

Finance Committee

Meeting Venue:
Committee Room 2 – Senedd

Meeting date:
26 June 2013

Meeting time:
10:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Gareth Price
Committee Clerk
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Agenda

1 Introductions, apologies and substitutions

2 Motion under the Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: Items 3, 4, 5 and 9

Private session

3 Financial implications of Social Services and Well-being (Wales) Bill – Discussion on correspondence from Deputy Minister for Social Services (10:00 – 10:10) (Pages 1 – 4)

FIN(4)-11-13 Paper 1

4 Approach to Welsh Government Draft Budget 2014-2015 (10:10 – 10:40) (Pages 5 – 21)

FIN(4)-11-13 Paper 2

5 Forward Work Programme (10:40 – 11:00) (Pages 22 – 23)

FIN(4)-11-13 Paper 3

Public session

6 Papers to note (Pages 24 – 26)

Minutes of the meeting held on 12 June.

7 Inquiry into Enterprise Zones in Wales – Feedback on Committee visits to Anglesey and Haven Waterway Enterprise Zones (11:00 – 11:30)

8 Inquiry into Enterprise Zones in Wales – Evidence from the Minister for Economy, Science and Transport (11:30 – 12:00) (Pages 27 – 30)

FIN(4)-11-13 Paper 4

Edwina Hart AM, Minister for Economy, Science and Transport

Tracey Burke, Director, Strategy

Rob Hunter – Director, Finance and Performance

Private session

9 Consideration of evidence – Enterprise Zones (12:00 – 12:15)

Gwenda Thomas AC / AM
Y Dirprwy Weinidog Gwasanaethau Cymdeithasol
Deputy Minister for Social Services



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref LF-GT-0482-13

Jocelyn Davies AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

// June 2013

Dear Jocelyn,

Thank you for your letter dated 7 May 2013 relating to financial aspects of the Social Services and Well-being (Wales) Bill in which you ask for further clarification on points made in my previous correspondence with you and during my appearance at the Health and Social Care Committee on 18 April.

With regard to what financial information will be presented to that Committee and when, I indicated on 18 April that it was my intention to provide an update to support the RIA later in the year. I also made reference to the work that ADSS Cymru and the WLGA are doing and that we would expect to have a better idea of that work by the autumn. For the purposes of clarifying the detail and timescale my current intentions are as follows:

- 1. To provide a clear picture of the funding already supplied to Local Authorities and other public bodies as well as an indication of the additional monies to be brought forward by the Welsh Government for making the transition to the Bill. I expect this information to be available, with an accompanying written statement, before the end of this term.*

This information will help reinforce one of my key messages on the financing of this legislation - the need for it to be cost neutral over the long term. Evidence shows that the current model of social care provision in Wales is no longer sustainable. This Bill is a response to this and seeks to put in place a more robust framework for care and support that will last a generation. It follows that it is financially imperative for this Bill to be cost neutral over the long term. There is no more money and we simply cannot replace the existing framework with one that costs more. Public bodies involved in social care must think differently about the way they provide or commission services as it will require the redirection of existing funding into new areas. This will include aligning existing funding with new duties and priorities set out under the Bill such as the promotion of social enterprises and co-operatives. Providing a clear picture of what funding is already made available will help Assembly Members understand what resources Local Authorities and other public bodies have to work with in delivering against this legislation.

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

A commitment is made in Paragraph 144 of the Explanatory Memorandum through which I have recognised that there will be initial, one off costs in implementing the new system. I have already made it clear for example that transition funding towards the costs of providing information about the changes brought about by the Bill will be borne by the Welsh Government. Training costs have also been taken into account and substantial grant funding for workforce development is already provided to local authorities and their partners. Providing our latest thinking in this area will give Assembly Members the clearest possible picture of what support the Welsh Government is offering in transitioning to the Bill.

