

# Memorandum on the Economy, Science and Transport (EST) Draft Budget Proposals for 2016/17

Enterprise and Business Committee – 14 January 2016

## 1.0 Introduction

This paper provides information on the EST budget proposals as outlined in the 2016/17 draft budget announced on 8 December. It does not cover the budget detail relating to culture and sport. The Deputy Minister for Culture, Sport and Tourism is addressing these areas at the Communities, Equality and Local Government Committee on 21 January.

## 2.0 Summary of Budget Changes

In overall terms, the 2016/17 budget allocations to support EST (excluding Annually Managed Expenditure (AME)) have increased by £60.538m when compared to the revised baseline 2015/16 Budget. This movement is made up of a revenue decrease of £18.946m and an increase of £79.484m to the capital allocation, as shown in Table 1 below.

**TABLE 1: OVERVIEW OF THE BUDGET**

	<b>2015/16 Baseline Budget £'000</b>	<b>2016/17 Changes  £'000</b>	<b>2016/17 Draft Budget £'000</b>
<b>Revenue</b>			
Economy & Science	87,425	(18,794)	68,631
Transport	305,441	(152)	305,289
<b>Total</b>	<b>392,866</b>	<b>(18,946)</b>	<b>373,920</b>
<b>Capital</b>			
Economy & Science	67,647	32,000	99,647
Transport	194,349	47,484	241,833
<b>Total</b>	<b>261,996</b>	<b>79,484</b>	<b>341,480</b>
Non Cash	110,000	0	110,000
<b>Total</b>	<b>110,000</b>	<b>0</b>	<b>110,000</b>
AME	34,954	0	34,954
<b>Total Managed Expenditure</b>	<b>799,816</b>	<b>60,538</b>	<b>860,354</b>

A reconciliation of the changes from the 2015/16 Supplementary Budget and the 2015/16 Baseline Budget is provided at **Annex A**.

## 2.1 Revenue

Through this Draft Budget the Welsh Government has maintained the commitment to Universal Benefits. For EST this means that the Concessionary Fares Scheme has been protected at 1 per cent above changes to the Welsh

DEL overall. Also protected is the allocation of £9.750m for the Young Person's Discounted Bus Travel Scheme, in line with the two year package of measures agreed with the Welsh Liberal Democrats in the 2014 Budget Agreement.

Consequently, revenue savings have been identified across non protected areas of the EST MEG.

The decrease in revenue of £18.946m is explained as follows:

**a. Additional priority allocations - £5.848m**

- Concessionary fares – £1.098m, a 1% uplift above changes to the Welsh DEL as a commitment to Universal Benefits; and
- Young Persons' Discounted Bus Travel Scheme - £4.750m (Year 2 Budget Agreement).

**b. Budget Changes and Reprioritisation – (£24.794m)**

- 2016/17 reduction of £23.794m managed primarily with reprofiling and prioritisation of programmes, using our core budget to optimise European Funding and revenue from the management of the property portfolio; and
- Repayment of Invest to Save funding of £1m for the Public Sector Broadband Aggregation project.

In shaping our spending plans we have looked to minimise the impact of reductions on public services and growth and jobs. The largest part of the Department's budget is Transport, and, as in previous years, the opportunity to find savings in this area is limited, without compromising public transport services and the health and safety of road users. However we continue to work with our service providers to achieve more for less, as demonstrated for example, by our work with the Trunk Road Agents<sup>1</sup>. In maintaining the resilience and serviceability of the roads network, our commitment to long term, spend to save investment has afforded the release of revenue in favour of capital expenditure.

Although the majority of revenue savings have been found within the Economy and Science budgets, we have sought to identify more operational efficiencies across our activities, and optimise European Funding and other income to maintain our level of direct support to business. In doing so, we have cushioned the impact of the reductions to sustain our priority for growth and jobs. Finance Wales continues to provide significant access to finance for SMEs through a broad offering of lending opportunities.

## **2.2 Capital**

This Draft Budget includes additional capital funding of £54.484m and financial transaction funding of £25m as set out in Table 2 below.

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<sup>1</sup> Reference 5.1 (c)

It is anticipated that further allocations will be made in 2016/17 for strategic projects in line with the Wales Infrastructure Investment Plan.

There is an increase in the capital budget of £79.484m for priority areas as detailed in the Table 2 below:

**TABLE 2: 2016/17 Capital Allocations**

Action	Traditional Capital £'000	Financial Transactions £'000	Project
Sectors	2,700		Northern Gateway Highway Infrastructure Works
	1,300		Llangefni Link Road, Phase 2
	3,000		Strategic projects supporting enterprise zone delivery
		5,000	JEREMIE Successor Fund
		3,000	Wales Micro Business Loan Fund
		10,000	Business Growth SME Fund
		7,000	Cardiff International Airport Ltd
Road & Rail Schemes	6,000		A487 Dyfi Bridge
	21,434		Capital investment in roads infrastructure
Motorway and Trunk Road Operations	20,000		Capital Investment for the network
	50		Hafren Theatre signage – Newtown Bypass
<b>Overall Total</b>	<b>54,484</b>	<b>25,000</b>	

The increase to the Economy and Science budget supports the continuation of funds within Finance Wales and the creation of a new fund which will provide repayable assistance to business. These important investments will ensure that there is flexible and competitive finance that is accessible in the market place.

Additional capital is also provided to Cardiff International Airport which will help grow inward investment through access to markets, employment, education and services. This is the remaining £7m of the £10m package previously announced for Cardiff International Airport route development. There are also specific allocations which will facilitate increased investment and job creation within Enterprise Zones.

The increase to the Transport capital budget supports roads maintenance, construction and improvement as part of the delivery of the National Transport Finance Plan 2015.

The affordability of EST capital programmes in future years will continue to be a key issue in the context of competing priorities. We will continue to adopt a preventative spend approach, evaluating the long term benefits and outcomes

of our strategic investments to maximise economic benefits and improve public services.

Innovative finance and other opportunities to boost our financial resource are an increasingly significant factor in our ability to deliver results. The Department has a good track record of securing other funding sources such as the European Commission, UK Government and the private sector and we will continue to seek ways to lever in additional funding.

The Budget Expenditure Line tables attached at **Annex C** provide a full breakdown of the Department's revenue and capital budgets.

The EST MEG also includes a budget allocation for AME, which provides cover for charges that are outside the control of the Department, such as impairments on the property portfolio, joint ventures, investments and the roads network.

### **3.0 STRATEGIC INTEGRATED IMPACT ASSESSMENT**

The impacts of our key budget decisions are included at **Annex B**.

### **4.0 ECONOMY & SCIENCE**

#### **4.1 Programme for Government Commitments**

Our 2016/17 spending plans are aligned to match our strategic objectives which encompass the commitments made in the Programme for Government. We have also aligned our activities to the seven goals of the Well-being of Future Generations (Wales) Act 2015. See **Annex D**.

Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act.

The annual update of Programme for Government achievements and outcomes was published in June 2015 and can be found on the Welsh Government internet site: <http://wales.gov.uk/about/programmeforgov/?lang=en>

The Annual Statement on Supporting Business and the Economy can be found here: <http://gov.wales/topics/businessandconomy/how-we-support-businesses/annual-statement-support-to-business-15/?lang=en>

#### **4.2 Key Policies**

Additional information has been provided in response to the specific areas highlighted by the Committee as follows:

##### **a) Access Broadband Cymru Scheme**

The current grant scheme is aimed at providing assistance for eligible residential and business premises in Wales to purchase a broadband solution with minimum download speeds of 2Mbps. The scheme was initiated to assist in

eradicating broadband 'not spots' in Wales and to support those premises that will not receive access to next generation broadband services through the Superfast-Cymru project nor the commercial roll out of broadband services by the market. Since July 2010, this successful scheme has awarded 6,279 grants. The actual costs of installation and the numbers of support provided to residents and business is monitored and subject to rigorous verification procedures.

In addition the Ultrafast Scheme provides support to SMEs in the Enterprise and Local Growth Zones that have a requirement for Ultrafast Speeds. The scheme provides for up to a maximum grant of £10,000.

Work is being undertaken to review and update the schemes. The ICT Infrastructure capital funding of £16.304m is available for priority connectivity schemes.

### **b) Superfast Cymru**

By the end of 2017, Superfast-Cymru will provide the majority of businesses and residential premises with the capability of accessing broadband download speeds of at least 30 Mbps – this exceeds the EU's target of wide-spread Superfast broadband access by 2020, which will make Wales one of the most broadband capable countries in the world. The extension includes additional premises which had been identified in the commercial roll out area in the Open Market Review that had been undertaken in 2014. Capital funding of £16.304m, which levers in additional European funding, is allocated to deliver the range of connectivity schemes within ICT infrastructure.

There are strong governance arrangements in place to monitor and evaluate delivery. Throughout the life of the contract a testing and verification process has been carried out by third party contractors to ensure that only the premises that have reached the required superfast speeds are included in any claims made for payment by BT. This process also gives assurance that the minimum infrastructure required achieves the projects objectives. It is expected that the costs for this for 2016/17 will be in line with costs currently being charged for 2015/16 which are £461k.

External auditors have been appointed to audit the expenditure that BT is allocating to the project. Both these processes ensure that BT only claims for costs associated with the Wales Superfast Project. Based on current costs incurred for audits undertaken, it is anticipated that this could cost circa £250k in 2016/17.

### **c) City Regions**

The Cardiff Capital Region and Swansea Bay City Region Boards have made good progress, creating a unity of purpose around shared ambitions for growth in the regions.

The Boards have met regularly, holding meetings across their regions and discussions with a variety of stakeholders and experts to evaluate proposals. They are continuing to work on promoting major projects where regional

alignment and collaboration bring added value, including having an input into evolving City Deal discussions. Individual collaborative projects will be considered in line with department funding priorities.

An update on next steps for both city regions was announced on 11 December 2015 and are available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/swanseabay/?lang=en>  
and

<http://gov.wales/about/cabinet/cabinetstatements/2015/cardiffcapital/?lang=en>

#### **d) Enterprise Zones**

The Enterprise Zone Boards, which have a strong private sector representation, have effectively prioritised the investment in property and infrastructure to help businesses thrive in the future. Capital proposals are supported by feasibility studies / business cases and opportunities to lever in additional funding are always part of the evaluation.

