors have been reflected in the Draft Budget plans and summarised at Annex C.

The BETS MEG also includes a budget allocation for Annually Managed Expenditure (AME), which provides cover for charges that are outside the control of the Department such as impairments on the property portfolio, joint ventures and investments. This budget has decreased from £41.4m in 2012-13 to £20m in 2013-14 and 2014-15 as market conditions indicate that the Department will not require the historic level of budget in the short to medium term.

Given the economic circumstances, budgets are under increasing pressure. Within the Department, projects are continually monitored to ensure they are delivering their outcomes. Where they are not found to be delivering as planned, the resource is reallocated to interventions that will deliver jobs and growth. Alongside this the Departments is looking for opportunities to maximise the Welsh Government investment by leveraging in investment from the private sector, UK Government and the European Commission. A good example of this is the affordable housing development at Ely Mill which will generate private sector investment of over £60m against a total Welsh Government investment of £12m (including land value). Other examples include the Next Generation Broadband project and the Finance Wales SME investment fund.

The JEREMIE (Joint European Resources for Micro to Medium Enterprises) fund continues to support SMEs in Wales. During 2011-12 a number of investment funds were developed within Finance Wales primarily as a response to the difficulties faced by businesses relating to access to finance. The Wales SME Fund, jointly funded by Barclays Bank with a capital value of £40m, is providing much needed access to finance for business growth and job creation for SMEs not eligible for funding under the JEREMIE initiative. We have also established a new £6m Micro Business Fund, and a Life Sciences Investment Fund with an initial £25m Welsh Government investment. The Life Science Fund will provide dedicated equity funding for life sciences businesses located in Wales. The funds have the major advantage that they will provide returns that can be reused to support future investments in businesses across Wales for many years to come.

In 2011 the Wales Economic Growth Fund was announced with an initial allocation of £15m and aimed to provide an economic stimulus to create and retain jobs. Due to the high degree of interest in the fund the Department increased the allocation to the fund by another £15m bringing the total fund

value to £30m. In total 118 projects were approved with the potential to create over 1,800 jobs and safeguard up to 1600 jobs in Wales.

The Next Generation Broadband Wales programme will see £425m invested to expand high-speed broadband throughout Wales. This has been achieved through a total public sector investment of £205m. This includes European Structural (ERDF) Funding of £89m, UK Government funding of £57m and Welsh Government funding of £59m, which includes central funding of £20m for 2013-14 and 2014-15. Through this project BT's committed investment to next generation broadband in Wales rises to £220m.

The Next Generation Broadband announcement represented significant value for money with every £1 invested by the Welsh Government leveraging over £6 to deliver high speed broadband across Wales. It will deliver the Programme for Government commitment that premises across Wales will have access to Next Generation Broadband by the end of 2015. The project will intervene to deploy high speed broadband to areas of Wales which will not be served by market operators and will support long term growth, innovation and commercialisation.

Business and investment activity within the seven Enterprise Zones will be a powerful market signal for further investment. The aim in developing the infrastructure and incentives is to deliver the distinct priorities in the sectoral approach for a lasting legacy of jobs and continued growth. The Department is working with local partners and key stakeholders in these areas to ensure that the proposed Enterprise Zones are tailored to best suit local needs and costing the benefits that will be needed is a key part of this. An allocation of £3.5m from Central Reserves was made in 2012-13 to support essential infrastructure work for the Northern Gateway site in the Deeside Enterprise Zone.

The potential role of city regions in the future economic development of Wales is also being considered alongside Enterprise Zones and Powys Local Growth Zone.

Our inward investment strategy is integral to focussing on the key sectors although projects from outside of those key sectors are also encouraged. The Welsh Government has a presence in eleven locations overseas – Brussels, New York, Washington, Dubai, Tokyo, Beijing, Shanghai, Chongqing, Bangalore, Mumbai and Delhi. This footprint has recently been extended to include the new London office which will focus on inward investment and international trade and builds on the First Minister's commitment to take further action to promote Wales to the world to boost the Welsh economy.

We have also recently strengthened the trade and inward investment function which, working with the Welsh Government's sector teams, European and External Affairs Division and overseas teams will provide a focus for our inward investment and trade efforts.

In terms of trade, we are focusing on four key steps in order to work towards the goals of more exports and more exporters, namely raising awareness,

improving knowledge and skills, finding opportunities and meeting the customer.

Funding of Spending Programme Areas

Compared to indicative plans for 2013-14 published in the Final Budget for 2012-13, the total MEG allocation for Business, Enterprise, Technology and Science for 2013-14 (excluding Annually Managed Expenditure) has increased by £10.6m (4%).

This includes an increase to the resource budget of £0.8m as a result of a transfer in from DEFRA in respect of the Animal Movement Licensing System and a decrease to the resource budget of £2.9m as a result of a transfer out to the Central Service and Administration MEG in respect of repayments to the Invest to Save programme.

There is an increase to the capital budgets for 2013-14 of £12.7m. It includes specific allocations from the Centrally Retained Capital fund of £10m for Next Generation Broadband Wales and £2.7m for the On Line Rural Services project.

Sectors & Business

SPA	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Sectors and Business	Revenue	50,722	5,150	55,872	55,324
	Capital	68,832	(22,313)	46,519	46,144
	TOTAL	119,554	(17,163)	102,391	101,468

The total budget of £102.4m includes £87.9m for business support in 2013/14 to create an environment to help develop thriving companies and specific funding of £1.3m which is dedicated to development of the trade programme overseas. £14.5m will be allocated for Entrepreneurship and Business Information. A breakdown of the Sectors budget by BEL is provided at Annex A for information.

Legacy SIF

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Legacy SIF	Revenue	4,360	(2,000)	2,360	1,812
	Capital	44,530	(23,830)	20,700	10,325
	TOTAL	48,890	(25,830)	23,060	12,137

The budget supports the contractual obligations in honouring grant offers to Wales based companies under the legacy SIF/RSA schemes that meet the conditions and targets for growth and jobs laid down in the offer of grant. The reduction of £25.8m for legacy SIF projects reflects the reducing commitments as projects are completed in accordance with grant conditions to create and safeguard jobs and investment are fulfilled.

Sectors

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Sectors	Revenue	31,933	7,056	38,989	38,989
	Capital	24,302	1,517	25,819	35,819
	TOTAL	56,235	8,573	64,808	74,808

The nine sectors have developed a targeted strategies supported by panels of industry experts. The budgets reflect the individual delivery priorities and method of approach to achieve maximum economic benefit. The allocations are supported by a budget for pipeline activity to ensure that funding is available to respond quickly to projects as they are developed.

Tourism has been aligned to sectoral delivery. The indicative budget for 2013-14 has been maintained for both capital and revenue.

The capital baseline for sectors has increased by over £7.5m, taking into account the additional £6m allocation from central reserves in the 2012-13 Supplementary budget for shovel ready schemes (£3.5m to support essential infrastructure work for the Northern Gateway site in the Deeside Enterprise Zone and £2.5m to boost the Welsh Economic Growth Fund).

