

**Memorandum on the Economy and Infrastructure
Draft Budget Proposals for 2017-18**

Economy, Infrastructure and Skills Committee – 3 November 2016

1.0 Introduction

This paper provides information on the Economy & Infrastructure (E&I) budget proposals as outlined in the 2017-18 Draft Budget published on 18 October 2016. It does not cover the budget detail relating to Culture which the Cabinet Secretary for Economy and Infrastructure will address at the Culture, Welsh Language and Communications Committee on 2 November 2016. It also excludes the areas of Skills, ICT Infrastructure, Science, Innovation and Life Sciences which are covered in a separate paper being presented by the Minister for Skills and Science.

The Welsh Government has published Taking Wales Forward 2016-21 which sets out its priorities for the next five years to deliver more and better jobs through a stronger, fairer economy, improve and reform public services, and build a united, connected and sustainable Wales. The portfolio will contribute to the delivery of Economy and Infrastructure key priorities under the four strategies outlined in Taking Wales Forward, making the best use of the available resources.

The Well-being of Future Generations (Wales) Act 2015 has also provided the framework for developing our plan and we have adopted a long-term perspective and taken an integrated approach in our decision-making to support the seven goals contained in the Act.

2.0 Summary of Budget Changes

In the Draft Budget revenue spending plans are published for 2017-18 only. This allows the Welsh Government to assess the impact of the UK Autumn Statement. The four year capital plans consist of a firm budget for 2017-18 and indicative allocations for the subsequent three years. This long term approach to capital investment provides greater transparency and certainty to our key stakeholders and delivery partners across transport and the economy.

In overall terms, the 2017-18 resource allocations to support E&I (excluding Annually Managed Expenditure (AME)) have increased by £86.25m. This movement is made up of a revenue increase of £6.25m and an increase to non cash of £80m as shown in Table 1:

TABLE 1: Overview of Revenue Budget			
	2017-18 Revised Baseline £'000	2017-18 Changes £'000	2017-18 Draft Budget £'000
Revenue			
Economy	47,762	1,398	49,160
Transport	295,168	4,852	300,020
Sub Total	342,930	6,250	349,180
Non Cash			
Transport	108,691	80,000	188,691
TOTAL	451,621	86,250	537,871
AME			
AME	36,834	75,231	112,065

Over the period 2017-18 to 2020-21, the total capital budget is £1.461bn which consists of £1.354bn traditional capital funding and £107m repayable Financial Transactions Reserves Funding (FTR)¹. The summary budgets are shown in Table 2 below:

TABLE 2: Overview of the Capital Budget						
	2016-17 First Supp Budget £'000	Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital						
Economy	45,947	66,002	47,839	46,788	28,606	189,235
Transport	278,666	336,486	226,877	254,867	346,428	1,164,658
Sub Total	324,613	402,488	274,716	301,655	375,034	1,353,893
Financial Transactions Reserves						
Economy	25,000	43,605	15,720	31,500	8,000	98,825
Transport	0	5,000	2,200	1,200	0	8,400
Sub Total	25,000	48,605	17,920	32,700	8,000	107,225
Total Capital						
Economy	70,947	109,607	63,559	78,288	36,606	288,060
Transport	278,666	341,486	229,077	256,067	346,428	1,173,058
TOTAL	349,613	451,093	292,636	334,355	383,034	1,461,118

These expenditure plans are aligned to the Wales Infrastructure Investment Plan and enable us to start to deliver the key priorities set out in Taking Wales Forward 2016-21.

As some flagship projects are still in the early stages of formulating delivery plans, some funding has been earmarked in central reserves to support their

¹ Financial Transactions Reserve is available for policy lending, primarily for loan and equity investment, and is repayable to Treasury

delivery. The funding for E& I activities held in Welsh Government central reserves is shown in Table 3 below:

TABLE 3: Capital Funding held in Central Reserves					
Activity	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
M4	24,000	256,023	325,609	331,991	937,623
South Wales Metro	5,088	27,440	41,400	35,500	109,428
Total	29,088	283,463	367,009	367,491	1,047,051

2.1 Revenue

In shaping our spending plans for 2017-18 we have looked to minimise the impact of reductions on public transport services and growth and jobs in the short term. Over the longer term we will need to share resources across public services and collaborate with our partners to achieve long term efficiencies. We are involving people in the future decision making to inform our priorities.