- 2. To provide further information in support of the claims made in the RIA in those areas where no indication of the scale of potential benefits have been given. This information will be made available at the end of stage 2 (October).*

I remain confident that the benefits of a move towards greater integration, prevention and early intervention will provide significant benefits over the long term whilst also improving services for the people of Wales. The establishment of a National Adoption Service is an example of where we can achieve cost savings while also making improvements. At introduction, the RIA was very transparent in stating that whilst benefits were anticipated in these areas they would need to be assessed in more detail when Regulations are developed as part of our work. Whilst this is still the case, I have asked officials to explore further evidence from elsewhere that supports these assertions. The realisation of benefits arising from the new system is integral to the legislation being cost neutral over the long term and as such bringing forward more information here will provide further assurance to the Committee and Assembly Members on a subject which has received much scrutiny to date.

The additional information will supplement, rather than update the existing RIA.

- 3. To bring forward further detail on the policy intent behind key Regulations in order to assist discussions with ADSS Cymru and the WLGA around financial modelling of the operational aspects of the Bill. Policy intent for key Regulations will be agreed by the end of the calendar year with further information being made available to the Committee on an iterative basis ahead of the Stage 4 vote on the Bill on the 26 November.*

In my appearance at the Health and Social Care Committee on 18 April and in response to a question from Kirsty Williams AM, I made a commitment to provide further detail on key Regulations as they develop so that Committee and Assembly Members may be in the best possible position to vote on the Bill. I have begun to do this by providing additional detail on core processes underpinning the Bill (including Information Advice and Assistance, Assessment, Eligibility, Care Plans and Portability) when I last wrote to the Health and Social Care Committee on 20 May.

It is important at this point to recognise the linkages between this emerging policy intent and the operational implications of the new system – implications which the WLGA and ADSS Cymru have indicated they are already looking at with a view to providing further information to the Health and Social Care Committee.

A full picture of such costs and benefits cannot be worked out until the choices to be made under Regulations have been decided upon. In this regard you will of course be aware that the development of subordinate legislation is subject to its own Regulatory Impact Assessment process through which cost and benefit positions will be developed. Formal consultation on such legislation will also take place and this is planned for 2014 should the primary legislation receive Royal Assent.

On 18 April I reminded the Health and Social Care Committee of my ongoing commitment to having a dialogue with stakeholders including the WLGA and ADSS

Cymru, primarily through my Partnership Forum and Leadership Group. The WLGA have also subsequently made a statement saying that they would be keen to work with us on financial modeling. As I understand it, the work these organisations are engaged in to develop costings under the Bill has not yet been made available to the Committee but I would hope that when this work is concluded they would share it with me. I would also hope that it fairly and accurately reflects not only costs, but as I have said many times, the benefits of these reforms.

I would be happy to update the Finance Committee on progress in this area before the end of Stage 2.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Gwenda'.

Gwenda Thomas AC / AM

Y Dirprwy Weinidog Gwasanaethau Cymdeithasol
Deputy Minister for Social Services

Agenda Item 4

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Agenda Item 6

Finance Committee

Meeting Venue: Committee Room 2 – Senedd

Meeting date: Wednesday, 12 June 2013

Meeting time: 09:00 – 12:00

This meeting can be viewed on Senedd TV at:

http://www.senedd.tv/archiveplayer.jsf?v=en_300000_12_06_2013&t=0&l=en

Cynulliad
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Concise Minutes:

Assembly Members:

Jocelyn Davies (Chair)
Peter Black
Christine Chapman
Paul Davies
Mike Hedges
Ann Jones
Julie Morgan
Ieuan Wyn Jones

Witnesses:

Lucas Boissevain, Mustang Marine
Nick Bourne, Haven Waterway Enterprise Zone
Mike Corne, eCube Solutions
Gareth Jenkins, Ebbw Vale Enterprise Zone

Committee Staff:

Gareth Price (Clerk)
Mike Lewis (Deputy Clerk)

TRANSCRIPT

View the [meeting transcript](#).

1 Introductions, apologies and substitutions

1.1 The Chair welcomed Members and members of the public to the meeting.

1.2 There were no apologies or substitutions.

2 Inquiry into Enterprise Zones in Wales – Panel of businesses

2.1 The Chair welcomed Mike Corne, Partner and Commercial Director at eCube Solutions, and Lucas Boissevain, Finance Director at Mustang Marine.