Entrepreneurship Table

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Entrepreneurship and Business Information	Revenue	14,429	94	14,523	14,523

The entrepreneurship and business information budget of £14.5m supports youth entrepreneurship, start-up support to encourage self employment and the creation of high potential starts and responsible business practices. It also ensures that the mutual and co-operative sector has access to appropriate and robust business advice. Responsible Business practices will facilitate corporate social responsibility commitments for the Department.

The net additional budget of £94k will support the requirements in delivering the start up programme.

Science and Innovation

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Science and Innovation	Revenue	10,656	3,613	14,269	14,895
	Capital	1,107	1,506	2,613	2,979
	TOTAL	11,763	5,119	16,882	17,874

£16.9m has been allocated for science and encouraging businesses to invest in Innovation and develop links with academia through the Business Innovation, A4B and Research, Development and Innovation programmes.

Funding of £5m has been made available to progress the Science agenda following a detailed review across the portfolio. The Ser Cymru programme is also supported by Health and Education budgets.

The budget also includes £1m funding for the National Science Academy (NSA) to encourage young people to engage with Science, Technology, Engineering and Mathematics subjects.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Innovation	Revenue	10,656	731	11,387	11,374
	Capital	1,107	(607)	500	500
	TOTAL	11,763	124	11,887	11,874

Funding of £11.8m is allocated to encourage business to invest in Innovation and develop links with academia through the Business Innovation, A4B and Research, Development and Innovation programmes.

Capital budget efficiencies of £0.6m have been identified by focussing support and rationalisation.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Science	Revenue	0	2,882	2,882	3,521
	Capital	0	2,113	2,113	2,479
	TOTAL	0	4,995	4,995	6,000

The funding supports The Science for Wales strategy and has been made available by reprioritising budgets across BETS, particularly for the new Ser Cymru initiative.

Major Events

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Major Events	Revenue	4,831	(91)	4,740	4,740
	TOTAL	4,831	(91)	4,740	4,740

The £4.7m funding for Major Events will support work with national, UK and international sports federations to ensure more major events are hosted in Wales. As an example in 2013, Wales will co-host (with England) the Rugby League World Cup – a key element of the UK's Decade of Sport. It also supports a diverse range of cultural events including home grown events such as the Beyond the Border International Storytelling, Swn and Wakestock Festivals to major international cultural events such as WOMEX.

Infrastructure

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Infrastructure	Revenue*	22,415	(1,773)	20,642	22,171
	Capital	11,031	17,425	28,456	28,456
	TOTAL	33,446	15,652	49,098	50,627

excludes non fiscal resource DEL of £1,309k

Provides support for Property Related Infrastructure, ICT Infrastructure and the Next Generation Broadband for Wales project (NGBW). In respect of Property Related Infrastructure, the current property policy area covers management of the existing property portfolio, land reclamation programme and property offers to business.

The total contract value for the NGBW project is £425m and is funded by the Welsh Government, European Union and UK Government and levers in an additional £220m of private sector investment.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
ICT	Revenue*	10,174	(1,848)	8,326	9,855
	Capital	7,472	18,832	26,304	26,304
	SUB TOTAL	17,646	16,984	34,630	36,159

* excludes non fiscal resource DEL of £1,309k

The funding of £34.6m mainly provides ICT infrastructure support for PSBA and NGBW.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Property	Revenue	10,932	75	11,007	11,007
	Capital	3,559	(1,407)	2,152	2,152
	SUB TOTAL	14,491	(1,332)	13,159	13,159

The BETS property portfolio comprises land and buildings that support the offer to business. The reduction in core capital budget of £1.407m is recognition of the changing Property Infrastructure priorities.

Rural Affairs

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Rural Affairs	Revenue*	74,246	870	75,116	74,916
	Capital	15,469	(1,046)	14,423	11,723
	TOTAL	89,715	(176)	89,539	86,639

* excludes non fiscal resource DEL of £242k

The support for rural businesses and communities will promote the sustainability of the farming, fisheries and agri-food industries and their associated supply chains in a way that enhances the socio economic, environmental and cultural cohesion of rural Wales. Making progress toward these outcomes involves working with key partner organisations as well as with other devolved administrations in the UK and EU. All aspects of Fisheries policy and strategy, legislation, fisheries management, enforcement and administration of the European Fisheries Fund will be supported.

Strategy and Corporate Programmes

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Strategy & Corporate Programmes	Revenue	12,478	(2,340)	10,138	10,060
	Capital	1,917	(1,858)	59	68
	TOTAL	14,395	(4,198)	10,197	10,128

This supports the core funding for Finance Wales, Marketing, Health Challenge Wales Programme, National Loans Fund repayments, and strategy support activity. This budget line also supports the economic analysis which underpins many spending decisions.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Corporate Programmes	Revenue	3,901	(607)	3,294	3,294
	Capital	417	(358)	59	68
	TOTAL	4,318	(965)	3,353	3,362

A reduction in the requirement for revenue funding Health Challenge Wales of £632k is offset by £25k to meet the operational costs of the Customer Relationship Management (CRM) database. Capital funding of £358k has also been released on the completion of the CRM programme.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Marketing	Revenue	2,796	19	2,815	2,815
	TOTAL	2,796	19	2,815	2,815

Marketing supports key campaigns and activities to help communication and success of delivery of the Department's programme and projects. There is an additional funding requirement of £19k to achieve the programme in strengthening support to Sector delivery.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Finance Wales	Revenue	4,802	(1,302)	3,500	3,500
	Capital	1,500	(1,500)	0	0
	TOTAL	6,302	(2,802)	3,500	3,500

The core funding to Finance Wales supports the administration of investment funds for businesses and provision of capital funding to support the JEREMIE Fund. The operating grant has been reduced by £1.302m as a result of a review of funding to Finance Wales. In addition £1.5m capital funding has been released following the early settlement of contractual obligations for the JEREMIE Fund.

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
Strategy Programmes	Revenue	979	(450)	529	451
	TOTAL	979	(450)	529	451

The budget supports the economic analysis and strategic engagement to inform key strategies spending decisions. Funding of £450k was transferred to align the delivery of rural strategy and engagement for Axis 3&4 Rural Development Plan which addresses diversification of non agricultural activities and improving quality of life in rural area.

Welsh European Funding Office (WEFO)

Action	Expenditure Category	2012/13 Supplementary Budget £'000	Change	2013/14 Proposed Budget £'000	2014/15 Indicative Plans £'000
WEFO	Manage Delivery of Structural Fund Programmes in Wales	1,522	0	1,522	1,522
	TOTAL	1,522	0	1,522	1,522

WEFO will continue to manage, monitor and report on the implementation of the EU Structural Fund programmes in Wales and ensure the alignment of EU Structural Fund programmes and projects with Welsh Government policies and EU policies and strategies.