Additional allocations of £8m have been secured to support the budget agreement with Plaid Cymru. The additional funding will support Visit Wales £5m, a Ports Infrastructure Fund £2m, feasibility study into a national cycleway £0.2m, feasibility study to re-open the Carmarthen to Aberystwyth railway line £0.3m and safer routes to schools £0.5m.

Savings of £1.75m have been achieved through identifying efficiencies, re-profiling delivery plans and re-assessing programme expenditure requirements. This has resulted in a net increase in revenue of £6.250m.

The budget has also been realigned to consolidate aviation activity for Cardiff Airport and St Athan Enterprise Zone by transferring £2.948m from the Advanced Materials and Manufacturing Sector (Economy budget) to Air Services (Transport budget).

The movements in budget allocations at an Action level from the 2016-17 First Supplementary budget to the 2017-18 Draft Budget allocations are detailed in **Annex A**.

2.2 Non Cash

The additional allocation £80m from non cash reserves supports budgetary requirements for the motorway and trunk road network.

2.3 Capital

Affordability of capital programmes over the four year budget period will continue to be challenging. 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 enhance our financial resource will be important, as will prioritisation and a flexible approach to our investment planning in delivering optimal results.

The Welsh Government has made full use of the capital borrowing powers provided by the Wales Act 2014 to boost our available capital funding, in particular to support the financing of the new M4 subject to the outcome of the public inquiry.

The establishment of a new National Infrastructure Commission for Wales will be important in assessing the priorities for capital investment.

The total Economy budget is approximately £288m and will support a wide range of priorities. We will continue to provide access to finance for SMEs through our business development funds including those within Finance Wales. The creation of the new Development Bank for Wales will strengthen this policy initiative and is supported by £46m of financial transaction funding over the next four years. The budget also provides for Repayable Business Finance and business confidence measures such as the Growth and Prosperity Fund.

In creating the right conditions for sustainable growth and employment opportunities, capital funding of £52m over the four years is available to develop strategic sites which are integral to our offer to business in encouraging investment in Wales.

Transport connectivity at a national, regional and local level is vital to social cohesion and access to employment opportunities. Over the next four years £1.173bn is allocated for the prioritisation of schemes set out in the National Transport Finance Plan 2015. In addition, £938m is held within Welsh Government central reserves to develop the M4 relief road, pending the outcome of the public inquiry. Recognising the development of integrated transport systems is also a key driver for economic growth, total funding of £369m (including £109m in Welsh Government central reserves) is available for the South Wales Metro and funding is available to develop the North Wales Metro. The Transport spending plans also include almost £300m for roads maintenance and improvement.

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

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

3.0 STRATEGIC INTEGRATED IMPACT ASSESSMENT

The key considerations in making our budget decisions and how equality, sustainability and Welsh language impacts have influenced allocations are outlined at **Annex C**. It also outlines the long term commitment to reduce the impact of deprivation and poverty.

4.0 ECONOMY - FUNDING OF SPENDING PROGRAMME AREAS

Compared to the 2017-18 revised baseline budget, there is a net increase in the revenue allocation of £1.398m within the overall programme area. The total capital allocation over the period 2017-18 to 2020-21 is £288.06m.

Economy	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	47,762	1,398	49,160

Economy	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	45,947	66,002	47,839	46,788	28,606	189,235
FTR	25,000	43,605	15,720	31,500	8,000	98,825
Total	70,947	109,607	63,559	78,288	36,606	288,060

Our budget allocations will drive investment in the economy as we start to deliver the key priorities in Taking Wales Forward. Although future revenue financial settlements are not yet determined, resources are focused on activities to deliver the best opportunities for all individuals in the immediate term.