In 2016/17 there additional capital allocations in line with the Wales Infrastructure Plan to support sustainable job creation as follows:

##### **i. Northern Gateway Highway – £2.7m (2015/16 £1.2m)**

The investment will support a main arterial highway network coupled with flood defence works, opening up the largest private sector led development in North Wales particularly in advanced manufacturing and technology sectors. The employment facilities have the potential to accommodate up to 5000 jobs.

##### **ii. Llangefni Link Road – £1.3m (2015/16 £1.5m)**

The construction of the link road will facilitate increased investment and employment creation by increasing road capacity, connecting Coleg Menai and Bryn Cefni Business Park with A5114 and A55 and improve traffic management in the town centre.

##### **iii. Strategic Projects - £3m**

The funding assists in responding to investment opportunities.

Reports on Enterprise Zone performance and outputs (KPIs) are published twice annually. The first report in 2015/16 is available:

<http://gov.wales/docs/det/publications/151203-ezw-kpi-mid-en.pdf>

#### **e) Local Growth Zones**

In 2016/17 the regional engagement budget of £0.263m supports the local growth zone strategy and initiatives detailed below. Reports from the Task and Finish Groups in both Powys and the Teifi Valley have provided wide ranging recommendations which cut across a number of Ministerial portfolios. A

number of actions are being taken forward in collaboration with local authorities and the private sector.

### **i. Powys Local Growth Zone Initiatives**

- The Severn Valley EFFECT project (Sirolli model) supports a community facilitator to promote an enterprise culture and encourage self employment as a career path.
- In Llandrindod Wells a business-led group has developed an action plan to address the future economic viability of the town. Welsh Government funding supports a Town Champion to drive forward key priorities.

The delivery of Newtown bypass is integral to the development. An additional capital allocation of £50,000 has been made for Hafren Theatre signage.

### **ii. Teifi Valley Growth Zone Initiatives**

- Raising awareness locally and adopting a more proactive approach to business and people development.
- Implementation of a Welsh Language Pilot project engaging initially with four workshops in Cardigan, Llandysul, Newcastle Emlyn and Lampeter to identify how the use of the Welsh language can benefit the local economy.
- Evaluating broadband connectivity to exploit digital business opportunities, particularly important for entrepreneurs working with the Welsh language.

### **f) Business Improvement Districts (BID)**

Funding of £203,000 was announced in January 2014 to support the development of nine BID proposals in Wales. It was a joint initiative with Homes and Places. BIDs are developed, managed and paid for by the commercial sector by means of a BID levy in partnership with the local business community. Therefore there are no additional allocations for 2016/17.

The BID areas were Bridgend, Caernarfon, Bangor, Llanelli, Pontypridd, Neath, Aberystwyth, Abergavenny, Pant and Merthyr Industrial Estates and Colwyn Bay. Although the programme originally covered nine areas, the Caernarfon and Bangor BID was later split into two.

Ballots in Llanelli, Colwyn Bay, Caernarfon, Bangor and Neath have taken place this year and were successful. A ballot held in Abergavenny ballot in July was unsuccessful. Outside the Welsh Government programme, BIDs are also in place in Newport, Swansea and Merthyr Tydfil and interest is currently being shown in the development of a BID in Cardiff.

A further four BID ballots under the Welsh Government BID programme are planned. These are: Aberystwyth, Bridgend, Pant & Merthyr Industrial Estates and Pontypridd. Any costs will be funded from the residual expenditure.

### **g) Wales Economic Growth Fund**

There is currently no allocation for the Wales Economic Growth Fund in 2016/17. An update is available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/economicgrowthfund/?lang=en>

There are additional capital allocations for funds to support businesses detailed in Table 2.

### **h) Business Rates**

Business Rates were devolved to Wales in April 2015. Since this time, we have been focussed on ensuring a smooth transition and maintaining a competitive rates regime in Wales. An announcement to extend the current Small Business Rates Relief Scheme for a further 12 months was made on 9 December 2015. The details are available at the link below:

<http://gov.wales/newsroom/businessandconomy/2015/10782870/?lang=en>

This will reduce the overall Non Domestic Rates payments for small businesses in Wales by around £98m in 2016/17.

In assessing value for money, the success of the Department led business rate schemes are monitored against the number and type of businesses receiving relief and the numbers of premises refurbished or created. Decisions about schemes to be introduced in Wales in 2016/17 will be made following the publication of the Draft Budget.

### **i) Export Support & Inward Investment Support**

In 2016/17 £1.892m has been allocated to support trade and inward investment. This core budget levers in European funding for international trade development. Whilst a key aim for inward investment is to increase the stock of overseas-owned companies in Wales through winning new investments and , re-investments, expansions have played, and will continue to play, a major role in our overall inward investment results.

For trade performance an evaluation of value for money is measured by the value of new export business secured by the companies that we have supported. In 2014/15, new orders worth £52m in new business were reported. This was a return on investment of over 25:1 on net programme expenditure. We would expect to exceed this level of return on investment in 2015/16 and 2016/17.

Inward investment activity is delivered with events, sponsorships, seminars and research subscriptions. It also includes support for inward visits from visiting



dignitaries, other government organisations and inward investors. The outcomes are monitored closely in terms of delivering value for money. Each spend is justified against a detailed business case.

UKTI's annual report for 2014/15 shows that the number of inward investment projects attracted to Wales was a record, surpassing 100 projects for the first time. The rise in project wins, building on previous years' successes, represented just over 5% of the total number of foreign direct investment projects for the UK, and promised the creation of over 5,000 new jobs (just over 6% of the UK total).

Our export support programmes already comply with the Welsh Government's standards for equality, sustainability and Welsh Language and therefore these issues have not influenced budget allocation. Inward investment activity that is taking place outside of Wales has been granted an exemption under the new Welsh Language Standards. Therefore, the new Standards will not incur additional expenditure when producing literature for external markets.

### **j) Support for Social Enterprise**

In taking forward the recommendations of the Welsh Co-operative and Mutuals Commission Report the Welsh Government provides around £764,000 per annum to support the development of this sector in Wales. This provides match funding for the European project and funding for the social enterprises. This is supplemented by the Welsh Government funded "Is the Feeling Mutual? New Ways of Designing and Delivering Public Services in Wales" report published in July 2015. A report to review the steps that have been taken to implement the recommendations of the Welsh Co-operative and Mutuals Commission is expected shortly.

Three year contracts are in place with the Wales Co-operative Centre and Social Firms Wales, both are specialist social enterprise support and membership organisations. Grant management and monitoring procedures are in place. To ensure that the organisations continue to align to the Welsh Government's objectives, officials have commenced further value for money reviews to help inform future funding, policy objectives and targets. The reviews will be completed by end February 2016.

The Welsh Government and ERDF supported Social Business Wales Project (SBW) operates alongside the EU funded Business Wales service. The project will provide specialist business support to around 500 social businesses including co-operatives, employee owned companies and social enterprises which have ambitions to grow. This could involve transforming a traditionally owned business or public service to an employee ownership model which may or may not involve the transfer of a community asset. It will also aid Charities to establish trading arms to take forward commercial ideas. There is also online support available including case studies and events via Business Wales and Social Business Wales: [www.business.wales.gov.uk](http://www.business.wales.gov.uk) and [www.socialbusinesswales.gov](http://www.socialbusinesswales.gov).

The Welsh Government is currently working with the Wales Co-operative Centre and WEFO to agree a long term evaluation process for the SBW project.

### **k) Partnership for Growth 2013-2020 - Tourism Strategy**

Partnership for Growth was launched in June 2013 and identified the potential to grow trips and spend from the GB domestic market up to 2020. Total spending in Wales by staying visitors during the last 2 years is ahead of the Partnership for Growth target to grow real earnings by 10% by 2020.

The strategy also identified the opportunity to grow international visitors and spend to Wales – by benefiting from the potential increase in visitor numbers (40m by 2020) identified by Visit Britain. Latest available full-year figures (for 2014) indicate that there has been encouraging growth in international visitors coming to Wales over the last two years; again on target to achieve the strategy aims - trips to Wales by international visitors have increased by 9% since 2012 and spend on these trips by 6%. This reverses the pattern of falling trips by international visitors to Wales prior to 2012.

The Tourism and Marketing budget is £12.262m and supports promotional activity and capital investment.

A detailed update on second year activities and monitoring against the tourism strategy and its related framework action plan is on the Welsh Government website:

<http://gov.wales/topics/tourism/development11/partnershipforgrowth/?lang=en>

An update on the economic benefits of tourism and an indication of the progress of the strategy in Wales is available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/economicbenefittourism/?lang=en>

### **l) Priority Sectors**

The objectives of the priority sectors are determined by the sector panels and have been published in the sectors delivery plan available from:

<http://wales.gov.uk/docs/det/publications/130125deliveryplanen.pdf>.

The key indicators for jobs and growth are monitored closely to ensure that expenditure is maximised in delivering on Programme for Government Commitments. In 2014/15 we supported over 38,000 jobs across Wales. This was a continued improvement on the 37,000 achieved in the previous year. A wide range of indicators are used to measure delivery by the operational areas which include a combination of activity and results. They have been developed to meet the requirements to provide a core key indicator set for use across all operational areas, to be compliant with any WFO regulations when European funding is utilised and to provide local indicators for individual business areas.

Welsh Government has published statistics at a macro economic level which includes data on Gross Value Added (GVA), employee jobs, hourly earnings by

gender, employment by qualification level and some statistics at a local authority level:

<http://wales.gov.uk/statistics-and-research/priority-sector-statistics/?lang=en>

The investment in our nine key sectors has been prioritised and aligned to delivery to enable targeted investment and capacity building initiatives that, together, will create a sustainable business environment. Detailed delivery updates are included in the “Supporting Business and the Economy Annual Statement 2015”.

The priority sector revenue and capital budgets are detailed in the Budget Expenditure Line tables attached at **Annex C**.

### **m) Science for Wales & Ser Cymru Programme**

The Chief Scientific Advisor for Wales updated the Committee on Science, Research and Horizon 2020 on 25 November 2015.