Impact Assessments

Equality & Diversity

We continue to build on the work undertaken in 2012-13. The Department is continuing to roll out a substantial programme of training on human rights and equality. We have focussed on the equality impact assessing the work of the priority sectors and some larger, more significant projects for example Next Generation Broadband. It is recognised that equality considerations in budget allocations will need further development throughout the coming year.

BETS contributes to a number of commitments within the Welsh Government's Strategic Equality plan including:

- Work with partners to identify and address the causes of the gender, ethnicity and disability pay and employment differences;
- Tackle barrier and support disabled people so that they can live independently and exercise choice and control in their daily lives.

The principles of equality and diversity will continue to be embedded in future budget decisions in collaboration with all delivery partners.

Sustainable Development

Our aim in BETS for business and the economy is to lead and promote the transition to a sustainable low carbon resource efficient and resilient economy, and to maximise the business and commercial opportunities that will arise from this. We continue to work closely with businesses, collaborating with key partners and embedding the principles in the sector strategies.

BETS Draft Budget 2013-14 to 2014-15 – Impact of Restructuring to Realign the Budgets to Delivery Plans

The table below replicates the impact of budget restructure changes (as set out in the June 2012 Supplementary Budget) for 2013/14 and 2014/15.

PART A: ACTION	2013-14		2014-15		IMPACT OF CHANGE
	REVENUE £'000	CAPITAL £'000	REVENUE £'000	CAPITAL £'000	
Transfers Out					
Sectors	(6,654)	(500)	(6,654)	(500)	Transfer to align A4B to Innovation Action
Regional Funding	(2,005)	(995)	(2,005)	(995)	Transfer to release funding to Sectors
Finance Wales	(4,102)	(1,500)	(4,102)	(1,500)	Transfer to Strategy & Corporate Programmes SPA, as an Action, to align Finance Wales with centrally managed programmes
Marketing	(2,815)		(2,815)		Transfer to Strategy & Corporate Programmes SPA, as an Action, to align Marketing support for central BETS initiatives
Strategy Programmes	(468)		(468)		Transfer to realign budget to central initiatives delivered by Corporate Programme Budget
Developing & Marketing Welsh Food & Drink Sector	(5,000)		(5,000)		Transfer to align budget to Sectors for the new Food & Farming Sector
Increase Visitor Demand and Conversion	(7,740)		(7,740)		Transfer to align budget to Sectors for the new Tourism Sector
Increase Visitor Demand and	(961)		(961)		Transfer of Major Events budget held within Tourism to Major Events Action

Conversion					
Developing the Visitor Experience	(3,925)	(2,313)	(3,925)	(2,313)	Transfer to align budget to Sectors for the new Tourism Sector
Transfers In					
Innovation	6,654	500	6,654	500	Transfer in of A4B budget held within Sectors
Sectors	2,005	995	2,005	995	Transfer in of budget released from Regional Funding
Strategy & Corporate Programmes SPA	4,102	1,500	4,102	1,500	Transfer in to align Finance Wales Action to centrally managed programmes
Strategy & Corporate Programmes SPA	2,815		2,815		Transfer in to align Marketing Action with central BETS initiatives
Corporate Programmes	468		468		Transfer in from Strategy Programme budget to central initiatives delivered by Corporate Programme budget
Sectors	5,000		5,000		Transfer in of Welsh Food & Drink budget for the new Food & Farming Sector
Sectors	7,740		7,740		Transfer in of Tourism budget for the new Tourism Sector
Major Events	961		961		Transfer in of Major Events budget held within Tourism
Sectors	3,925	2,313	3,925	2,313	Transfer in of Tourism budget for the new Tourism Sector
Net Impact	Nil	Nil	Nil	Nil	

BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure	2012/13	2013/14	2014/15
GROUP	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors	50,722	55,872	55,324
Science & Innovation	10,656	14,269	14,895
Infrastructure	22,415	20,642	22,171
Rural Affairs	74,246	75,116	74,916
Major Events	4,831	4,740	4,740
WEFO	1,522	1,522	1,522
Strategy & Corporate Programmes	12,478	10,138	10,060
Total Revenue	176,870	182,299	183,628

Departmental Structure	2012/13	2013/14	2014/15
GROUP	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors	68,832	46,519	46,144
Science & Innovation	1,107	2,613	2,979
Infrastructure	11,031	28,456	28,456
Rural Affairs	15,469	14,423	11,723
Strategy & Corporate Programmes	1,917	59	68
Total Capital	98,356	92,070	89,370

BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure				2012/13	2013/14	2014/15	
GROUP	SPA	ACTION	BEL BEL Name	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000	
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029 Single Investment Fund	4,360	2,360	1,812	
			3765 ICT	4,204	7,466	7,399	
			3764 Life Sciences	1,557	1,557	1,661	
			3763 Financial & Professional Services	1,549	176	153	
			3762 Creative Industries	2,302	1,880	1,076	
			3761 Advanced Materials & Manufacture	2,415	1,309	1,396	
			3760 Energy & Environment	2,423	2,546	2,839	
			2970 Promoting Welsh Food	5,000	5,000	5,000	
			6250 Tourism	7,626	7,740	7,740	
			6255 Strategic & Industry Support	4,136	3,925	3,925	
			3752 Construction		442	472	
			3753 Pipeline Developments		6,842	7,300	
			3751 Centrally Controlled Programmes	721	107	28	
			31,933	38,989	38,989		
		Entrepreneurship	3901 Business Information	2,897	2,897	2,897	
			3893 Youth Entrepreneurship	2,091	2,091	2,091	
			3894 Social Enterprise & Economy	881	881	881	
			3895 Start Up Service	5,608	5,702	5,702	
			3896 Responsible Business Practices	2,952	2,952	2,952	
			14,429	14,523	14,523		
			Total SPA		50,722	55,872	55,324
		Innovation & Science	Innovation	3744 Innovation Centres & R&D Facilities	3,970	2,918	3,250
				3746 Academia & Business Collaboration	4,871	6,654	6,654
3742 Business Innovation	1,815			1,815	1,470		
	10,656		11,387	11,374			
Science	3745 Science		0	2,882	3,521		
	Total SPA		10,656	14,269	14,895		
Regional Funding	Regional Funding	4051 Regional Funding		0	0		
Finance Wales	Finance Wales	4024 Finance Wales		0	0		
Total Group (Revenue)				61,378	70,141	70,219	

BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029 Single Investment Fund	44,530	20,700	10,325
			3765 ICT	2,437	1,340	1,053
			3764 Life Sciences	2,437	0	0
			3763 Financial & Professional Services	2,437	377	312
			3762 Creative Industries	2,437	475	396
			3761 Advanced Materials & Manufacture	2,437	8,763	9,472
			3760 Energy & Environment	2,437	2,843	2,884
			3752 Construction		128	122
			3753 Pipeline Developments		9,423	19,192
			3751 Centrally Controlled Programmes	7,085	157	76
			6255 Strategic & Industry Support	2,595	2,313	2,313
		24,302	25,819	35,819		
		Total SPA		68,832	46,519	46,144
	Science & Innovation	Innovation	3744 Innovation Centres & R&D Facilities	357	0	0
			3746 Academia & Business Collaboration	750	500	500
				1,107	500	500
		Science	3745 Science		2,113	2,479
	Total SPA		1,107	2,613	2,979	
Regional Funding Finance Wales	Regional Funding	4051 Regional Funding		0	0	
	Finance Wales	4024 Finance Wales		0	0	
Total Group (Capital)				69,939	49,132	49,123

BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supplementary	Total	Total
Infrastructure	Infrastructure	ICT Infrastructure	3822 Public Sector Broadband Aggregation	19,891	15,514	15,942
			3822 PSBA - Receipts	(13,987)	(12,528)	(11,398)
				5,904	2,986	4,544
			3860 ICT Infrastructure Operations	4270	5,340	5,311
			10,174	8,326	9,855	
		Property Infrastructure	3860 ICT Infrastructure Non-Cash	1309	1,309	1,309
			4052 Land & Buildings - Expenditure	22817	22,055	24,391
			4052 Land & Buildings - Receipts	(11,885)	(11,048)	(13,384)
	10,932		11,007	11,007		
Total Group (Revenue)				22,415	20,642	22,171

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supplementary	Total	Total
Infrastructure	Infrastructure	ICT Infrastructure	3822 Public Sector Broadband Aggregation		0	0
			3860 ICT Infrastructure Operations	7,472	26,304	26,304
			3860 ICT Infrastructure Operations - Rec		0	0
			7,472	26,304	26,304	
		Property Infrastructure	4052 Land & Buildings - Expenditure	19,559	12,712	14,692
			4052 Land & Buildings - Receipts	(16,000)	(10,560)	(12,540)
	3,559		2,152	2,152		
Total Group (Capital)				11,031	28,456	28,456

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
	Major Events	Major Events	4231 Marketing & Major Events	4831	4,740	4,740

BUSINESS, ENTERPRISE, TECHNOLOGY AND SCIENCE

Budget Allocations 2013/14 - 2014/15

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
WEFO	WEFO	Manage Delivery of Structural Fund Programmes in Wales	4130 Spatial European Teams (SETS)	232	232	232
			4380 Programme Support	1290	1,290	1,290
			4340 European Regional Development Fund	61,026	61,026	61,026
			4350 European Regional Development Fund-Recei	(61,026)	(61,026)	(61,026)
			4360 European Social Fund	89,460	89,460	89,460
			4370 European Social Fund Receipts	(89,460)	(89,460)	(89,460)
			4400 FIG		0	0
			4420 EAGGF		0	0
			1,522	1,522	1,522	
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899 Health Challenge Wales Economy	1,613	999	999
			4028 National Loans Fund	1,695	1,686	1,677
			4023 Corporate Programmes & Services	593	609	618
				3,901	3,294	3,294
	Strategy Programmes	3891 Economic Analysis	211	211	133	
		3897 Strategic Engagement	293	293	293	
		3898 Strategic Policy	475	25	25	
			979	529	451	
	Marketing Finance Wales	Marketing Finance Wales	4230 Operations Marketing	2,796	2,815	2,815
			4024 Finance Wales	4,802	3,500	3,500
		Total SPA (Revenue)	12,478	10,138	10,060	

Departmental Structure				2012/13	2013/14	2014/15
GROUP	SPA	ACTION	BEL BEL Name	Supplementary	Total	Total
WEFO	WEFO	Manage Delivery of Structural Fund Programmes in Wales	4130 Spatial European Teams (SETS)		0	0
			4380 Programme Support			
			4340 European Regional Development Fund	83,372	83,372	83,372
			4350 European Regional Development Fund-Recei	(83,372)	(83,372)	(83,372)
			4360 European Social Fund			
			4370 European Social Fund Receipts			
			4400 FIG			
			4420 EAGGF			
			0	0	0	
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899 Health Challenge Wales Economy			
			4028 National Loans Fund	50	59	68
			4023 Corporate Programmes & Services	367	0	0
				417	59	68
	Strategy Programmes	3891 Economic Analysis		0	0	
		3897 Strategic Engagement				
		3898 Strategic Policy				
		0	0	0		
Finance Wales	Finance Wales	4024 Finance Wales	1,500	0	0	
		Total SPA (Capital)	1,917	59	68	

Annex C

BETS Draft Budget Proposals 2013-14 to 2014-15 – Review of Future Spending Plans

The table summarises the additional budget movements within BETS to provide budget for Science Programmes and additional budget for Sectors.

ACTION	2013-14		2014-15		IMPACT OF CHANGE
	REVENUE £'000	CAPITAL £'000	REVENUE £'000	CAPITAL £'000	
Transfers Out					
Strategy Programmes	(463)		(541)		Transfer to Science Action. Revenue budget has been released from a transfer of rural administration responsibilities to the Rural Division.
Major Events	(118)		(118)		Transfer to Science Action. Revenue and Capital budget released from a slightly lower funding requirement to meet spending plans.
Corporate Programmes	(632)	(313)	(632)	(304)	Transfer to Science Action. Revenue budget has been released from a reduction in funding requirement for the Health Challenge Wales programme. Capital budget has been released from the CRM project which has no future capital funding spending plans.
Innovation	(1,067)	(300)	(1,080)	(300)	Transfer to Science Action. Revenue budget has been released following the closure of Techniums and a reduction in funding costs for the “PET” Scanner. Capital budget has been released from the funding requirements of the A4B project.
Finance Wales	(602)	(1,500)	(602)	(1,500)	Transfer to Science Action. Revenue budget has been released from a reduction in the operating grant required. Capital budget has been released following the 2011-12 full

					settlement of contractual obligations to the JEREMIE fund.
Legacy SIF			(548)	(10,375)	Transfer to Science Action (£0.375m) and to Sectors Action (£8m). Capital budget released from reducing commitments of the Legacy SIF programme.
Transfers In					
Science	2,882	2,113	3,521	2,479	Total of transfers in from Actions – 2013-14 £4.995m & 2014-15 £6m for Ser Cymru.
Sectors				10,000	Transfer in from Legacy SIF Action
Net Impact	Nil	Nil	Nil	Nil	

SUPPLEMENTARY PAPER – ALIGNMENT AND DELIVERY OF PROGRAMME FOR GOVERNMENT COMMITMENTS

ENTERPRISE AND BUSINESS COMMITTEE 11 OCTOBER 2012

Business, Enterprise, Technology and Science (BETS)

This paper addresses the following questions raised by the Committee:

- An explanation of how commitments in the Programme for Government are provided for in the budget, and how these are aligned with the actions presented in the budget.
- Plans as to how the outcomes against those commitments will be monitored/measured against the budget.