4.1 Sectors & Business

Sectors & Business SPA ¹	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue ¹	33,541	1,952	35,493

¹ Excludes Science, Innovation and Life Sciences

Sectors & Business ¹	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	61,672	59,857	44,314	44,073	25,061	173,305
FTR	25,000	25,750	8,500	25,400	3,000	62,650
Total	86,672	85,607	52,814	69,473	28,061	235,955

¹ Excludes Science, Innovation and Life Sciences

The Sectors and Business budgets are key to delivering growth and sustainable jobs, and also contribute towards the tackling poverty, education and equality of opportunity agendas. The budget supports delivery in industry-led Priority Sectors, Entrepreneurship, Trade and Inward Investment and Enterprise Zones.

4.1.1 Sectors

Sectors Action ¹	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	29,310	1,952	31,262

¹ Excludes Life Sciences

Sectors	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	61,672	59,857	44,314	44,073	25,061	173,305
FTR	25,000	25,750	8,500	25,400	3,000	62,650
Total	86,672	85,607	52,814	69,473	28,061	235,955

The detailed breakdown of the activities by Budget Expenditure Line is shown at **Annex B**.

The increase in the Sectors revenue budget of £1.952m, as detailed in **Annex A**, relates to an additional allocation as part of the budget agreement of £5m for Visit Wales activities to promote Wales as a first class place to visit, live and study, which is offset by a budget transfer of £2.948m to the Rail & Air Services Action for aviation activities and a £0.1m saving that is anticipated following a review of programmes.

The Sectors capital budget of £235.955m supports strategic projects in delivery, the Growth and Prosperity Fund and the Development Bank for Wales investment funds.

4.1.2 Entrepreneurship

Entrepreneurship & Business Information Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	4,231	0	4,231

The Entrepreneurship and Business Information budget of £4.231m 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 economy. The budget also levers in a total of £39m of EU funding through the £65m Business Wales 2014-

2020 programme. EU funding is managed in line with core budget requirements over the programme.

4.2 Major Events

Major Events Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	3,918	0	3,918

The £3.918m budget for Major Events will support work to attract more major international events to Wales, as well as developing a strong portfolio of 'home grown' 'signature' events.

4.3 Property Related Infrastructure

Deliver Property Related Infrastructure Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	4,026	0	4,026

Deliver Property Related Infrastructure	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	(15,815)	6,041	3,405	2,577	3,386	15,409
FTR	0	17,855	7,220	6,100	5,000	36,175
Total	(15,815)	23,896	10,625	8,677	8,386	51,584

The revenue budget of £4.026m covers the management and development of the property portfolio, land reclamation activity and property offers to business. In 2016-17, there were significant planned capital receipts from the sale of strategic sites resulting in a net additional income of £15.815m to support budget priorities. The capital budget of £51.584m will provide for the development of strategic sites to support sector and spatial priorities across Wales.

4.4 Strategy & Corporate Programmes

Strategy & Corporate Programmes SPA	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	6,277	(554)	5,723

	2016-17	2017-18 Draft Budget Allocations
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Corporate Programmes Action	First Supp Budget £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	90	104	120	138	159	521

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

4.4.1 Corporate Programmes

Corporate Programmes Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	4,117	(134)	3,983

Corporate Programmes Action	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	90	104	120	138	159	521

The revenue budget supports Health Challenge Wales, National Loans Fund repayments, economic analysis and strategic engagement. The decrease of £0.134m is in relation to a reduced interest requirement on the National Loan Fund debt and a reduction in requirement for corporate reviews.

The capital budget relates to repayments to the National Loan Fund in line with previously agreed repayment schedules.

4.4.2 Finance Wales

Finance Wales Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	2,160	(420)	1,740

This budget provides an operating grant to Finance Wales who support the administration of investment funds for businesses. The grant has been reduced by £0.420m following operational efficiencies.