Recognising the commitment to world class research and innovation and the importance of creating long term benefits £7.2m has been allocated to Science in 2016/17. The Annual Reports for 2014/15 sets out progress made on delivering the Science for Wales strategy and is available at:

<http://gov.wales/topics/science-and-technology/science/?lang=en>

There is a strong collaborative approach to ensure the long-term sustainability of new research capacity. The new Sêr Cymru II is funded by core budgets and matched by universities, European funding and the competitively awarded Marie Skłodowska Curie COFUND Horizon 2020. This is an example of the kind of cooperation, integration and long-term thinking that is typified by a sustainability approach. The full details are in the announcement on 15 November which is available at:

<http://gov.wales/newsroom/science-and-technology/2015/151109-sercymru/?lang=en>

Value for money in the long term will be assessed by the increased grant funding generated by the Ser Cymru activities in terms of successful bids to the Research Council, Innovate UK and European monies (Horizon 2020 and European Research Council).

### **n) Welsh Language and Economic Development Task and Finish Group**

The Welsh Governments response was published on the 6 August 2014.

<http://gov.wales/docs/det/report/140717-welsh-lang-economic-dev-response-en.pdf>

The Welsh Language Standards were approved on 24 March 2015 and will be implemented from the end of March 2016. They set out the consistent level of Welsh Language services that members of the public can expect to receive

from organisations in Wales. The associated costs are embedded in service delivery and a number of initiatives such as the Teifi Valley Local Growth Zone continue to build on existing good practice for positive outcomes in relation to both the language and the economy.

Another important development is with regard to the Swansea Bay City Region Board. The Egin Project (S4C) has been strongly endorsed by the Board, together with the European funding bid from University of Wales Trinity St Davids. We are up-scaling marketing and communications activity in the New Year with a new website and the establishment of a digital marketing suite. As part of this exercise we are keen to highlight best practice examples of use of the Welsh language in business across the region.

Business Wales has increased marketing and communications activity such as the Golwg & Papurau Bro publications and national radio advertising which saw a 39% increase in visits compared to 2013/14 to [busnes.cymru.gov.uk](http://busnes.cymru.gov.uk).

The language consolidates the identity of Wales which is important in the development of the Wales brand. During the NATO Summit Wales 2014 a central theme of “O Gymru / Wales Made” was promoted. The UK Investment Summit Wales 2014 in November 2014 was fully bi lingual and recognise that this is important in giving all guests a sense of place.

We will continue to evaluate our delivery and reinforce that the Welsh language is integral in creating a stable and favourable business environment, promoting skills and investing in economic infrastructure including transport and communications.

#### **o) A Development Bank for Wales**

Finance Wales are taking forward the recommendations of the Task and Finish Group, chaired by Professor Dylan Jones-Evans in establishing a new Development Bank for Wales (DBW). The Group felt that the creation of the first public regional development bank in the UK could create further growth within the Welsh economy. Gareth Bullock has recently been appointed as Chair for Finance Wales and will lead on this important area of work.

A recruitment process is underway to appoint a new Chief Executive for Finance Wales. We have a robust process in place to monitor and evaluate the organisation, and would adopt similar processes to monitor and evaluate a DBW. The Finance Committee conducted an Inquiry into Finance Wales in 2014. The issue of openness and transparency was a key theme. As a result, Finance Wales has implemented major improvements to their website, where performance information, and annual reports and accounts are now readily accessible. This would be continued in relation to a DBW and enhanced to ensure the remit is also published online.

### **4.3 Preventative Spending**

The entire budget for Economy and Science aims to strengthen the conditions that will enable business to create jobs and sustainable economic growth. The Well-being of Future Generations (Wales) Act 2015 is integral to our approach

in ensuring Wales becomes more prosperous, resilient, healthier, fairer and more equal society.

The approach of prevention in acting to prevent problems from occurring or getting worse has continued to underpin our decision making. The Draft Budget promotes a more holistic understanding of the issues across service areas. There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales.

## 5.0 **ECONOMY & SCIENCE - FUNDING OF SPENDING PROGRAMME AREAS**

The 2016/17 proposed total budget for Economy and Science has increased by £13.206m when compared to the 2015/16 Baseline Budget (excluding Annually Managed Expenditure).

This includes a decrease to the revenue budget of £18.794m and an increase in the capital budget of £32m as detailed in the table below:

	<b>2015/16 Baseline Budget £'000</b>	<b>Change £'000</b>	<b>2016/17 Draft Budget £'000</b>
Revenue	87,425	(18,794)	68,631
Non Cash	1,309	0	1,309
Capital	67,647	32,000	99,647
<b>Total</b>	<b>156,381</b>	<b>13,206</b>	<b>169,587</b>

### 5.1 **Sectors & Business**

<b>SPA</b>	<b>Expenditure Category</b>	<b>2015/16 Baseline Budget £'000</b>	<b>Change £'000</b>	<b>2016/17 Draft Budget £'000</b>
Sectors and Business	Revenue	49,215	(12,110)	37,105
	Capital	46,133	47,394	93,527
	<b>TOTAL</b>	<b>95,348</b>	<b>35,284</b>	<b>130,632</b>

The Sectors and Business budgets are key to delivering against the Programme for Government areas for growth and sustainable jobs, tackling poverty and education and equality of opportunity. The total budget of £130.632m supports delivery in the Priority Sectors, Entrepreneurship, Trade and Inward Investment and Enterprise Zones.

There is a decrease in the revenue budget of £12.110m, as £10.115m and £1.995m have been transferred out to other actions for the realignment of budgets in line with priorities and delivery.

There is a net increase of £47.394m in the capital budget for:

- additional allocations to priorities of £32m (Table 2); and

- £15.394m transferred from other actions for the realignment of budgets to support projects in delivery.

### 5.1.1 Legacy SIF

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Legacy SIF	Revenue	1,203	357	1,560
	Capital	10,325	(5,875)	4,450
	<b>TOTAL</b>	<b>11,528</b>	<b>(5,518)</b>	<b>6,010</b>

This budget supports the remaining contractual commitments under the legacy SIF/RSA schemes to honour grant offers to Welsh based companies provided that conditions and targets for growth and jobs have been met.

The revenue increase of £0.357m funds the delivery of the Airbus training project. The reduction of £5.875m in the Capital budget reflects the reducing level of commitment as projects are completed.

### 5.1.2 Sectors

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Sectors	Revenue	37,692	(6,378)	31,314
	Capital	35,808	53,269	89,077
	<b>TOTAL</b>	<b>73,500</b>	<b>46,891</b>	<b>120,391</b>

The budget supports the delivery of Sector priorities, Enterprise Zones and Trade and Inward Investment. This is supported by the detailed breakdown of the activities by Budget Expenditure Line. Overall the sectors budgets have been reprioritised and reprofiled in line with delivery with a net decrease in the revenue budget of £6.378m. Core budgets have been used to optimise outcomes by leveraging in additional European income to support priorities and income has been generated from the property portfolio.

In 2016/17 there are additional capital allocations of £32m as detailed in Table 2 and reallocation of £21.269m from other budget areas:

- Additional financial transaction funding of £7m will enable targeted investment for Cardiff Wales Airport Ltd to support international connections and support long term economic development;
- The Business Development Funds of £18m will support access to finance for SMEs and have the potential for reinvestment; and
- Enterprise Zone infrastructure funding of £7m will facilitate long term economic growth.
- The realignment of budgets of £21.269m from Legacy SIF £5.875m and £15.394m from additional income from the management of the property

portfolio will support committed projects in delivery particularly Creative, Financial & Professional Services and Advanced Materials & Manufacturing.

### 5.1.3 Entrepreneurship

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Entrepreneurship and Business Information	Revenue	10,320	(6,089)	4,231
	<b>TOTAL</b>	<b>10,320</b>	<b>(6,089)</b>	<b>4,321</b>

The Entrepreneurship and Delivery budget supports youth entrepreneurship, start-ups, micro-businesses, SMEs, social enterprise and responsible business practices. Responsible Business practices will facilitate corporate social responsibility commitments by requiring businesses to behave ethically and contribute positively to the economic development.

The reduction is due to the increased intervention rates for EU programmes in the 2014-2020 round and re-profiling of EU income. The drawdown of EU monies will be prioritised for the start of the new programme. Consequently the budget requirement will be lower in the early years of the projects and will increase as the programme is delivered.

## 5.2 Science and Innovation

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Science & Innovation	Revenue	9,946	568	10,514
	Capital	2,979	2,562	5,541
	<b>TOTAL</b>	<b>12,925</b>	<b>3,130</b>	<b>16,055</b>

The funding of £16.055m supports initiatives to deliver the Science for Wales Strategy and the Innovation Strategy.

### 5.2.1 Science

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Science	Revenue	5,569	(774)	4,795
	Capital	2,479	0	2,479
	<b>TOTAL</b>	<b>8,048</b>	<b>(774)</b>	<b>7,274</b>

The budget includes revenue and capital funding of £7.274m to support the Sêr Cymru, Sêr Cymru 2 and National Science Academy (NSA) initiatives. The reduction in the revenue allocation of £0.774m in 2016/17 reflects the reprofiling and potential to co-finance new programmes using external funding. This funding contributes to the total £50m Welsh Government commitment to this five year programme, which has been extended to 2018/19. It is also supported by Health and Education budgets.

### 5.2.2 Innovation

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Innovation	Revenue	4,377	1,342	5,719
	Capital	500	2,562	3,062
	<b>TOTAL</b>	<b>4,877</b>	<b>3,904</b>	<b>8,781</b>

The additional revenue funding of £1.342m supports the new EU innovation programmes, SMART Cymru and SMART Expertise, which encourage businesses to invest in innovation and develop links with academia with business innovation. In 2016/17 there is additional capital investment of £2.562m in the Semiconductor Foundation.

### 5.3 Major Events

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Major Events	Revenue	3,918	0	3,918
	<b>TOTAL</b>	<b>3,918</b>	<b>0</b>	<b>3,918</b>

The £3.918m budget for Major Events will support work with National, UK and international sports federations to ensure more major events are hosted in Wales.