This year, the Welsh Government has committed to increasing transparency in relation to the Welsh Government's budgets and has provided an additional table in the draft budget documents published on 2 October that shows how Departments' actions are supporting the strategic outcomes set out in the Programme for Government (PfG).

As part of this transparency, the attached table for BETS (excluding Rural actions) provides the alignment of our financial and activity plans at Action level to PfG as this presents the best level to integrate this detail. The table at Annex A highlights BETS' actions, PfG commitments and tracking indicators which underpin, in the main, the Chapter sub outcomes of *Supporting the economy and business* and *Improving our infrastructure*.

Progress being made by BETS and other Departments on delivery of our commitments and monitoring of our tracking indicators is being set out in Annual PfG updates, the first of which was published in May 2012. This detail will be supplemented over time by looking at the outcomes achieved from longer term investments to provide a more balanced understanding of progress.

To understand economic progress, macro-economic indicators are monitored. These form the wider context within which the Welsh Government will deliver its commitments. The PfG identifies the following high-level / macro indicators:

- Gross Disposable Household Income (GDHI) per capita
- Primary Income per capita
- Gross Value Added (GVA) per capita
- Employment rate.

As the PfG makes clear, these high-level/macro indicators should not be considered as those upon which the Welsh Government's policies alone can seek to have direct, obvious or significant influence, particularly in the short-term. The main influences on the Welsh economy in the short-term remain the state of the global economy and the monetary and fiscal policy set by the UK Government.

BETS BUDGET ACTION MAPPED TO PROGRAMME FOR GOVERNMENT

ANNEX A

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Legacy SIF	BETS	23,060	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual Statement on work undertaken to support businesses across Wales 	<p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities</p>
Sectors and Business (excluding Food for Committee scrutiny)	BETS	64,808	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual Statement on work undertaken to support businesses across Wales Implementation of strategies and action plans for key sectors % of UK population aware of Visit Wales marketing Additional spend in Wales generated by tourism marketing campaigns 	<p>Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow</p> <p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities</p> <p>Work with UTKI and others to promote trade and investment opportunities through targeted trade missions and offices abroad</p> <p>Promote Wales as a destination making a high quality tourism offer</p> <p>Work to extend the tourism season and associated benefits</p> <p>Identify opportunities to improve visitor infrastructure and product in Wales</p> <p>Support investment in staff training and management to support a high quality (tourism) industry</p> <p>Introduce Enterprise Zones to strengthen the competitiveness of Welsh economy</p> <p>Invest in quality tourism businesses and market more effectively Wales' quality visitor attractions, accommodation and food industry (tourism sector)</p> <p>Implement the Assembly government's Digital Wales strategy, using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities (ICT and Creative Sectors)</p> <p>Seek to establish a Wales Business Crime Unit to tackle business crime (ICT Sector)</p> <p>Ensure the First Minister takes overall Ministerial lead for energy policy. This will involve convening regular meetings of the key energy companies and co-ordinating the Assembly government's Departments on this key agenda. (Energy & Environment Sector)</p> <p>Aim by 2025 for twice as much renewable electricity to be generated annually in Wales as today. (Energy & Environment Sector)</p> <p>Press the broadcasters and the regulator to report on an annual basis to the National Assembly for Wales, with Ofcom, BBC/S4C, ITV and Channel 4 reporting annually to a NAW committee (Creative Sector)</p> <p>Press for a fairer share of TV production from UK broadcasters such as the BBC, for Wales-based independent production companies (Creative Sector)</p>
			A thriving rural economy	Rural Communities		
			Supporting continuous improvement in our public services	Public Services in Wales		
			Reducing the level of crime and fear of crime	Safer Communities for All		
			Creating a sustainable, low carbon economy	Growth and Sustainable Jobs		
			Widening access to our culture, heritage and sport, and encouraging greater participation	Culture and Heritage of Wales		

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Entrepreneurship & Business Information	BETS	14,523	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual Statement on work undertaken to support businesses across Wales Status of implementation of the review recommendations of support to micro-businesses Value and volume of contract opportunities advertised through Sell2Wales Report on work with key stakeholders on the appropriate requirements for businesses seeking Welsh Government support 	<p>Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow</p> <p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Expect any business seeking Assembly Government support, including public procurement contracts, to sign up to our principles of corporate social responsibility, with a commitment to sustainable development, training and good employment practice.</p> <p>Review what entrepreneurial support is needed by start up and small firms with real potential to thrive and grow, and how we can embed an entrepreneurial culture in Wales</p> <p>Ensure that the mutual and cooperative sector has access to appropriate and robust business advice and that Ministerial lead will be in the Economy Department</p> <p>Implement the recommendations of the Assembly Government's commissioned report, Barriers to Procurement opportunities, across the public sector</p> <p>Recognise and live within environmental limits, locally and globally, ensuring that all our policies take the environment into account in accordance with our statutory Sustainable development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future.</p> <p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities</p> <p>Encourage more young people to gain the skills that will develop Wales' potential for economic growth. Subjects such as science, technology, engineering and mathematics (STEM) are especially important in this regard. We will promote engagement in these subjects across the curriculum and age range into HE and at postgraduate level, through the National Science Academy (NSA) which will be linked to the wider science agenda and the work of the new Chief Scientific Adviser for Wales</p> <p>Work with Cardiff to explore the feasibility of bidding to host the Commonwealth Games in 2026</p> <p>Work with national, UK and international sports federations to ensure more major events are hosted in Wales in the future, ensuring that the whole of Wales reaps the benefits of this ambition</p>
Innovation	BETS	11,887	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Review of work undertaken with anchor companies including associated achievements 	
Science	BETS	4,995	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual Statement on work undertaken to deliver Science for Wales 	
Major Events	BETS	4,740	Widening access to our culture, heritage and sport, and encouraging greater participation	The Culture and Heritage of Wales	<ul style="list-style-type: none"> Feasibility study for bidding to host the 2026 Commonwealth Games 	