5.0 ECONOMY & INFRASTRUCTURE – KEY POLICIES

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

5.1 Priorities for Economic Development

The new Programme for Government – Taking Wales Forward 2016-21 sets out the Welsh Government’s priorities for the next five years and can be accessed at: <http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>.

Our ambition is to build a stronger and more secure economy, and initial views on the priorities for the economy are being sought from people, businesses and organisations across Wales to feed in their views on their priorities for future growth. <http://gov.wales/topics/businessandconomy/welsh-economy/priorities-for-the-economy/?lang=en>

5.2 Growth and Prosperity Fund

The Growth and Prosperity Fund of £5m was launched on 18 September 2016 with provision to support SMEs in the 2017-18 financial year.

<http://gov.wales/newsroom/businessandconomy/2016/160919-new-growth-prosperity-fund-launches-this-week-to-support-jobs-and-business-growth/?lang=en>.

Support will be in the form of discretionary non repayable grants which will not be restricted to the priority sectors but will specifically encourage applications from across the economy.

Funding will be offered from £50,000 up to a maximum of £500,000 (subject to value for money and state aid limits) and will provide an opportunity to lever in much needed private investment into Wales.

5.3 The Development Bank for Wales

The Development Bank for Wales (DBfW) will be a core component part of the Welsh Government’s economic policy and delivery, and is included in the Programme for Government – Taking Wales Forward. It is supported with £46m FTR over the four years.

The DBfW will build on the experience and expertise of Finance Wales which continues to break previous investment records having invested over £45m during 2015/16 in Welsh businesses. This saw almost £65m additional investment being leveraged resulting in over £110m growth capital being injected into the Welsh economy.

Their strategic objective of the DBfW will be to improve SME’s ability to access finance and support creation and safeguarding jobs. It will, at the same time, improve the integration of the provision of investment related advice and support to businesses by working more closely with Business Wales.

5.4 City Regions

The development of city regions in the Swansea Bay and Cardiff Capital City Region supports regional alignment and collaboration to deliver shared aspirations for jobs and growth.

In both City Regions, the Welsh Government has committed to supporting proposals for bespoke City Deals. In the Cardiff Capital Region, a £1.2bn City Deal having been signed by the Local Authorities in the Region, the Welsh Government and UK Government. The South Wales Metro is integral to the Cardiff Capital City Region. In Swansea Bay, a City Deal proposal is being prepared for submission to the UK Government and partners in November. This will be based upon their strategic vision document 'An Internet Coast' published in February, which seeks to position the region as a major test bed that innovates, trials and globally commercialises internet based solutions across a range of sectors.

5.5 North Wales and cross-border economic development

The Welsh Government has long recognised that North East Wales benefits from a cross-border economic area that extends into the North West of England and down into the Midlands. This offers significant opportunities to Welsh businesses and workers, hence our longstanding support for bodies such as the Mersey Dee Alliance.

The Chancellor announced in his last budget he was open to receiving a Growth Deal bid for North Wales. The Welsh Government has been supportive of the broad range of stakeholders across the region have developed and submitted an initial proposition to HM Treasury. This will be the subject of further discussion over the coming months.

We hosted a summit of key stakeholders from North Wales and North West England in July. The aim was to gather views on the emerging priorities for North Wales and to seek agreement on how to define a coherent vision for the region as part of the cross-border Northern Powerhouse. Further discussions will take place into the Autumn.

5.6 Enterprise Zones

The Enterprise Zones programme aims to provide the infrastructure to create excellent locations for business investment and offer specific incentives to attract new businesses to these prime locations in Wales. The revenue allocation of £0.927m (BEL 3755) supports the feasibility studies and business cases. Enterprise Zones research has shown that area based initiatives can have positive impacts on employment and regional GDP².

Strategic projects are embedded in the sector business development activity and therefore there is no designated capital allocation.

Enterprise Zones objectives are to:

- Grow the local economy and provision of new jobs
- Act as a catalyst for growth elsewhere in Wales
- Improve the attractiveness of the Enterprise Zone for investors
- Strengthen the competitiveness of the Welsh economy.