2.2 The witnesses responded to questions from Members of the Committee.

3 Financial implications of the Further and Higher Education Bill – Evidence from the Minister for Education and Skills

3.1 The Chair welcomed Leighton Andrews AM, Minister for Education and Skills and Carla Lyne, Deputy Director of Finance Corporate Services.

3.2 The Minister and official responded to questions Members of the Committee.

3.3 The Minister agreed to provide the Committee with the following information:

- A note on the changes that the Minister may make to the conditions of funding to FEIs.
- Percentage of funding for FEIs that comes from the Welsh Government.

3.4 The clerking team agreed to provide members with the transcript of the Children and Young People Committee session on the Further and Higher Education (Governance and Information) (Wales) Bill on 15 May.

3.5 The Clerk agreed to draft a letter to the Children and Young People Committee setting out the Committee's reservations about 'non-legislative controls'.

4 Inquiry into Enterprise Zones in Wales – Chairs of the Enterprise Zone Boards

4.1 The Chair welcomed Nick Bourne, Chair of the Haven Waterway Enterprise Zone and Gareth Jenkins, Chair of the Ebbw Vale Enterprise Zone.

4.2 The witnesses responded to questions from members of the Committee.

5 Papers to note

5.1 The Committee noted the minutes from the previous meeting on 8 May 2013.

6 Motion under the Standing Order 17.42 to resolve to exclude the public from the meeting for the following business: Item 7

6.1 The Committee agreed the motion.

7 Consideration of Assembly Commission key performance indicators

7.1 The Committee discussed Assembly Commission Key Performance Indicators.

7.2 The Clerk agreed to draft a letter to the Assembly Commission noting their proposal on KPIs and requesting comparisons with previous years/terms where applicable.

FINANCE COMMITTEE INQUIRY INTO ENTERPRISE ZONES

WRITTEN EVIDENCE FROM THE MINISTER FOR ECONOMY, SCIENCE AND TRANSPORT

1. Introduction

- 1.1 The purpose of this paper is to provide written evidence to inform the National Assembly for Wales Finance Committee's short inquiry into Enterprise Zones in Wales.
- 1.2 The paper provides a general introduction to Enterprise Zones and focuses in particular on the issues that the Finance Committee has highlighted in their Terms of Reference as of particular interest.
- 1.3 This includes information on resources; the specific financial and non-financial incentives available and outputs and outcomes, both actual and anticipated. In setting out this information, the paper provides a high-level narrative that can help the Committee to better understand the progress that is being made in each of the seven Enterprise Zones.

2. The Enterprise Zones

- 2.1 In April 2012 the first five Enterprise Zone locations went live. These were joined by a further two Enterprise Zones in May 2012.
- 2.2 The Enterprise Zones are located in the following areas with the sector emphasis as specified:
 - Anglesey - Energy & Environment.
 - Central Cardiff - Financial & Professional Services.
 - Deeside - Advanced Materials & Manufacturing.
 - Ebbw Vale - Advanced Materials & Manufacturing.
 - Haven Waterway - Energy & Environment.
 - Snowdonia - Energy and Environment and ICT.
 - St. Athan - Cardiff Airport - Advanced Materials & Manufacturing.
- 2.3 Each area designated as an Enterprise Zone focuses on a key sector of the economy. This is because opportunity-based Enterprise Zones around specific locations, activities and key sectors enable a strategic fit with our broader sectoral approach to the economy. This also assists with the alignment of interventions to maximise the benefits both within and outside of the immediate Enterprise Zone boundaries.
- 2.4 Each Enterprise Zone has a Board to provide advice on the strategic vision and priorities required to support growth and jobs in each Zone.
- 2.5 All seven Enterprise Zones Boards have been fully operational since Autumn 2012. Officials continue to work with the Boards to develop a consistent and

effective approach to marketing the Zones and on the development and implementation of their strategic priorities.