To date, 23 events have been awarded support for 2016 including the World Half Marathon and Roald Dahl 100, in 2017, Wales will host the UEFA Champions League Final; and the Volvo Ocean Race in 2018.

### 5.4 Infrastructure

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Infrastructure	Revenue*	19,671	(7,545)	12,126
	Capital	18,456	(17,967)	489
	<b>TOTAL</b>	<b>38,127</b>	<b>(25,512)</b>	<b>12,615</b>



\*includes non fiscal resource DEL of £1,309k

The 2016/17 budget of £12.615m provides support for Property Related Infrastructure, ICT Infrastructure including the Superfast- Cymru project.

#### 5.4.1 ICT Infrastructure

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Deliver ICT Infrastructure	Revenue*	8,286	(1,495)	6,791
	Capital	16,304	0	16,304
	<b>TOTAL</b>	<b>24,590</b>	<b>(1,495)</b>	<b>23,095</b>

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

The budget supports the delivery of a number of key projects, including the delivery of the Superfast-Cymru project, the Public Sector Broadband Aggregation project and the Access to Broadband scheme.

The revenue reduction of £1.495m includes:

- £0.495m in revenue reprioritised and reprofiled to meet target reductions; and
- £1m repayment of Invest to Save for PSBA

PSBA is provides a mechanism for collaborative purchasing of wide area networking services and public service integration. It currently supports over 80 organisations providing over 4,000 site services. In 2014 BT were successful in winning the contract for the new PSBA contract. This contract is expected to provide further value for money continues the solid foundation of cross-public services collaboration and partnership.

#### 5.4.2 Property

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Deliver Property Related Infrastructure	Revenue	10,076	(6,050)	4,026
	Capital	2,152	(17,967)	(15,815)
	<b>TOTAL</b>	<b>12,228</b>	<b>(24,017)</b>	<b>(11,789)</b>

Property Related Infrastructure covers the management and development of the property portfolio, land reclamation activity and property offers to business. Activity is focused on meeting sector and spatial priorities.

The movement in the revenue and capital budgets reflects the planned generation of income from the management of the property portfolio. This has been reallocated across the sectoral priorities and reinvestment in strategic sites across Wales to promote growth and jobs.

## 5.5 Strategy and Corporate Programmes

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Strategy & Corporate Programmes	Revenue	5,984	293	6,277
	Capital	79	11	90
	<b>TOTAL</b>	<b>6,063</b>	<b>304</b>	<b>6,367</b>

The budget includes the operational grant for Finance Wales, Health Challenge Wales Programme, National Loans Fund repayments, and strategy support activity.

### 5.5.1 Corporate Programmes

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Corporate Programmes	Revenue	3,033	533	3,566
	Capital	79	11	90
	<b>TOTAL</b>	<b>3,112</b>	<b>544</b>	<b>3,656</b>

The revenue increase of £0.533m relates to a review of funding requirements for strategic investment reviews and investment in the new Customer Relationship Management system.

The capital budget increase of £0.011m is in relation to the repayment profile of legacy loans to the National Loans Fund.

### 5.5.2 Finance Wales

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Finance Wales	Revenue	2,400	(240)	2,160
	<b>TOTAL</b>	<b>2,400</b>	<b>(240)</b>	<b>2,160</b>

This budget provides an operating grant to Finance Wales who support the administration of investment funds for businesses. The operating grant has been reduced by £0.240m for operational efficiencies.

### 5.5.3 Strategy Programmes

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
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Strategy Programmes	Revenue	551	0	551
	<b>TOTAL</b>	<b>551</b>	<b>0</b>	<b>551</b>

The budget supports economic analysis and strategic engagement, including support for city regions, to inform key spending decisions.

## 6.0 TRANSPORT

In 2016/17 the Transport priorities have been set in the context of budget availability and the National Transport Finance Plan which was published on 16 July 2015. This sets out the investment priorities in services and infrastructure and focuses on delivery for the next 5 years as set out in the statement available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/10383639/?lang=en>

Transport has a vital role to play in improving Wales' economic competitiveness and access to jobs and services. The Plan sets out how and when improvements to the road and public transport networks will be delivered to help businesses prosper and ensure people can access the opportunities they need to live healthy, sustainable and fulfilling lives.

There is a strong evidence based approach for understanding the performance of the transport system, assessing the need for intervention and considering the social, cultural environmental and economic impacts of our plans for the transport system. The schemes in the Plan target five key priority areas: economic growth, tackling poverty, sustainable travel and safety, and improving access to employment and to services helping us meet our wider wellbeing objectives. The investments identified will deliver a more integrated and sustainable transport system for all.

Actions in the Plan will:

- improve public transport and active travel availability, quality, safety and access;
- assist in reducing any disadvantage to protected groups and those on low incomes through the provision of a quality, integrated public transport and network (including the provision of accessible, bi-lingual information)
- maintain funding for socially necessary bus services.

A set of national datasets provide consistent and comparable information across the whole of Wales and highlight areas where the transport system is under-performing. The datasets are updated regularly and are used to monitor the performance of the system, providing early alerts to emerging issues and information on longer term trends. The transport data is combined with other data sources, such as the census and land use data, to provide information on the social and environmental impacts of the transport system. The transport data falls into five categories - journey times, the number of trips made, safety related, supplementary information and contextual information.

### 6.1 Key Policies

Additional information is provided in response to the specific requests made by the Committee as follows:

### **a) Local Transport Plans**

There are nine Local Transport Plans in Wales. These were approved by the Minister for Economy, Science and Transport on 20 May 2015. The plans were developed by local authorities using the 'Local Transport Plans guidance'. The guidance also sets the basis for monitoring and evaluation of the plans. This year £27m of support for local transport schemes across Wales was announced with details available at:

<http://gov.wales/topics/transport/planning-strategies/local-transport/?lang=en>

In 2016/17 funding is available to local authorities for local transport schemes that support the economy, improve road safety and enable active travel. We continue to work in partnership with local authorities and other key organisations to ensure the key priorities are met.

### **b) M4 Developments**

The M4 development around Newport is of importance to the economic prosperity of Wales and has strong backing from Welsh businesses. The project has been subject to a widespread consultation and will improve accessibility for people, Welsh goods and services to international markets by addressing transport issues on one of the main gateways into Wales. During 2015 work has commenced on assessing the best approach to its construction, what land would be required and what environmental protection measures were necessary. Currently a funding package is being progressed comprising of Welsh Government capital and public borrowing to ensure that work to progress delivery of the scheme can continue to be planned.

### **c) Trunk Road Agents Update**

Further to significant change over the last 10 years the arrangements have been subject to a number of step changes each with the aim of improving the quality of the service. A series of rationalisations between 2005 and 2012 has reduced the number of public sector trunk road agents from eight to two. An independent audit between late 2013 and 2014 raised concerns that these changes have not gone far enough, citing transparency and visibility of their costs as issues which prevented auditor' assurance that the current arrangements were delivering value for money.

This has resulted in the agreement of proposals from the agents that will deliver savings from 2016/17 of £6m in discharging statutory duties. In addition to this we have also set the agents a target to deliver a further £8m of savings a year through more efficient and innovative working practices and the use of new technology. These savings represent a 10% reduction, rising to 20%, when compared to 2015/16 baselines. Consideration will be given to how best to utilise these savings including re-investment in the network to offset future expenditure.

The agents are currently working on the delivery of these savings with the focus being broadly on the three areas of the Trunk Road Maintenance Manual, the schedule of rates and management costs. The agents will produce Savings Realisation Plans that will be the subject of independent monitoring from April 2016 to track progress.

Alongside this, the Public Accounts Committee recommended in August 2015 a series of actions focussed around improving value for money in the management and maintenance of the motorway and trunk road network. Eighteen recommendations were made, varying in topic and implementation timescale.

<http://www.assembly.wales/laid%20documents/cr-ld10271/cr-ld10271-e.pdf>

Progress is ongoing to meet the target dates. In particular, findings on the consideration of a single agent model has been reported, delivery of a finance system within the IRIS information management system is being trialled and the 'Streetwork Strategy for Wales' which went to public consultation on 7 December 2015.

#### **d) Provision for the Active Travel Bill**

The Active Travel (Wales) Act 2013 is landmark Welsh law to make it easier for people to walk and cycle in Wales. The Act - which is considered to be a world first - makes it a legal requirement for local authorities in Wales to map and plan for suitable routes for active travel, and to build and improve their infrastructure for walking and cycling every year. It creates new duties for highways authorities to consider the needs of walkers and cyclists and make better provision for them. It also requires both the Welsh Government and local authorities to promote walking and cycling as a mode of transport. By connecting key sites such as workplaces, hospitals, schools and shopping areas with active travel routes, the Act will encourage people to rely less on their cars when making short journeys.

On 9 December 2015 a written statement on the Active Travel (Wales) Act 2013 – Annual Report 2015 was published and can be accessed at the following link:

<http://gov.wales/about/cabinet/cabinetstatements/2015/activetravelact/?lang=en>

Active Travel is supported through a range of capital and revenue budget lines. Infrastructure investment in local active travel routes is made predominantly through the Local Transport Fund, the Safe Routes in Communities Grant and occasionally the Road Safety Grant. The specific number and size of active travel schemes funded from the combined £24m capital funding allocation varies each year according to the strength and ambition of bids submitted by local authorities.

Other Welsh Government departments also support the Active Travel agenda with initiatives such as the National Active Travel Challenge, run by the Health Department.

#### **e) Additional Funding Opportunities**

The Connecting Europe Facility (CEF) funding framework helps to support Transport (TEN-T), Energy and Communications connectivity. It is a completely competitive process. Under CEF, €26.25 billion will be made available from the EU's 2014-2020 budget to co-fund TEN-T projects in the EU Member States. In terms of TEN-T/CEF, Wales is part of the UK-wide Easyways Project to install intelligent traffic systems for roads, which has already benefitted from TEN-T funding under the previous arrangements. In addition there is a Technical Assistance project related to staff that has secured grant.

Welsh Government bids under the First Call for CEF were all maritime and port themed for projects enabling better access to TEN-T ports, including the A55 and Holyhead. Although the quality of our bids was praised, none were successful. This reflects that the new TEN-T funding arrangements prioritise non-road transport projects, unless in Accession states.