² <http://www.whatworksgrowth.org/policy-reviews/area-based-initiatives/>

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

<http://gov.wales/topics/businessandconomy/growing-the-economy/enterprisezones/?lang=en>

5.7 Local Growth Zones

In 2017-18, the regional development and delivery budget of £0.263m (BEL 4051) supports a number of regional priorities including the local growth zone strategy and other regional and cross border initiatives, including the Mersey Dee Alliance and North Wales Economic Ambition Board.

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 including public transport improvements such as additional train services on the Cambrian Main Line.

Information in relation to Local Growth Zones is available on the Welsh Government's web site: <http://gov.wales/topics/businessandconomy/growing-the-economy/local-growth-zones/?lang=en>

5.8 Business Improvement Districts (BID)

Business Improvement Districts are now part of the Communities & Children Portfolio.

5.9 Export & Inward Investment Support

In 2017-18, £1.892m (BEL 3754) has been allocated to support trade and inward investment which will lever in an estimated £1.299m in European funding via the Business Wales ERDF Projects. Stimulating exports to new and existing markets is key priority over the next five years. We are assisting companies to grow their business through exporting and have a comprehensive range of services to support them to achieve that ambition. We can help them to become export and market ready and then connect them with opportunities and customers in their chosen markets by supporting companies to travel to overseas markets, exhibit at trade fairs, or meet with potential customers.

Inward investment activity is delivered through events, sponsorships, seminars and research subscriptions. It also includes support for inward visits. The outcomes are monitored closely in terms of delivering value for money. Each spend is justified against a detailed business case.

Last year, we provided support to 385 companies through 620 individual interventions. Up to the end of September this year we have supported £26.9m worth of trade deals against a target of £60m.

For trade performance an evaluation of value for money is measured by the value of new export business secured by the companies supported. In 2015-

16, new orders worth £69m in new business were reported. This was a return on investment of over 41:1 on net programme expenditure. We provided support to 385 companies through 620 individual interventions.

UKTI's annual report for 2015-16 reported that 97 inward investments projects were secured in Wales; this was slightly below the record levels reported in the previous year but still the second highest number of projects ever secured. This equated to 4.4% of the overall number of inward investment projects secured by the UK for 2015-16. Almost 5,500 jobs were created in Wales last year as a result of overseas investment (just over 7% of the UK total number of new jobs).

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

5.10 Support for the steel industry

A package of potential support remains for bidders that come forward through the sales process for Tata Steel in Wales and this includes proposals from Tata or a potential joint venture. Details of a potential package are commercial in confidence.

An update on the Tata Steel Task Force meeting held in August can be found here: <http://gov.wales/about/cabinet/cabinetstatements/2016-new/tatatastaskforce/?lang=en>

Wider support for the steel industry is delivered through existing Sectors & Business support mechanisms, including Business Wales.

5.11 Support for Social Enterprise

The Welsh Government provides funding for the Wales Co-operative Centre and Social Firms Wales. Both organisations support delivery of Welsh Government strategic objectives in relation to developing the social enterprise market and providing bespoke specialist business support to social enterprises that fall outside of eligibility for EU funded business support services. Funding for 2017-18 has been confirmed following independent value for money reviews.

An allocation of £30,000 has been provided for Social Firms Wales in the 2017-18 budget to enable the organisation to work with Welsh Government to develop policy specific to establishing social firms to grow the sector in Wales.

The Wales Co-operative Centre will receive core funding of £100,000 in 2017-18 to support the Welsh Government in developing policy to grow the co-operative and social enterprise sector in Wales. It will continue to take forward the recommendations of the Welsh Co-operative and Mutuals Commission and will provide specialist business support to social enterprises that fall outside of eligibility for EU funded business support services.

Welsh Government funding of £1.5m over three financial years 2016-2018 from Social Enterprise (BEL 3894) also supports the £11m ERDF supported Social Business Wales Project (SBW) which operates alongside the mainstream Welsh Government and EU funded Business Wales service. The SBW project provides specialist business support to social businesses 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 also aids Charities to establish trading arms to take forward commercial ideas.