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Deliver ICT Infrastructure	BETS	35,839	Improving our infrastructure	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Progress against Next Generation Broadband for Wales rollout schedule Tracking progress of market-led broadband rollout in Wales Tracking progress of mobile coverage 	Seek to ensure that all residential premises and all businesses in Wales will have access to Next Generation Broadband by 2015 with the ambition that 50% or more have access to 100Mbps.
			Supporting continuous improvement in our public services	Public Services in Wales	<ul style="list-style-type: none"> Performance against the delivery plan for Digital Wales 	Implement the Assembly Government's Digital Wales strategy using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities
			Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	<ul style="list-style-type: none"> Progress of the Broadband support scheme in addressing basic broadband access Progress of the Next Generation Broadband project in rolling out high speed broadband Tracking progress of mobile coverage 	Use digital technologies to create even greater accountability and transparency in our democratic processes to ensure that all our citizens play a full part in society by making decision making information and services more accessible on-line Seek to ensure that fast broadband access is made available to rural areas Work with Ofcom to ensure that regulation is used as a tool to ensure that rural communities have access to faster broadband speeds and new digital services
Deliver Property Related Infrastructure	BETS	13,159	Improving our infrastructure	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual statement on work undertaken to support businesses across Wales Review of work undertaken with anchor companies including associated achievements 	
Corporate Programmes	BETS	3,353	Health Challenge Wales funding will contribute to preventing poor health and reducing health inequalities	Internal Outcome 21st Century Healthcare		
Marketing	BETS	2,815	Supporting the economy and business	Growth and Sustainable Jobs		
			Supporting continuous improvement in our public services	Public Services in Wales		Use digital technologies to take Wales to the world and bring the world to Wales by establishing a web gateway on what Wales can offer - in terms of tourism, investment, educational opportunities and culture - to the outside world
Finance Wales	BETS	3,500	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual Statement on work undertaken to support businesses across Wales 	Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities

Budget Action	MEG	DRAFT DEL Budget 2013-14 £'000	Sub-Outcome	Chapter	Programme for Government tracking indicators	Programme for Government Commitments
Strategy Programmes	BETS	529	Supporting the economy and business	Growth and Sustainable Jobs		Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow Implement and further integrate our economic, education, skills and planning policies across all relevant Assembly Government departments and other delivery bodies. The overarching priority over the next Assembly term will be delivery. We will review and refresh our actions based on fresh evidence to ensure the maximum effectiveness and flexibility of all those Assembly Government departments and other organisations providing support for businesses
			Creating a sustainable, low carbon economy			Maintain our commitment to the Sustainable Development Scheme - One Wales One Planet - that sets out how Welsh Labour in Government will use its devolved powers - from health, transport to education - to make all our public services sustainable and reduce Wales environmental impact on the world
			Living within environmental limits and acting on climate change	Environment and Sustainability		Recognise and live within environmental limits, locally and globally, ensuring that all our policies take the environment into account in accordance with our statutory Sustainable development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future Harness available resources and engage with every sector to contribute to Assembly Government's target of a 3% annual carbon emission reduction by 2011 and a 40% reduction by 2020
Manage Delivery of Structural Fund Programmes in Wales	BETS	1,522	Supporting the economy and business	Growth and Sustainable Jobs	<ul style="list-style-type: none"> Annual statement on delivery of European Structural Funds 	Use European funds to support the training of young people in STEM subjects through a STEM skills project Work with European Commission funding programmes to stimulate growth and jobs through investing in skills, infrastructure and job creation

184,830

TOTAL

excludes Rural Affairs

Agenda Item 4

Enterprise and Business Committee

Date: 11 October 2012

Time: 11.30am to 12.30am

Title: Evidence paper - Local Government and Communities, Draft Transport Budget Allocations for 2013-14.

1. Introduction

This paper provides comments and information to the Committee regarding Local Government and Communities' future programme budget proposals outlined within the Draft Budget which was laid on 2nd October 2012. It covers those areas included in the remit of the Enterprise and Business Committee, namely Transport.

2. Background

By 2014-15, the Welsh Budget will be £2.1 bn lower in real terms than at its peak in 2009-10 and around the same level as in 2005-06. The capital budget for Transport in 2010-11 was £281.7m but the settlement from the UK Government meant that the 2014-15 capital allocation was reduced to £194.3m (as part of the 2011-12 Draft Budget) - a cash reduction of 31%. Even with a generous allocation of capital reserves in this budget (to specific schemes as explained below), the cash budget for 2014-15 is only £244.3m, still well below the 2010-11 budget level.

In this Draft Budget and compared to indicative plans for 2013-14 published in the Final Budget 2012-13 (as restated based on the new structure in the First Supplementary Budget 2012-13), the Transport Budget allocation within the Local Government and Communities (LGC) total MEG allocation has increased by £23.9m in 2013-14 and by £49.6m in 2014-15. These changes are due to funding from Capital Allocations and Centrally Retained Capital in both years only and a transfer to Revenue Support Grant in both years.

The following summary financial table shows the overall effect on the Transport budget with the Departmental Expenditure Limit (DEL) baseline budget. This does not include Annually Managed Expenditure (AME) which is outside the Welsh Government's DEL. The table also shows the monetary change in £000 from the previous budget (in italics).

Summary Financial Tables:

Transport

	2012-13*	2013-14	2014-15
Revenue DEL	443,729	434,410	435,151
<i>£000 Change on Previous Plan</i>		<i>(420)</i>	<i>(420)</i>
Capital DEL	230,923	218,649	244,349
<i>£000 Change on Previous Plan</i>		<i>24,300</i>	<i>50,000</i>
DEL Baseline	674,652	653,059	679,500
<i>£000 Change on Previous Plan</i>		<i>23,880</i>	<i>49,580</i>

**As restated in First Supplementary Budget*

A breakdown of the baseline budget and proposed changes down to BEL level is attached at Annex A.

3. Budget Overview

The transport network plays a vital role in tackling poverty by supporting economic growth; linking people to jobs, delivering products to markets, supporting domestic and international trade; transport services and transport investment can play an important role ensuring the sustainability of communities.

The Transport Action lines were restructured in 2012-13 and explained in the 2012-13 first Supplementary Budget documentation, included at Annex B for reference.

The only change to the Transport Revenue allocation is the transfer of £0.4m from the Blue Badge scheme into the Revenue Support Grant, as part of the Welsh Government's aim to reduce administrative burden. The Revenue Support Grant allocation to Local Authorities will be on the same basis as per the Blue Badge Grant, so there is no impact on any individual authority's funding.

4. Centrally Retained Capital Fund

Bids for additional capital funding from the Centrally Retained Capital (CRC) fund have been approved totalling £9.3m for 2013-14. The projects approved are the A470 Maes Yr Helmau to Cross Foxes Improvement (£1.9m), A470 Gelligemlyn (£2.0m), the National Traffic Data collection (£3m), the M4 Junction 32 improvement (£1.7m) and Strategic Road Salt Storage across Wales (£0.7m).

5. Capital Allocations

Recent bids for funding from Capital Reserves have been successful with additional allocations of £40m (£10m in 2013-14 and £30m in 2014-15) for the A465 Heads of the Valleys Dualling Section 3 (Brynmawr to Tredegar), and £25m (£5m 2013-14 and £20m 2014-15) for A55 Conwy Tunnel Safety Improvements.

6. Programme for Government

Immediate and longer term priorities for Transport include the following:

- Delivering the prioritised National Transport Plan;
- Delivery of the Active Travel Bill and associated implementation programme;
- Consolidation of Bus funding (mentioned under Equality section);
- Reviewing of National Transport Plan and Regional Plans and development of post-2015 transport policy and planning framework;
- Examine the role of the Welsh Government in rail decision making and develop plans for the next rail franchise; and
- Ensure effective delivery of Valley Lines electrification by Network Rail and influencing the delivery by Network Rail of the Department for Transport-led project for Cardiff to Swansea electrification.