Network Rail also submitted a bid under the First Call for electrification of the South Wales Mainline – a core TEN-T rail route – and was successful. Information on the 2015/16 call is emerging with a focus on the 'Motorways of the Sea' priority. Projects with a particular focus on connectivity with Ireland may be considered with ongoing engagement with the Irish Government and Irish industry representatives on potential joint projects.

Bids are in progress to access the new round of EU funding. Major infrastructure programmes such as Metro have also been shortlisted in the UK list to access European Funds for Strategic Investment.

For key road schemes such as the A465 the use of the Non-profit Distributing investment model is another important innovative investment opportunity that will be pursued alongside the ability to utilise advance borrowing powers for delivery of the M4.

#### **f) Investment in rail infrastructure and services, including Valleys Lines Electrification/Modernisation**

Discussions are ongoing with the industry to find the best possible solutions to deliver Valleys Line electrification/modernisation and the improvements in quality, capacity, reliability and efficiency that is expected. Electrification of the mainline will be a massive step forward in creating a modern train service that is capable of meeting future demand and supporting economic growth across Wales. The implications of the Hendy Review on electrification of the mainline are under consideration, which was recently published, and have sought assurances from the UK Government on timings for delivery of the project.

The draft budget for 2016/17 includes provision to continue works in delivering infrastructure improvements in respect of rail and bus that will provide immediate benefits as well as prepare for delivery of Metro.

The Minister for Economy, Science and Transport outlined the issues for the Wales Border Franchise in a letter to the Chair of the Committee on 15 November 2015. It confirms that a business case and consultation with the public is in development and integrated transport principles will be taken into

account. If the franchise was transferred to the Welsh Government better value for money may be achieved in the long term.

<http://www.senedd.assembly.wales/documents/S46102>

Work on delivering the Metro continues with nearly all of the Phase 1 projects already delivered or nearing completion. The next phase of the project is being worked on with the main element of component projects already identified and a series of public exhibitions are currently underway. The projects have been costed to a high level and are currently estimated at some £580m for Phase 2. It is intended that this phase will be delivered between now and 2023. Potential funding sources for those schemes already identified include the Department for Transport contribution to Valley Line electrification & modernisation and utilising EU funding under the European Regional Development Fund programme for 2014-2020. Additional sources of funding continue to be explored to facilitate delivery of this strategic project.

In February 2015 the Minister for Economy, Science and Transport agreed the formation of a company wholly owned by Welsh Government, limited by guarantee to provide services related to transport infrastructure projects. This company has now been created and will be responsible for developing the delivery programme for the Metro.

### **g) Investment in Bus and Community Transport**

The Minister for Economy, Science and Transport updated the Committee on the inquiry into Bus and Community Transport on 3 December 2015.

<http://www.senedd.assembly.wales/documents/s46823/EBC4-29-15%20p.7%20Evidence%20from%20Welsh%20Government.pdf>

Bus and Community Transport continues to be a priority consideration for my budget with £25m again being allocated to Local Authorities under the Bus Services Support Grant to support socially necessary services.

There has also been the introduction of improved TrawsCymru longer distance bus services for example in north Wales on the T3 Barmouth to Wrexham and the T2 Bangor to Aberystwyth routes. Both routes have also benefitted from more affordable tickets aimed at encouraging young people to use the services such as the Bwmerrang Ticket which offers discounted weekend travel.

There has been the introduction of cycle carriage facilities on the T3 service, enabling people to access popular sections of the Sustrans National Cycle Network in north Wales at Dolgellau - Mawddach Trail and the Llangollen Canal. On some routes new vehicles have been ordered to be deployed during 2016 in full TrawsCymru specification. Support for these services will continue during 2016/17.

Work is underway to better coordinate bus and rail services in the Conwy Valley through the introduction of joint ticketing, improved bus services for rural communities allowing them to more easily access rail stations and key centres in the Valley. This will be complemented by the provision of improved

information for passengers. Improvements in the Conwy Valley will also include improved bus and rail co-ordination and connections at railheads, especially Blaenau Ffestiniog.

Outline proposals are awaited for a statutory bus Quality Partnership Scheme along the North Wales coast. Officials are exploring the potential for working with local authorities and bus operators to develop the scheme which could comprise improved bus services linking key centres along the north Wales coast stretching from Holywell to Llandudno. The objectives of the Scheme would be to improve the frequency and hours of operation of services, provide better links to key health care facilities and provide better integration with the rail network. Funding in support of the bus network, including local bus and TrawsCymru services, is increasingly conditional on the delivery of specific quality outcomes. Examples include driver training in disability equality and awareness, a customer complaints procedure and better information. In addition, we are encouraging the greater use of voluntary and statutory bus Quality Partnership Schemes in which public funding is dependent on operators providing enhanced or new vehicles or services.

The budget for concessionary fares is protected and will continue to provide support for local authorities to fund the scheme for older or disabled persons. 2016/17 represents the final year of the current three year agreement.

During 2016/17 we will be working closely with local authorities and representatives of the bus industry on delivery of the scheme in future years with the focus being on affordability, value for money and the principle that operators should be “no better and no worse off” as a result of the funding arrangement.

The MyTravelPass scheme (also known as the Young Person Discount Scheme) grant-aids bus operators to reflect the costs that they incur in providing one-third discounts to 16, 17 and 18 year olds throughout Wales. In 2016/17 funding of £9.750m is protected to deliver the scheme.

## **6.2 Preventative Spending**

In delivering better outcomes preventative spending measures are important for the long-term. The majority of Transport expenditure for programmes and policies in concessionary bus travel, network management and road safety may be attributed as preventative spend.

## **7.0 TRANSPORT FUNDING OF SPENDING PROGRAMME AREAS**

Compared to 2015/16, there is a £47.332m increase in the total Transport budget for 2016/17. There is a net revenue reduction of £0.152m resulting from additional allocations for concessionary fares offset a reduced revenue requirement for network management. The capital increase of £47.484m reflects allocations from Central Reserves to support routine infrastructure and network management delivery and the A487 Dyfi Bridge project. Additional projects are under consideration and will be allocated in line with the Wales Infrastructure Investment Plan.



	<b>2015/16 Baseline Budget £'000</b>	<b>2016/17 Change  £'000</b>	<b>2016/17 Draft Budget £'000</b>
Revenue	305,441	(152)	305,289
Non Cash	108,691	0	108,691
Capital	194,349	47,484	241,833
<b>Total</b>	<b>608,481</b>	<b>47,332</b>	<b>655,813</b>

## 7.1 Motorway & Trunk Road Network Operations

<b>SPA</b>	<b>Expenditure Category</b>	<b>2015/16 Baseline Budget £'000</b>	<b>Change £'000</b>	<b>2016/17 Draft Budget £'000</b>
Motorway & Trunk Road Network Operations	Revenue	57,789	(6,000)	51,789
	Non-Cash	108,691	0	108,691
	Capital	50,550	20,050	70,600
	<b>TOTAL</b>	<b>217,030</b>	<b>14,050</b>	<b>231,080</b>

The Welsh Government is directly responsible for the Motorway and Trunk Road Network, one of Wales' most important infrastructure assets. It supports the delivery of many of the Programme for Government commitments and ambitions in the Well Being of Future Generations (Wales) Act 2015 across most policy areas including, the economy, health and education and has a depreciated replacement cost of over £13bn. Adequate funding for network maintenance is therefore essential to maintain the condition and service levels required for the Welsh Government to meet its statutory duties for safety and achieve its wider policy objectives for Wales.

Assessment of the network maintenance programme has identified a £6m reduction in the revenue requirement as the programme focuses on capital maintenance in line with a spend to save approach.

In 2016/17 there is an additional allocation of £20 m (Table 2) for capital maintenance and improvement of the existing road network. The investment supports a spend to save strategy which will provide better value for money in the long term and alleviate revenue pressures in future years. There is an additional allocation of £0.050m for Hafren Theatre signage required at Newtown.

## 7.2 Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash

<b>Action</b>	<b>Expenditure Category</b>	<b>2015/16 Baseline Budget £'000</b>	<b>Change £'000</b>	<b>2016/17 Draft Budget £'000</b>
Improve and Maintain Trunk Road Network	Revenue	108,691	0	108,691

(Domestic Routes)	<b>TOTAL</b>	<b>108,691</b>	<b>0</b>	<b>108,691</b>
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The non cash budget covers the annual depreciation of the trunk road network.

### 7.3 Rail & Air Services

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Rail & Air Services	Revenue	185,679	0	185,679
	<b>TOTAL</b>	<b>185,679</b>	<b>0</b>	<b>185,679</b>

The budget supports the Wales and Borders Franchise and Intra Wales Air Service. Affordability of the Wales and Borders Franchise is a particular concern in the long-term as it is linked to the retail price index, average weekly earnings and Arriva Trains Wales' performance.

### 7.4 Road and Rail Investment

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Road & Rail Schemes	Capital	55,785	27,434	83,219
	<b>TOTAL</b>	<b>55,785</b>	<b>27,434</b>	<b>83,219</b>

The budget funds road and rail capital improvements. In 2016/17 £21.424m is allocated to deliver road infrastructure priorities and £6m specifically for A487 Dyfi Bridge.

### 7.5 Improve & Maintain Local Roads Infrastructure

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
General Capital Funding - Roads	Capital	13,667	0	13,667
	<b>TOTAL</b>	<b>13,667</b>	<b>0</b>	<b>13,667</b>

The transport capital component of the local government settlement is £13.667m. This funding cannot be used for any other purpose.

### 7.6 Sustainable Travel

Action	Expenditure	2015/16		2016/17
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	Category	Baseline Budget £'000	Change £'000	Draft Budget £'000
Sustainable Travel	Revenue	52,209	1,098	53,307
	Capital	67,447	0	67,447
	<b>TOTAL</b>	<b>119,656</b>	<b>1,098</b>	<b>120,754</b>

This budget supports investment in integrated transport, active travel, concessionary fares, smartcards and bus, rail and local roads.

Concessionary Fares is protected with an uplift of 1% above changes to the Welsh DEL overall giving an increase of £1,098m. This is the final year of a three-year agreement with the bus industry. This amount is supplemented by the local authorities. The funding requirements of the bus operators in delivering the concessionary fares scheme includes revenue and capital elements to reflect the associated capital expenditure they incur, for example the acquisition of additional vehicles.

