

# **PAPER TO THE SCRUTINY OF THE FIRST MINISTER COMMITTEE**

## **14 NOVEMBER 2012 – PROMOTING ENTERPRISE**

### **Introduction**

1. The purpose of this paper is to set out written evidence on promoting enterprise for the Scrutiny of the First Minister Committee. Growth and sustainable jobs are at the heart of the Welsh Government's Programme for Government, and delivery against these is the overriding priority. The Welsh Government is taking forward a range of measures to promote enterprise by improving the position of businesses in Wales and the environment within which they operate.
2. It is important to both take a long term view of our policies, addressing the structural issues in the economy, as well as easing the pressures faced by individuals and businesses in the short term. This evidence is therefore centred upon activity that has been taken forward across two broad areas: helping business through challenging times and investing for future growth and jobs.

### **Helping business through challenging times**

3. We have introduced a range of new funds to make it easier for business to access finance. These include the £30m Wales Economic Growth Fund, £40m Wales SME Investment fund, £100m Life Science Fund and the £330k Energy and Environment SME Growth Fund.
4. To date 118 projects have been approved through the Wales Economic Growth Fund, which are expected to create some 1800 new jobs and safeguard around 1600 jobs. The Wales SME Investment Fund is expected to support the creation of 4000 jobs. The Life Sciences Fund will make Wales an even more attractive location for life sciences R&D. The pilot Energy and Environment SME Growth Fund that will initially run for two years is anticipated to help create more than sixty new jobs and safeguard around forty jobs in the first twelve months.
5. We have also extended the Digital Development Fund and allocated additional funding of £1.5m to support businesses in the creative industries sector.
6. These funds complement the existing £150m European-backed Wales JEREMIE fund that provides our main source of commercial finance for eligible SMEs. In just over two years, over £95m has been invested in more than 430 businesses through the Wales JEREMIE fund.
7. In addition, the Micro-Business Task and Finish Group report highlighted the significant challenges that the micro-business sector faces. We responded immediately by setting up the £6m Micro-Business Loan Fund which will provide scope to support at least 300 businesses and will become operational in the 2012/13 financial year. We also continue to take action to implement the other recommendations outlined in the report.
8. We are also taking a range of actions to make it easier to start and grow a business. We have established a network of Business Entrepreneurship Champions to

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promote entrepreneurship and business start up and to advise on what support is needed to help start-ups and small firms and how the Welsh Government can embed an entrepreneurial culture in Wales.

9. We launched our £2m High Potential Starts Project to encourage new high growth business ventures and we continue to provide businesses with high-quality business advice and support through our Business Information Helpline, the Business Start Up Service and our network of twelve Regional Centre Service Centres.
10. Developing a new generation of Welsh entrepreneurs is a key part of our focus and the Youth Entrepreneurship Strategy (YES) is an important part of that. Over the last year significant progress has been made across all 10 actions identified in the YES Action Plan.
11. We have also taken significant steps to deliver a change in our approach to trade and investment. We established a new team to lead on high quality inward investment and trade activity and to work closely with sector teams and staff in overseas offices, as well as with UKTI. Good relationships with UKTI are essential as we look to secure increased exports for Welsh businesses.
12. Throughout the year we have hosted a number of high profile visits from UKTI and led on a number of Trade Missions. Furthermore, the focus of the most recent meeting of Council for Economic Renewal was on how we boost Wales's exports further and attract foreign investment.

**Investing for future growth and jobs**

13. We have developed a range of policies and actions to support long-term, local growth and jobs. We continue to make progress with Enterprise Zones in Wales. The Enterprise Zone Boards have prepared their strategic objectives in plans for each of the Enterprise Zones. These are currently being considered starting with the infrastructure proposals as in many cases, capital investment needed to create the right conditions to attract businesses. In addition, Marketing plans have now been completed for the seven Enterprise Zones, including individual delivery and targeting strategies, detailed marketing propositions and planned activity. These are being used to promote the Zones in the local and international marketplaces. The BETS Minister will provide a further update in plenary on 27 November.
14. The Enterprise Zone approach is not the only approach towards spatial economic development that we are exploring. Tailoring how we support jobs and growth to the different local economic circumstances of Wales is central to our approach. The Powys Local Growth Zone report provided us with much to consider in addressing the challenges facing rural areas and market towns in Powys, and indeed throughout the rest of Wales. The BETS Minister will update Members through an Oral Statement in early November.

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15. City Regions are another approach. Evidence shows that City Regions can lead to larger and more effective labour markets, more competitive markets for goods and services, facilitated by better planning and improved connectivity. Other benefits can include a range of transport improvements and identifying a small number of regionally significant projects able to maximise benefits of future funding.
16. We are also seeking to improve our science and innovation base. That is why we launched 'Science for Wales – a strategic agenda for science and innovation in Wales'. This included an additional £50m for Science R&D in Welsh universities over the next five years. We have also enhanced the Knowledge Transfer Partnership Programme, enabling Welsh businesses to participate in international transfer projects.
17. Finally, we are taking significant steps to improve information communications and have signed an agreement with BT to deliver the Next Generation Broadband for Wales project, subject to finalising European State Aid and Major Project approvals. The aim of the partnership with BT is to bring the benefits of fibre broadband to the vast majority of those areas which are outside the commercial investment plans of the private sector. Details of the roll-out will be published later in the autumn, once we have received our state aid and major project approvals for the project.

**Summary**

18. The evidence in this paper outlines some of the steps that are helping to deliver our commitment to support and invest in high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales.

**First Minister  
31 October 2012**