5.12 Partnership for Growth 2013-2020 - Tourism Strategy

The Tourism and Marketing revenue budget of £15.762m (BEL 6250) supports promotional activity and capital investment. The sector budgets have been reprioritised to provide an additional marketing budget of £0.5m to promote Wales and supports inward investment activity. An additional £5m for Visit Wales in 2017-18 is also included in the budget agreement to continue to promote Wales.

Partnership for Growth, the Welsh Government Tourism Strategy for 2013-2020, was launched in June 2013. Tourism in Wales is performing strongly. Expenditure by staying visitors in Wales in 2015 reached record levels at £2.385 billion, compared to £1.934 billion in 2012, and is on course to meet the target of a 10% increase in real terms 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 2015 indicate that there has been encouraging growth in international visitors coming to Wales over the last four years; again on target to achieve the strategy aims. Trips to Wales by international visitors have increased by 14% since 2012 and spend on these trips by 18%. This reverses the pattern of falling trips by international visitors to Wales prior to 2012.

The growth target is challenging but there is confidence we can secure continued growth in the domestic market and maximise our share of the predicted increase in international visitors to help grow the spread of visits during all parts of the year and across Wales.

Over the period 2017-18 to 2020-21, £13m (BEL 6250) capital investment will support the Tourism Investment Support Scheme and strategic projects in Taking Wales Forward.

A Strategy Progress Review of Partnership for Growth is in progress and will be published on the Welsh Government's website.

5.13 Priority Sectors

The investment in our priority sectors has been prioritised and aligned to enable targeted investment and capacity building initiatives that, together, will create a sustainable business environment. This is linked to our stated objectives of supporting growth in jobs and in the Welsh economy in general.

In 2015-16, we supported over 40,000 jobs across Wales. This was a continued improvement on the 38,000 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 be compliant with any WEFO regulations when European funding is utilised and to provide local indicators for individual business areas.

The Welsh Government has published statistics at the sector 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 priority sector revenue and capital budgets are detailed in the Budget Expenditure Line tables attached at **Annex B**.

Business Wales continues to see high level of enquiries (18,000) driven by the refreshed service including Accelerated Growth and the new business online support service (BOSS). Since May 2016 BOSS has delivered over 8,000 new registered users.

In the year to date, 3,638 individuals and businesses have been supported with business advice and as a result Business Wales is on course to achieve its target of new jobs for the year.

The Business Wales Accelerated Growth Programme is on course to provide increased investment support for businesses of circa £10m and an increase in exports of circa £5m. This is integrated element of the wider package of support on offer to SMEs and entrepreneurs with the potential to lever in additional funding.

5.14 Preventative Spending

The focus of our budget is on creating the right environment for economic growth and supporting the creation and retention of jobs. Evidence suggests that employment can strongly protect people from poverty. Persistent poverty is damaging to individuals and communities and can lead to material and psychological harm, as well as wider social consequences. Addressing and responding to the issues caused by poverty is expensive. By supporting jobs, and taking action to try to alleviate some of the challenges faced by people when accessing jobs, we aim to reduce the likelihood of families experiencing poverty, particularly deep and persistent poverty, and avoid the long term costs that poverty bring to society.

The approach of prevention in acting to prevent problems from occurring or worsening has continued to underpin our decision making. 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.

6.0 TRANSPORT FUNDING OF SPENDING PROGRAMME AREAS

Compared to the 2017-18 revised baseline budget, there is an increase in the revenue allocation of £84.852m (of which £80m is non-cash).

The capital allocation for the period 2017-18 to 2020-21 is £1.173bn to support the National Transport Finance Plan. When this figure is considered alongside funding identified for the M4 and South Wales Metro held in central reserves, this reflects a significant level of capital funding for Transport Infrastructure over the coming capital budget period. However the schemes that are taken forward will continue to reflect difficult decisions required to adjust to a capital budget that will be one third lower in real terms by the end of the decade than it was in 2010-11. The additional allocation £80m from non cash reserves supports budgetary requirements for the motorway and trunk road network.