The Bus Service Support Revenue Grant is maintained at £25m with specific requirements to deliver community transport initiatives.

## 7.7 Youth Concessionary Fares

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Youth Concessionary Fares	Revenue	5,000	4,750	9,750
	<b>TOTAL</b>	<b>5,000</b>	<b>4,750</b>	<b>9,750</b>

The funding £9.750m for the Young Persons' Discounted Bus Travel Scheme, is the second year of the Budget Agreement with the Welsh Liberal Democrats, which received £5m in 2015/16. This has a positive impact on young people, enabling them to access opportunities for work, education, training and apprenticeships and will be of particular benefit to people from low income households and help to tackle poverty.

## 7.8 Improve Road Safety

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Improve Road Safety	Revenue	4,764	0	4,764
	Capital	6,900	0	6,900
	<b>TOTAL</b>	<b>11,664</b>	<b>0</b>	<b>11,664</b>

The revenue budget supports engagement and funding arrangements with external partners in the public, private and third sectors to achieve casualty

reduction, using the road safety governance structures to support the implementation of the Road Safety Delivery Plan. The Plan sets out our strategic approach to road safety to 2020.

The capital budget supports capital road safety engineering improvements on the trunk and local road networks.

## **8.0 LEGISLATION**

### **The Active Travel Act 2013**

This is considered at section 6.1 (d).

### **Planning (Wales) Act 2015**

The Planning (Wales) Act implements many of the recommendations set out in the Independent Advisory Group report on the planning system. The Department's officials have been involved in the development of the Planning Bill as it proceeds through its next stages. There will be no direct budgetary impacts for the Department in 2016/17.

### **Well-being of Future Generations (Wales) Act 2015**

The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales, now and in the future. The Act will mean that policies are delivered in a sustainable way and make the listed public bodies (including the Welsh Government) think more about the long term, work better with people, communities and each other, look to prevent problems, and take a more joined-up approach.

By establishing a single binding legal framework, the Act provides a means of directly addressing the over-complexity identified by the Commission for Public Services and will provide a way of building our future capability to deliver. In planning for the Draft Budget 2016-17, we have taken the opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Act and balanced our potential long-term impacts of our decisions against our short-term needs.

### **The Draft Wales Bill**

The Wales Bill is not anticipated to come into force until April 2017 and there will be no financial implications for the 2016/17 budget, other than staff resources required to prepare for the transfer of these functions.

### **Enterprise Bill**

We do not envisage the 'Enterprise Bill – Small Business Commissioner' having an impact on our budget, it relates to non-devolved areas so the activity will apply across Wales.

The Welsh Government is not seeking legislative competence for radio and television broadcasting at the current time. However, the Welsh Government has roles and interests in respect of the Public Service Broadcasters and Ofcom, including a formal, consultative role in the current review of the BBC's Royal Charter.

## Annex A

### Reconciliation 2015/16 Supplementary to 2015/16 Baseline Budget

	2016-17 Revenue £'000	2016-17 Capital £'000
<b>2015/16 Supplementary Budget</b>	<b>408,366</b>	<b>471,296</b>
<u>Less:</u> Non recurrent allocations		
Business Rates	(16,500)	
PSBA – Invest to Save	1,000	
Business Development Funds		(42,500)
Cardiff International Airport Loan		(3,000)
Superfast Cymru - Broadband		(10,000)
A55 Tunnels		(12,000)
Brynglas Tunnels		(30,000)
Eastern Bay Link		(30,000)
Metro		(29,800)
A465 Dualling		(40,000)
North Wales Rail Project		(10,000)
Ebbw Vale Station Improvements		(2,000)
<b>2015/16 Baseline Budget</b>	<b>392,866</b>	<b>261,996</b>

# Strategic Integrated Impact Assessment

## Overview

The Department's 2016-17 spending plan has been prepared with a long term perspective and an integrated approach to the decisions taken. The plan makes the connections in service areas, particularly transport to increase economic, social, cultural and environmental well-being. The overarching Welsh Government priorities are set out within the Programme for Government and the Well-being and Future Generations (Wales) Act 2015.

Our plans also give due regard to the United Nations Convention on the Rights of the Child (UNCRC).

We are taking forward a range of well-targeted activities to support inclusive access to jobs and opportunities to ensure individuals are able to benefit from economic growth. Some of our actions to tackle poverty and promote equality and diversity are outlined in the Minister for Economy, Science and Transport statement on 23 June 2015 available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/tacklepoverty/?lang=en>

Sustainable development is the central organising principle, making decisions that take account of the social and environmental objectives and impacts. In so doing, we are adopting an approach to embed engagement, integration, long term investment and prevention into our policies and delivery as we align our activities to take account of the Well-being of Future Generations (Wales) Act (2015).

We are working with key stakeholders exploring the transition to a low carbon, resource efficient, innovative economy as a means of delivering long term economic growth and prosperity. This approach does not replace sustainable development; it puts it into action, helping to embed social and environmental objectives into our way of working.

## Key Budget Decisions

### Sectors - £46.891m increase

In 2014, the priority sectors accounted for 44% of employment in Wales.<sup>2</sup> In addition to generating income from the management of the property portfolio and allocating £18m to business development funds priorities are realigned to sustain the level of support and minimise the impact of baseline reductions.

Sustainable employment opportunities are a fundamental part of our approach to tackling poverty. The evidence is clear that well-paid work is the best route out of poverty, and the greatest protection for those at risk of poverty. With prioritised support for a number of key sectors, the Department is also working with anchor companies to maximise opportunities for jobs and growth through their supply chains.

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<sup>2</sup> Priority Sector Statistics 2015 - [www.gov.wales/statistics](http://www.gov.wales/statistics)

This balanced approach stimulates demand for the highly skilled, as well as creating opportunities for those further from the labour market.

We are implementing a co-ordinated range of demand and supply-side measures to stimulate economic activity and jobs as well as increasing the long-term productive capacity of the Welsh economy through strategic investments in infrastructure, superfast broadband and providing support for innovation. These actions increase accessibility to employment opportunities and some of the conditions faced by those disadvantaged by poverty.

The challenge is also to spread prosperity and we have taken a spatial approach to a number of our interventions. For example, our approach to city regions has placed connectedness at its heart. The additional allocation of £7m to support Enterprise Zone delivery focusses on the development of well-connected areas with increased opportunities. For example, a shared apprenticeship scheme is being developed for the Ebbw Vale Enterprise Zone, with the Department for Education and Skills, which promotes equality of opportunity.

Employment in the Advanced Materials & Manufacturing sector (AM&M) predominately male at 83% and, as such, any increase will have a positive disproportionate impact on this group. However, the sector is delivering a number of key projects to promote the employment and advancement of women, working closely with key companies such as Airbus and Ford on attracting female apprenticeships. In 2014, the sector employed 9.9% of disabled people, which is slightly above the UK AM&M sector at 9.4% but lower than the average for all employment in Wales of 12.4%. From the 2014 figures a much lower percentage of ethnic minorities are employed by the sector at 1.9% (as opposed to the average of 3.4%) which potentially may result in a negative impact on those protected groups<sup>3</sup>.

Additional budget of £5.746m for Creative Industries will have a positive impact on protected groups. The sector employs 47,700 people in Wales, with a higher proportion of males (63%) to females (37%), of these, 3.4% people are from an ethnic minority background. The proportion of disabled people (12.6%) employed is higher than the UK average for the sector of 9.3%. Notably almost 31% of people employed by the sector in Wales are over the age of 50<sup>4</sup>. Diverse Cymru has been appointed to deliver a pilot project to improve the diversity of the Film and TV industry in Wales. It will assist the sector's strategic objective to strengthen the Film and TV supply chain in Wales, by encouraging people from under represented groups to join the Wales Screen database, and widening the pool of home-grown talent available for the large productions we have secured to Wales.

By increasing investment in the Financial and Professional Service sector (F&PS) by £ 8.229m there is potentially a positive impact on disabled people, as 11.4% employment for this group is higher than the UK level of 9.72% in this sector. In 2014, F&PS employed 116,400 people split broadly equally between males (52%) and females (48%). The sector creates opportunities for well paid employment as around 53.2% are in a managerial or professional position<sup>5</sup>. To promote youth

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<sup>3</sup> Priority Sector Statistics 2015 - [www.gov.wales/statistics](http://www.gov.wales/statistics)

<sup>4</sup> Priority Sector Statistics 2015 - [www.gov.wales/statistics](http://www.gov.wales/statistics)

<sup>5</sup> Priority Sector Statistics 2015 - [www.gov.wales/statistics](http://www.gov.wales/statistics)



employment the sector has been instrumental in assisting the pioneering Financial Services Graduate Scheme in partnership with the business community.

The Tourism sector supports around 123,700 jobs with a broadly equal number of men (48%) and women (52%) employed<sup>6</sup>. Some of these jobs often need only short periods of induction training (Source: Working Futures 2010 -2020 – UK Commission for Employment and Skills). The sector also employs 34% of individuals aged 16-24 when compared with 13% across all sectors in Wales and 22% of people over 50 years old are employed when compared with 32% across all sectors in Wales.

An equality impact assessment of the Tourism Strategy “Partnership for Growth” has been conducted. The tourism sector employs 5.6% of people with an ethnic minority characteristic, above the average across Wales (3.4%). Tourism also employs a higher percentage of disabled people (13.6%) in Wales compared with the UK Tourism sector of 10.5%. There is a revenue reduction in the Tourism and Marketing budget of £1.684m. The detailed allocation of budgets will take into consideration the impact which changes are likely to have on these protected groups. In support of policy development, where possible, equality data is gathered on respondents to marketing campaigns and associated take-up of Welsh Government support. This helps the Department understand barriers to response and take-up of Welsh Government support amongst protected groups.

Tourism and Marketing plays a crucial role in sustaining Welsh-speaking communities, particularly in rural and coastal areas. The Welsh Language is a core part of the 'Sense of Place' online resource. An overarching principle for Visit Wales is that tourism is managed sustainably to safeguard our natural resources for future generations. Protecting and enhancing the special qualities of our designated landscapes is seen as vital for the tourism sector in Wales to achieve sustainable growth and contribute to an economy fit for the future.