Overview

As part of our Programme for Government aim of growth and sustainable jobs, we are committed to developing a world-class transport system to provide safe, affordable and sustainable road, rail, and air transport for all with budgets of £434.4m revenue and £218.6m capital in 2013-14. We prioritised the National Transport Plan (NTP) in December 2011 to ensure that transport funding is used effectively and that investment decisions reflect the Government's overarching priorities.

We continue to invest in the maintenance and enhancement of Wales' road, rail and active travel infrastructure and in bus and rail services. In addition, we have secured significant investment for Wales in the next rail price control period with the electrification of the Valleys Lines and Cardiff to Swansea, providing the basis for a network of integrated public transport provision across South Wales. In West Wales we are upgrading the A477 from St Clears to Red Roses and in North Wales we have recently announced the preferred route for the A487 from Caernarfon to Bontnewydd and are supporting a programme of station upgrades with a major interchange at Llandudno already committed and others planned for upgrading to start next year. We will continue to fund the redoubling of the rail line between Wrexham and Chester to enable further journey time improvements

and the provision of additional capacity in the future. Other key actions being taken forward as part of the National Transport Plan such as the development of community transport schemes and improving the TrawsCymru Network of Long Distance Bus Services are important as part of improving public services for rural communities.

Legislation

The Active Travel (Wales) Bill will support our aim of making walking and cycling the most natural and normal way of getting about. It is aimed at improving a range of health and economic outcomes. We are reviewing our current grants for walking and cycling to align them with the delivery of the Bill, the costs of which will be met through existing active travel / walking and cycling budgets.

Collaboration

Local Government and the Regional Transport Consortia are key partners for the delivery of transport services across Wales. Through the Compact for Change, we are working with local government partners to assess the case for change for further collaboration in transport and highways services. A review of current arrangements associated with the delivery of key service areas within transport and highways services has identified a number of specific actions to develop further collaboration between local authorities and with Welsh Government. The detailed business cases for change in this area will be developed over the next six months.

This work builds on existing collaboration and aims to deliver service improvements and / or efficiencies. There are already examples where initiatives have delivered efficiencies and improved services in areas such as road safety, procurement and decriminalised parking.

Welsh Government also works closely with the bus industry and rail industry, providing significant funding for services across Wales.

M4

The M4 Corridor Enhancement Measures (M4 CEM) consultation set out a broad package of options for a long term programme of interventions to be delivered over a period of up to 30 years as demand, and available budget requires it.

Work is now underway to consider the outcome of the M4 CEM consultation and complete the Strategic Environmental Assessment and Habitats Regulations Assessment and other assessments which will inform the decisions on next steps.

Discussions are continuing with the UK Government on funding for strategic enhancement of the M4.

7. Equality Impact Assessment

While spending plans are largely unaltered from previous years, there are a few areas where the impact of the significant reductions imposed by the UK Government are leading to difficult decisions in terms of budget allocations and the constraints this has for delivering our key priorities. An example of this is our review of funding for local bus services in Wales which has been done against the backdrop of a reduction in the level of funding available. The outcome of the review will have a pivotal role to play in ensuring that limited resources continue to achieve the maximum benefit for bus passengers in Wales by protecting services that they want and value and that we do as much as possible to make services accessible for people with protected characteristics. The review has also looked at how we can best support the community transport sector that provide important accessible services for people with protected characteristics where they are unable to use more conventional bus services.

The review is scheduled to report to the Minister on a way forward by the end of September 2012 so that any new scheme can start on 1 April 2013. The Welsh Government will need to work closely with key stakeholders on the implementation and delivery of the new arrangements and to put in place appropriate transitional arrangements to ensure network stability and avoid any unintended consequences. An equality impact assessment is being done as part of this work.

Against such a difficult financial backdrop we remained committed to supporting vulnerable groups through our Concessionary Fares scheme. We have negotiated a 3 year deal with the bus industry and local authorities that has provided financial certainty for the flagship concessionary travel scheme for elderly and disabled people. Under the agreement, around £213m is being provided to support the scheme until March 2014. The scheme has been extended to include seriously disabled war veterans whilst maintaining the entitlements enjoyed by bus pass holders.

We are also working through the impact of the UK Government's welfare reform agenda on Wales, which has implications for the Blue Badge Scheme resulting from changes to the move to Personal Independence Payments. We have moved swiftly to develop a policy on passport criteria for the Blue Badge Scheme in Wales. We issued our consultation, "Blue Badge: Planned Changes to the Automatic Eligibility Criteria" on 7 August 2012. This consultation document included proposals to link automatic eligibility for a Blue Badge to Personal Independence Payments. It proposed that people who received awards under

the mobility activities linked to cognitive, sensory and physical ability would be included under the automatic eligibility criteria.

Over 30 responses have been received to date and these have generally been supportive of Welsh Government proposals. The timetable remains very challenging as Regulations will need to come into force by April 2013 and cover the transitional arrangements. The detail of the regulations will depend on the responses to the consultation and the final form of the descriptors provided by DWP. An Equality Impact Assessment is being undertaken as part of this work.

Carl Sargeant AM
Minister for Local Government and Communities

Annex A

TRANSPORT DEPARTMENT BUDGETS

REVENUE

BEL	BEL Code	2012/13	2013/14	2014/15
		Supplementary Budget £'000	Indicative Budget £'000	Indicative Budget £'000
Network Operations	1885	55,545	60,951	60,308
Network Asset Management & Support	1884	4,715	4,570	4,575
Sub Total Motorway & Trunk Road Network Operations		60,260	65,521	64,883
Motorway & Trunk Road Network Operations Non Cash	1886	108,691	108,691	108,691
Sub Total Motorway & Trunk Road Network Operations Non Cash		108,691	108,691	108,691
Total Motorway & Trunk Road Network Operations		168,951	174,212	173,574
Rail Franchise	1890	172,371	171,579	171,579
Air Services	1883	1,600	1,600	1,600
Sub Total Rail & Air Services		173,971	173,179	173,179
Total Rail & Air Services		173,971	173,179	173,179
Walking & Cycling Investment	2030	238	215	-
Bus Support & Local Transport	1880	29,358	26,134	26,128
Concessionary Fares	2000	51,995	53,453	55,057
Sustainable Travel Towns & Smartcards	1881	2,000	2,000	2,000
Regional Transport Plans	1882	11,500	500	500
Sub Total Sustainable Travel		95,091	82,302	83,685
Total Sustainable Travel		95,091	82,302	83,685
Road Safety	1892	5,716	4,717	4,713
Sub Total Improve Road Safety		5,716	4,717	4,713
Total Improve Road Safety		5,716	4,717	4,713
TOTAL REVENUE		443,729	434,410	435,151