Transport	2017-18 Revised Baseline £'000	2017-18 Change £'000	2017-18 Draft Budget £'000
Revenue	295,168	4,852	300,020
Non Cash	108,691	80,000	188,691
Total	403,859	84,852	488,711

Transport	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	278,666	336,486	226,877	254,867	346,428	1,164,658
FTR	0	5,000	2,200	1,200	0	8,400
Total	278,666	341,486	229,077	256,067	346,428	1,173,058

6.1 Motorway & Trunk Road Network Operations

Motorway & Trunk Road Network Operations Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	51,789	0	51,789
Non-Cash	108,691	80,000	188,691
TOTAL	160,480	80,000	240,480

Motorway & Trunk Road Network Operations Action	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional	80,600	79,493	69,166	69,500	79,613	297,772

Capital						
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The Welsh Government is directly responsible for the Motorway and Trunk Road Network, one of Wales' most important infrastructure assets. The asset supports the delivery of many of the 'Taking Wales Forward' priorities 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 £15bn. 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.

Over the four year period, maintenance budgets will be continually monitored to ensure that we are responsive to reactive works and prioritise capital investment where it is most needed.

The investment plans support a spend to save strategy which will provide better value for money in the long term and alleviate revenue pressures in future years.

6.2 Rail & Air Services

Rail & Air Services Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	185,679	2,152	187,831

The budget supports the Wales and Borders Rail Franchise and Intra Wales Air Service. The increase in revenue budget of £2.152m is detailed in **Annex A**. It comprises:

- an increase of £2.948m for aviation activities at Cardiff Airport and St Athan Airfield (transferred from Sectors and Business);
- a reduction of circa £1.096m to Rail Services (see further detail below); and
- an additional allocation of £0.3m for a feasibility study into the re-opening of the Carmarthen to Aberystwyth railway line, following the budget agreement.

The rail franchise forms the main expenditure element of this Action. The franchise agreement is, and has been, subject to annual increased costs due to additional services and contractual Retail Price Index and Average Wage Earnings inflationary increases. However, it is envisaged that for 2017-18 this reduction will be manageable through the performance elements of the contract and due to forecast cost increases being mitigated through recent lower levels of RPI inflation than previously anticipated. This will be subject to continual monitoring.

6.3 Road, Rail and Aviation Investment

Road, Rail & Aviation Schemes Action	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	123,719	180,746	110,011	137,667	224,115	652,539
FTR	0	5,000	2,200	1,200	0	8,400
Total	123,719	185,746	112,211	138,867	224,115	660,939

The budget funds road, rail and aviation capital improvements. There is an additional capital allocation in 2017-18 to complete the delivery of infrastructure priorities under construction such as improvements to the A465 Section 2, Newtown Bypass, Brynglas Tunnels safety improvements and Eastern Bay Link. Investment for 2018-19 and beyond will reflect priorities identified from the National Transport Finance Plan in the context of the available budget. Funding for the M4 relief road and an element of funding for the South Wales Metro over this period are currently held in reserves ready for allocation when delivery programmes are confirmed and pending the outcome of the public inquiry for the M4.

For rail, the budget will fund delivery of South Wales Metro Phase 2, development of North Wales Metro, completion of the Ebbw Vale frequency enhancement scheme and the North-South journey time reduction scheme as well as station improvements and the development and potential match funding towards a new train station.

FTR funding has also been made available to support future investment.

6.4 Sustainable Travel

Sustainable Travel Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	52,936	2,700	55,636

Sustainable Travel Action	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	67,447	69,347	40,800	40,800	35,800	186,747

This budget supports investment in integrated transport, active travel, Concessionary Bus Travel, smartcards and bus, rail and local road schemes proposed by local authorities. The revenue increase of £2.7m relates to an additional allocations as part of the budget agreement: Ports Infrastructure Fund £2m, feasibility study into a national cycleway £0.2m and safer routes to

schools £0.5m. This is detailed in **Annex A**.