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<sup>6</sup> Priority Sector Statistics 2015 - [www.gov.wales/statistics](http://www.gov.wales/statistics)

## **Entrepreneurship - £6.089m reduction**

The new European funded programmes have been reprofiled and have increased intervention rates. Therefore, there are no differential impacts on protected groups as there is no impact on delivery. The budget maintains activities to tackle poverty, such as mentoring and One Stop Business advice, for individuals to start and develop their business. In 2014-15 some 4,505 jobs were created and 997 jobs safeguarded. All services are fully bilingual and there is an increasing demand for services in the medium of Welsh. In 2015, visits to the Welsh language site [busnes.cymru.gov.uk](http://busnes.cymru.gov.uk) increased by 39% and time spent on the Welsh site increased by 11% compared to the previous year.

The start up service monitors the demographics of its users and analyses the information to target the support in areas of under representation. The business support offer includes action to promote responsible business practices, such as the introduction of flexible working arrangements by businesses, which can support individuals who require more flexible hours or ways of working, particularly those with caring responsibilities, to increase their hours and earn more. In addition, action is taken to develop the childcare market, to support the availability of childcare places for parents who want to work or access education and training opportunities.

Funding has been designated to support social enterprises, recognising the important roles they play in strengthening social cohesion. The organisations have assisted enterprises and child care providers to help support families and lone parents to participate in the labour market and generating local wealth in marginalised communities. Creating local employment opportunities also supports local communities and maintains the population of Welsh speaking groups.

The Youth Entrepreneurship programme provides a range of options to nurture self sufficient young people. It also addresses high levels of youth unemployment and increased levels of poverty and social exclusion in deprived communities. Throughout Wales there is a strong network of 377 entrepreneurs involved as Role Models with the Big Ideas Wales campaign to motivate and inspire our young people. In 2014, they met with over 55,000 young people. The Role Model network has 27% Welsh speakers to support the work shop delivery to schools and colleges.

## **Innovation & Science - £3.130m increase**

Additional funding of £3.130m has been provided to Innovation and Science programmes which will be delivered over the period 2015/16 to 2021/22 to realise long term benefits. The SMART Expertise and SMART Cymru European programmes facilitate collaboration between academia, public and private sectors and support Welsh enterprises to commercialise, grow and create high quality job opportunities.

Additional capital is supporting the Compound Semiconductor Foundation to create a semi conductor cluster in South Wales. The enabling technology ranges from health products, wireless technology to transport applications. Professor Diana Huffaker, a leading expert in the field, was appointed as Chair in Advanced Engineering and Materials through the Sêr Cymru programme. Building capacity has the potential to

contribute to an economy fit for the future by improving, prosperity and health for future generations.

Both Ser Cymru and Ser Cymru II programmes have been equality impact assessed. Gender representation remains a long-standing problem in the scientific workforce where only 17% of STEM professors in the UK are women, despite initiatives to improve diversity. The reasons for this are complex and relate to the perceptions of STEM subjects at school, the structure of academic careers, the prevalence of short-term contracts in the HE workforce and difficulties in reconciling research work which often demands long, anti-social hours and disrupts family life<sup>7</sup>. The Recapturing Research Talent strand of Ser Cymru II supports researchers, often women, who take career breaks for childcare. To address these issues the Welsh universities participate in schemes such as Athena SWAN, Investors in People and Stonewall Diversity Champions to encourage diversity in the research workforce.

The National Science Academy delivers outreach activities and events and competitive grant awards for delivery in 2016/17 and supports projects that encourage disadvantaged children and girls to choose STEM subjects, and is aimed at 10-14 year olds. Welsh medium provision is available for STEM subjects via Coleg Cymraeg Cenedlaethol. In addition, the Welsh Government has published the following statistics on Welsh in higher education institutions:

<http://wales.gov.uk/statistics-and-research/welsh-higher-education-institutions/?lang=en>.

The economic value of public investment in science and research is significant. The leverage of private sector match funding further increases new ideas and knowledge being generated by publicly-funded science. It is integral to the delivery of the sector strategy in attracting inward investment and growing indigenous companies.

## **Connectivity**

Transport has a vital role to play in improving Wales' economic competitiveness providing access to jobs, connecting people to services and building cohesive communities. The National Transport Finance Plan (the Plan) sets out our transport priorities for the next five years and beyond, and details how and when improvements to transport infrastructure and public transport networks will be delivered to help businesses prosper and ensure people can access the opportunities they need to live healthy, sustainable and fulfilling lives.

The Plan is fully impact assessed with details available at:

<http://gov.wales/topics/transport/planning-strategies/ntp/?lang=en>

The schemes in the Plan target five key priority areas: economic growth, tackling poverty, sustainable travel and safety, and improving access to employment and to services. Representatives from equalities groups and individuals with protected characteristics participated in the development and consultation of the Plan. A central focus of the Plan is to improve our public transport networks to ensure access for all

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<sup>7</sup> The House of Commons Science & Technology Committee report on "Women in scientific careers" - 2014

and connect communities to jobs, services and facilities. Transport decisions have been made with the intention of mitigating the negative impacts on protected groups with service continuity and remaining responsive to the needs of local communities. Initiatives to support and improve bus and community transport form a pillar of the Plan. For instance, new national bus quality standards will aim to drive up quality of the bus services and provide better employment links and access improvements to users including disadvantaged groups. Key elements of the Plan will be delivered in partnership with key sectors, particularly Education, Health, Housing and Poverty to ensure that there is a joined up approach.

### **Bus & Rail Support – Budget Protected**

Availability of affordable transport options is an essential precondition for people pursuing routes out of poverty through employment, training or education. It is a key component of wider social inclusion. The Bus Services Support Grant has been maintained at £25m for three years to enable local authorities to subsidise socially-necessary bus and community transport services. Travel surveys confirm that bus services are especially important to young people, older people and those with protected characteristics.

Where there is no commercial operator we have ensured that, strategic services such as the TrawsCymru longer-distance bus network provide access to key employment and education centres across Wales. This connects people in communities that do not have access to private vehicles and fills the gaps that exist in the rail infrastructure network. The Active Travel (Wales) Act 2013 is unique in the UK and for the first time acts to ensure that we place an increasing emphasis on improving the infrastructure for walking and cycling, which offers a no cost and carbon light transport option for everyday journeys. The A465 Scheme, for example, delivered 4.1km of new off-road cycleway including the crossing of the Carno Valley.

The concessionary bus travel scheme offers free travel on local bus services and some trains throughout Wales for older or disabled people, and for seriously-injured service veterans and seriously-injured service personnel. It enables around 750,000 older or disabled people to travel without any worries about cost. Protecting the budget has a positive impact with indirect health and social care benefits from bus travel which promote greater physical activity and more social interaction, both of which delay the onset of dementia and other related illnesses.

Rail services delivered by the Welsh Government play an integral role in ensuring that people and businesses have a transport system that fits their needs and that meets our national objectives. Protecting the budget for 2016-17 will safeguard current rail services, including a number of additional services introduced by the Welsh Government since responsibility for management of the Wales and Borders franchise was transferred to Welsh Ministers in 2006.

Rail services provide important connectivity. Decisions that were taken in 2015 to maintain and in some cases, enhance services in rural areas, recognises the social and economic community benefits supported by rail travel, especially for community cohesion and tourism. Therefore the budget 2016/17 of £184.079m has been maintained for rail services. The rail services' funding primarily relates to the continued funding of the contractually committed Wales and Borders franchise that was awarded in 2003. There are Welsh language requirements within the franchise that include requirements to provide a Welsh language customer phone service, as

well as ensuring that all signage, timetables and other passenger information and publicity are provided in the Welsh and English languages.

In May 2015, service improvements were put in place on both the Cambrian and Heart of Wales lines. In addition, the decision was taken during 2015 to extend the North-South Express Service and concessionary rail fares scheme. The benefits of the Welsh Government's investment in rail is underlined by the continued growth in passenger numbers which exceeded 30 million on the Wales and Borders franchise in 2014-15. The operator of the Wales and Borders franchise, Arriva Trains Wales, also recorded its highest level of passenger satisfaction in the National Rail Passenger Survey (NRPS) in 2015 when it recorded 89% in overall satisfaction in the spring survey.

Protecting rail and bus travel budgets also has a positive impact in terms of people from minority ethnic groups. Four per cent of the Welsh population are non-white ethnicity with higher concentrations in urban areas, particularly Cardiff Local Authority which has 11 per cent non-white population. The National Travel Survey 2011 data shows that minority ethnic adults are more likely to live in a household without access to a car compared to a white British adult. About 60% of the passenger activity on the Wales and Borders Franchise area is focused on the Valleys Lines and Cardiff area.

The ethnic background of bus users as compiled from the 2010 Welsh Bus Passenger Survey is that 93% reported that they were white, 5% were from another ethnic background, and 2% declined to answer. In comparison, around 4% of people in Wales are from a minority ethnic group.

These schemes reduce the burden of travel costs for many households in need, including those with children. Evidence for the UK<sup>8</sup> suggests that transport barriers are more heavily concentrated amongst those in low skill, low wage occupations and disproportionately affect young people who are more reliant on public transport to access job and training opportunities. Since 1 September 2015, the Welsh Government's MyTravelPass scheme has been providing one-third fare discounts to all 16, 17 and 18 year olds resident in Wales for all of their local bus and TrawsCymru journeys, funded by £5m of Welsh Government funding in 2015-16 and £9.75m in 2016-17. Almost 3,500 young people have signed up for the scheme. This supports Article 27 of UNCRC to assist children and families.