3. Resources

- 3.1 There is a range of revenue and capital expenditure across Enterprise Zones on activities such as feasibility studies, site remediation and other capital works. Regular statements have been made which capture many of these developments, for example, the Business Rate Scheme, where expenditure totaled nearly £800,000 in last financial year.
- 3.2 However, the development of Enterprise Zones is not simply about additional resource but the alignment of existing resources from across the Welsh Government and local partners to create positive impacts within and beyond the Enterprise Zones.

4. Strategic Objectives for each of the Zones

- 4.1 The Enterprise Zone Boards have prepared strategic plans. These plans set out their vision and high level aims for each Enterprise Zone. They cover a range of issues such as infrastructure (for example road improvements, rail enhancements, site development, building investment etc), marketing, site boundaries and policies such as the Business Rate Scheme. The proposals within these plans have been subject to assessment and specific development options are being taken forward.

5. Incentives in Enterprise Zones

- 5.1 Enterprise Zones encompass financial and non-financial interventions and incentives that are intended to create positive impacts over the short, medium and long term.
- 5.2 A competitive range of business support incentives are available across Wales for existing and new-businesses. These are intended to create positive impacts over the short, medium and long term. They include economic development interventions such as inward investment assistance, access to finance, International trade advice and other forms of business support.
- 5.3 Additional incentives for Enterprise Zones include the roll out of Next Generation Broadband which has also been prioritised for Enterprise Zones, the Zone Business Rate Scheme already mentioned and Enhanced Capital Allowances which are available at specific sites within over half of the eligible Enterprise Zones - Deeside, Haven Waterway and Ebbw Vale. The maps of where ECAs will apply have been published.

6. Outputs and Outcomes

- 6.1 The desired long term impact of Enterprise Zones is to stimulate growth in the local economy and the creation and safeguarding of jobs; to act as a catalyst for growth elsewhere in Wales; to improve the attractiveness of the Enterprise Zones and Wales more generally for investors; and to strengthen the competitiveness of the Welsh economy.
- 6.2 Each Enterprise Zone faces distinctive opportunities and challenges in line with the economic, geographical and demographic circumstances presented at each location. The first twelve months have focused upon establishing the Enterprise Zones with a competitive offering of financial and other incentives.
- 6.3 Measuring the effectiveness of these incentives is important. Therefore, we need a sophisticated approach to measuring success which recognises the complexity of the economic development challenge. For example, in the current economic climate job retention is as important as job creation. In some zones, there is a number of activities required before businesses can consider investing, such as preparing sites and premises, addressing infrastructure issues and other preparatory work.
- 6.4 In addition, there will be positive impacts beyond the Enterprise Zone boundaries. Maximising and measuring these wider spill-over effects is as important as measuring what is happening within the actual boundaries of a Zone.
- 6.5 I expect to publish indicators by the end of this year and I am seeking the views of the Enterprise Zone Boards, as well as AMs, on what those indicators should be.



Ein cyf/Our ref SF/EH/02248/13

Jocelyn Davies AM
Chair, Finance Committee

FinanceCommittee@wales.gov.uk

16 July 2013

Dear Jocelyn,

During the evidence session at Finance Committee on 26 June I gave a commitment to provide you with some further information.

First, Professor Dylan Jones-Evans is due submit his second stage report on the availability of financing for SMEs in Wales by mid November.

Second, in terms of supply chain activity, Business Wales supports buyers in the public and private sector to make contracts accessible to companies in Wales and is involved in a number of strategic supply chain projects. Suppliers can access a range of Workshops, Supplier Briefings and Meet the Buyer Events as well as one-to-one support to assist them in developing tender submissions.

There is also a wide range of sector-focussed, supply-chain activity across Wales, which is further developed within our Enterprise Zones. For example, the Anglesey and Snowdonia Enterprise Zones have been showcased by the Energy and Environment Sector to demonstrate the strong skills base and strength in the nuclear energy sub-sector. Officials are working with key stakeholders, including Horizon to develop a pan-Wales supply-chain capability assessment. This will inform support requirements for indigenous businesses and identify opportunities for targeting inward investment.