CAPITAL

BEL	BEL Code	2012/13	2013/14	2014/15
		Budget £'000	Indicative Budget £'000	Indicative Budget £'000
Network Operations	1885	55,366	48,551	63,204
Network Upgrades	1887	-	-	-
Sub Total Motorway & Trunk Road Network Operations		55,366	48,551	63,204
Total Motorway & Trunk Road Network Operations		55,366	43,551	43,204
New Road Construction & Improvement Studies	1889	549	600	1,400
New Road Construction & Improvement	1888	65,045	70,208	98,675
Rail Investment	1891	31,100	37,083	20,971
Sub Total Rail & Air Services		96,694	107,891	121,046
Total Rail & Air Services		96,694	97,891	91,046
Walking & Cycling Investment	2030	8,150	8,150	8,150
Bus Support & Local Transport	1880	1,000	1,000	1,000
Concessionary Fares	2000	9,176	9,433	9,716
Sustainable Travel Towns & Smartcards	1881	7,500	7,500	7,500
Regional Transport Plans	1882	18,000	15,557	13,166
Sub Total Sustainable Travel		43,826	41,640	39,532
Total Sustainable Travel		43,826	41,640	39,532
Local Roads Infrastructure	1872	12,805	-	-
Sub Total Local Roads Infrastructure		12,805	-	-
General Capital Funding - Roads	2040	15,332	13,667	13,667
Sub Total General Capital Funding - Roads		15,332	13,667	13,667
Total Improve & Maintain Local Roads Infrastructure		28,137	13,667	13,667
Road Safety	1892	6,900	6,900	6,900
Sub Total Improve Road Safety		6,900	6,900	6,900
Total Improve Road Safety		6,900	6,900	6,900
TOTAL CAPITAL		230,923	218,649	244,349

REVENUE

SPA	ACTION	2012-13 £000s	2013-14 £000s	2014-15 £000s	Reason for Change
Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	60,260	65,521	64,883	1. £20,612k in 2012/13; £20,706k in 2013/14 & 2014/15 reallocated from the Improve & Maintain Trunk Road Network (Domestic Routes) Action. 2. £38,327k in 2012/13; £38,304k in 2013/14 & 2014/15 reallocated from the Improve International Connectivity Action. 3. £1,042k in 2012/13; £6,233k in 2013/14 & £5,591k in 2014/15 reallocated from the Develop Sustainable Travel Action. 4. £279k in 2012/13; £278k in 2013/14 & £282k in 2014/15 reallocated from the Improve Road Safety & Transport's Impact on the Environment Action
	Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash	108,691	108,691	108,691	1. £34,781k in 2012/13, 2013/14 & 2014/15 reallocated from the Improve & Maintain Trunk Road Network (Domestic Routes) - Non Cash Action. 2. £73,910k in 2012/13, 2013/14 & 2014/15 reallocated from the Improve International Connectivity Non Cash Action.
	Total Motorway & Trunk Road Network Operations	168,951	174,212	173,574	
Rail & Air Services	Rail & Air Services	173,971	173,179	173,179	1. £172,371k in 2012/13; £171,579k in 2013/14 & 2014/15 reallocated from the Improve Public Transport (Rail) Action. 2. £1,600k in all 3 financial years reallocated from the Improve International Connectivity Action.
	Total Rail & Air Services	173,971	173,179	173,179	
Sustainable Travel	Sustainable Travel	84,091	82,762	84,105	1. £84,091k in 2012/13; £82,762k in 2013/14 & £84,105k in 2014/15 reallocated from the Develop Sustainable Travel Action.
	Total Sustainable Travel	84,091	82,762	84,105	
Improve Road Safety	Improve Road Safety	5,716	4,717	4,713	£5,716k in 2012/13; £4,717k in 2013/14 & £4,713k in 2014/15 reallocated from the Improve Road Safety & Transport's Impact on the Environment Action.
	Total Improve Road Safety	5,716	4,717	4,713	
	Total Revenue - Local Government and Communities	432,729	434,870	435,571	

CAPITAL

SPA	ACTION	2012-13 £000s	2013-14 £000s	2014-15 £000s	Reason for Change
Motorway & Trunk Road Network Operations	Motorway & Trunk Road Network Operations	46,366	38,151	43,204	1. £21,072k in 2012/13; £21,119k in 2013/14 & £23,227k in 2014/15 reallocated from the Improve & Maintain Trunk Road Network (Domestic Routes) Action. 2. £19,989k in 2012/13; £15,949k in 2013/14 & £18,894k in 2014/15 reallocated from the Improve International Connectivity Action. 3. £4,222k in 2012/13 reallocated from the Improve Local Roads Infrastructure Action. 4. £1,083k in all 3 financial years reallocated Improve Road Safety & Transports' Impact on the Environment Action.
	Total Motorway & Trunk Road Network Operations	46,366	38,151	43,204	
Road & Rail Investment	Road & Rail Schemes	92,794	93,991	91,046	1. £12,954k in 2012/13 reallocated Improve & Maintain Trunk Road Network (Domestic Routes) Action. 2. £47,142k 2012/13; £27,426k in 2013/14 & 2014/15 reallocated from the Improve Public Transport (Rail) Action. 3. £32,698k in 2012/13; £66,565k in 2013/14 & £63,620k in 2014/15 reallocated from the Improve International Connectivity Action.
	Total Road & Rail Investment	92,794	93,991	91,046	
Sustainable Travel	Sustainable Travel	43,826	41,640	39,532	1. £29,171k in 2012/13; £27,257k in 2013/14 & 2014/15 reallocated from Develop Sustainable Transport Action. 2. £11,071k in 2012/13; £8,312k in 2013/14 & 2014/15 reallocated from the Improve & Maintain Local Roads Infrastructure Action. 3. £3,584k in 2012/13; £6,071k in 2013/14 & £3,963k in 2014/15 reallocated from the Improve & Maintain Trunk Road Network (Domestic Routes) Action.
	Total Sustainable Travel	43,826	41,640	39,532	
Improve & Maintain Local Roads Infrastructure	Improve & Maintain Local Roads Infrastructure	12,805	0	0	£12,805k in 2012/13 only reallocated from the Improve & Maintain Local Roads Infrastructure Action.
	General capital Funding - Roads	15,332	13,667	13,667	£15,332k in 2012/13; £13,667k in 2013/14 & £13,667k in 2014/15 reallocated from the Improve Integrated Transport (Local) SPA.
	Total Improve & Maintain Local Roads Infrastructure	28,137	13,667	13,667	
Improve Road Safety	Improve Road Safety	6,900	6,900	6,900	£6,900k in all 3 financial years reallocated from the Improve Road Safety & Transports' Impact on the Environment Action.
	Total Improve Road Safety	6,900	6,900	6,900	
	Total Capital - Local Government and Communities	218,023	194,349	194,349	