### **Long term investment**

Strategic long-term infrastructure investments have the potential to deliver a step change for Wales. Our investment in our road and rail networks acknowledges the important role transport plays in supporting growth and jobs, as well as in enabling people from protected groups to access services. This approach to investment decisions will develop long term economic capacity. It will also maximise the employment and training opportunities made available through social clauses in Welsh Government contracts, to ensure that people in local communities are able to directly benefit from our significant capital investments. Through business initiatives a range of companies and projects have been supported which contribute to the transition to an economy for the future and achieve green growth. A particular emphasis is placed on trying to provide opportunities for those in workless households. An example is the A465 Section 2 scheme, where the Contractor has

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<sup>8</sup> Poverty and Ethnicity – Joseph Rowntree Foundation September 2013

engaged ambassadors to promote construction opportunities in local schools. To date, they have interacted with over 2000 students in the Blaenau Gwent and West Monmouth areas. Therefore our capital investment continues to support wider community benefits.

### **Continuous Improvement**

The Department is committed to improving the quality of the impact assessment approach for next year. Specific actions identified are:

1. Departmental champions will work with business areas to help raise awareness and improve the quality of information and support for the cross-cutting themes.
2. There are major future opportunities to enhance provision for the Welsh Language in the rail franchise so this will be embedded within the specification.
3. Continue to engage with individuals with protected characteristics and extend research to better understand the impacts.

**ECONOMY, SCIENCE & TRANSPORT**  
**Budget Allocations 2016/17**

Departmental Structure			REVENUE		2015/16	2016/17	
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000	
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029	Single Investment Fund	<b>1,203</b>	<b>1,560</b>	
			3765	ICT	6,886	6,446	
			3764	Life Sciences	2,319	2,896	
			3763	Financial & Professional Services	190	145	
			3762	Creative Industries	1,154	851	
			3761	Advanced Materials & Manufacture	3,779	4,018	
			3760	Energy & Environment	1,567	1,400	
			6250	Tourism & Marketing	11,946	10,262	
			3752	Construction	451	514	
			3753	Pipeline Development	3,688	1,700	
			3754	Trade and Inward Investment	2,116	1,892	
			3755	Enterprise Zones	3,505	927	
			4051	Regional Engagement	91	263	
						<b>37,692</b>	<b>31,314</b>
				Entrepreneurship	3893	Entrepreneurship & Business Wales	10,320
						<b>10,320</b>	<b>4,231</b>
	Total SPA			<b>49,215</b>	<b>37,105</b>		

	Innovation & Science	Innovation	3744 Innovation Centres & R&D Facilities	2,185	2,553
			3746 Academia & Business Collaboration	841	1,646
			3742 Business Innovation	1,351	1,520
				<b>4,377</b>	<b>5,719</b>
	Science	3745 Science	<b>5,569</b>	<b>4,795</b>	
	Total SPA		<b>9,946</b>	<b>10,514</b>	
<b>Total Group</b>			<b>59,161</b>	<b>47,619</b>	



Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029	Single Investment Fund	<b>10,325</b>	<b>4,450</b>
			3765	ICT	1,053	1,865
			3764	Life Sciences	855	6,855
			3763	Financial & Professional Services	1,065	9,339
			3762	Creative Industries	1,049	7,098
			3761	Advanced Materials & Manufacture	7,900	15,495
			3760	Energy & Environment	2,584	3,571
			3752	Construction	755	1,897
			3753	Pipeline Developments	9,287	19,835
			3755	Enterprise Zones	9,000	3,122
			3758	Business Wales Funds	0	18,000
			4051	Regional Engagement	260	0
			6250	Tourism & Marketing	2,000	2,000
						<b>35,808</b>
		Total SPA			<b>46,133</b>	<b>93,527</b>
	Science & Innovation	Innovation	3746	Academia & Business Collaboration	500	3,062
		Science	3745	Science	<b>500</b>	<b>3,062</b>
		Total SPA			<b>2,479</b>	<b>2,479</b>
	<b>Total Group</b>				<b>49,112</b>	<b>99,068</b>

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Infrastructure	Infrastructure	ICT Infrastructure	3822	Public Sector Broadband Aggregation	5,444	4,740
			3860	ICT Infrastructure Operations	2,842	2,051
					<b>8,286</b>	<b>6,791</b>
		3860	ICT Infrastructure Non-Cash	<b>1,309</b>	<b>1,309</b>	
		Property Infrastructure	4052	Land & Buildings - Expenditure	<b>10,076</b>	<b>4,026</b>
	<b>Total Group</b>				<b>19,671</b>	<b>12,126</b>

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Infrastructure	Infrastructure	ICT Infrastructure	3860	ICT Infrastructure Operations	16,304	16,304
					<b>16,304</b>	<b>16,304</b>
			Property Infrastructure	4052	Land & Buildings - Expenditure	2,152
	<b>Total Group</b>				<b>2,152</b>	<b>(15,815)</b>
					<b>18,456</b>	<b>489</b>

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
	Major Events	Major Events	4231	Marketing & Major Events	3,918	3,918
		Total SPA			<b>3,918</b>	<b>3,918</b>

Departmental Structure			REVENUE		2015/16	2016/17	
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000	
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899	Health Challenge Wales	949	800	
			4028	National Loans Fund	1,666	1,655	
			4023	Corporate Programmes & Services	418	1,111	
					<b>3,033</b>	<b>3,566</b>	
	Marketing Finance Wales	Strategy Programmes		3891	Economic Analysis	158	158
				3897	Strategic Engagement	293	293
				4230	Communications Marketing	100	100
						<b>551</b>	<b>551</b>
	Finance Wales		4024	Finance Wales	2,400	2,160	
	Total SPA				<b>5,984</b>	<b>6,277</b>	

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
DGOT & Strategy			4028	National Loans Fund	79	90
					<b>79</b>	<b>90</b>
	Total SPA				<b>79</b>	<b>90</b>

Departmental Structure			REVENUE		2015/16	2016/17	
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000	
Transport	Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	53,264	47,264	
			1884	Network Asset Management & Support	4,525	4,525	
					<b>57,789</b>	<b>51,789</b>	
		Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash	1886	Network Asset Management & Support	108,691	108,691	
					<b>108,691</b>	<b>108,691</b>	
	Rail & Air Services	Rail & Air Services		1890	Rail Franchise	184,079	184,079
				1883	Air Services	1,600	1,600
					<b>185,679</b>	<b>185,679</b>	
	Sustainable Travel	Sustainable Travel		2030	Sustainable Travel & Walking & Cycling	500	500
				1880	Bus Support & Local Transport	28,448	28,448
			2000	Concessionary Fares	21,261	22,359	
			1881	Smartcards	2,000	2,000	
					<b>52,209</b>	<b>53,307</b>	
	Youth Concessionary Fares	2001	Youth Concessionary Fares	5,000	9,750		
				<b>57,209</b>	<b>63,057</b>		
Improve Road Safety	Improve Road Safety	1892	Road Safety	4,764	4,764		
				<b>4,764</b>	<b>4,764</b>		
<b>Total Group</b>				<b>414,132</b>	<b>413,980</b>		

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Transport	Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	50,550 <b>50,550</b>	70,600 <b>70,600</b>
	Road & Rail Investment	Road and Rail Schemes	1889	New Road Construction & Improvement Studies	1,900	1,900
			1888	New Road Construction & Improvement	48,785	76,219
			1891	Rail Investment	5,100	5,100
					<b>55,785</b>	<b>83,219</b>
	Sustainable Travel	Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	6,650	6,650
			2000	Concessionary Fares	39,297	39,297
			1881	Smartcards	600	600
			1882	Regional Transport Plans	20,900	20,900
					<b>67,447</b>	<b>67,447</b>
	Improve & Maintain Local Roads Infrastructure	General Capital Roads Funding - Roads	2040	General Capital Fund - Road	13,667	13,667
					<b>13,667</b>	<b>13,667</b>
	Improve Road Safety	Improve Road Safety	1892	Road Safety	6,900	6,900
					<b>6,900</b>	<b>6,900</b>
	<b>Total Group</b>				<b>194,349</b>	<b>241,833</b>

## ECONOMY, SCIENCE & TRANSPORT

### Programme for Government Mapping of Expenditure

Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
Legacy SIF	6,010	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Sectors	120,391	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Reducing the level of crime and fear of crime	Safer Communities for All	A Wales of cohesive communities
		A thriving rural economy	Rural communities	A prosperous Wales A Wales of cohesive communities
		Creating a sustainable, low carbon economy	Growth and Sustainable Jobs	A resilient Wales A globally responsible Wales
		Widening access to our culture, heritage and sport, and encouraging greater participation	Culture and Heritage of Wales	A Wales of vibrant culture
Entrepreneurship & Business Information	4,231	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales A more equal Wales
Innovation	8,781	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Science	7,274	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Improving Further and Higher Education	Education	A more equal Wales
Major Events	3,918	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Widening access to our culture, heritage and sport, and encouraging greater participation	The Culture and Heritage of Wales	A Wales of vibrant culture
Deliver Property Related Infrastructure	(11,789)	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Deliver ICT Infrastructure	23,095	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	A prosperous Wales A more equal Wales A Wales of
Deliver ICT Infrastructure-	1,309	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales

Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
Non Cash		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	A prosperous Wales A more equal Wales
Finance Wales	2,160	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Strategy Programmes	551	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Tackling worklessness and raising household income	Tackling Poverty	A more equal Wales
		Living within environmental limits and acting on climate change	Environment and Sustainability	A resilient Wales A globally responsible Wales
Corporate Programmes	3,656	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Preventing poor health and reducing health inequalities	21st Century Healthcare	A healthier Wales
Motorway & Trunk Road Operations	122,389	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
Improve and Maintain Trunk Road Network Non Cash	108,691	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
Rail & Air Services	185,679	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Reducing the level of crime and fear of crime	Safer Communities for All	A Wales of cohesive communities
Sustainable Travel	120,754	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
		Tackling worklessness and raising household income	Tackling Poverty	A prosperous Wales A more equal Wales A Wales of cohesive communities
		Improving public services for rural communities	Rural Communities	A prosperous Wales A more equal Wales A Wales of cohesive communities
		Ensuring people receive the help they need to live fulfilled lives	Supporting People	A more equal Wales A healthier Wales
Youth Concessionary Fares	9,750	Tackling worklessness and raising household income	Tackling Poverty	A prosperous Wales A more equal Wales A Wales of cohesive communities



Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
		Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Improve Road Safety	11,664	Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
Road & Rail Investment	83,219	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
General Capital Funding - Roads	13,667	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
<b>TOTAL</b>	<b>825,400</b>			