Against a background of the Revenue Support Grant for local authorities being maintained, capital funding for the local transport priorities fund has been protected in 2016-17 and 2017-18.

The overall funding envelope for concessionary fares has been held pending ongoing discussions with the industry on funding for the next three year period. The final funding package will be reflective of the demand led nature of the scheme and the Local Authorities obligations under the 'no better, no worse' principle.

6.5 Improve Road Safety

Improve Road Safety Action	2017-18 Revised Baseline £'000	Change £'000	2017-18 Draft Budget £'000
Revenue	4,764	0	4,764

Improve Road Safety Action	2016-17 First Supp Budget £'000	2017-18 Draft Budget Allocations				
		2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Traditional Capital	6,900	6,900	6,900	6,900	6,900	27,600

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. This 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.

7.0 TRANSPORT - KEY POLICIES

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

7.1 National Transport Finance Plan

For 2017-18, the Transport priorities will be set in the context of budget availability and the National Transport Finance Plan (NTFP) which was published on 16 July 2015. This sets out the investment priorities in services and infrastructure and focuses on the projects which could be delivered during the next five years. A statement on this matter is 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 NTFP sets out how and when improvements to the road and public transport networks could 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 NTFP 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 NTFP 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, bilingual 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.

The NTFP is a live document and will be updated to reflect the Government's capital plans for future years.

7.2 Transport for Wales

The company has now been established with initial set up costs met from previous budgets. Funding for 2017-18 and future years (revenue and capital) will be determined on receipt of the company's 2017-18 Business Plan.

Transport for Wales is an 'arms length' company limited by guarantee. Its primary role is to advise Welsh Government on Transport issues and, in particular, take forward delivery of the New Wales & Borders Rail Franchise and South Wales Metro.

The company is overseen by a Board of Directors made up of Senior Civil Servants and is chaired by a Deputy Permanent Secretary. The Board currently comprises eight directors (including the chair). Five non-executive directors, drawing in wider experience and expertise in areas such as HR, finance,

infrastructure delivery and governance, and three executive directors with expertise specific to their area of responsibility.

The relationship between the Welsh Government and the company is governed by a delegation letter issued by the Permanent Secretary to the Deputy Permanent Secretary for Economy, Skills and Natural Resources; a management agreement between the Welsh Government and the company outlining the purpose of the company, its accountabilities and responsibilities; a remit letter; and an annual business plan setting out how the company will deliver the objectives and outputs outlined in the remit letter.

The governance arrangements reflect the desire to have direct, senior accountability and responsibility (the Deputy Permanent Secretary) for delivering the procurement of the operator and development partner for the Wales and Borders franchise and South Wales Metro, which, valued at £734m capital and circa £3.5bn revenue, is one of the most significant procurements to be made by the Welsh Government.

7.3 M4 Relief Road and Major Road Improvements

The M4 development around Newport is of strategic importance to the economic prosperity of Wales and has strong backing from Welsh businesses. The project, which has been subject to a widespread consultation, 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 2016 work to assess the best approach to its construction, identify what land would be required and environmental protection measures has been completed leading to publication of draft Orders. The proposals will now be scrutinised at a Public Inquiry commencing in the New Year. Funding for the scheme has been identified and is currently held in central reserves subject to the outcome of the public inquiry.

Work continues to upgrade the A465 Heads of the Valleys Road with major works under way between Gilwern and Brynmawr which when complete will ensure high standard dual carriageway links to the Ebbw Vale Enterprise Zone through to the Midlands.

Other major works currently under way include the Eastern Bay Link to improve links to the Cardiff Capital Enterprise Zone, A483 Newtown Bypass to improve the economic infrastructure in Mid Wales and a major refurbishment of the Brynglas tunnels on the M4 at Newport to improve the resilience of the this key transport corridor serving the whole of the South Wales economy.

7.4 Trunk Road and Motorway Network

Following the independent audit in late 2013-2014 and the 2015 review of transparency and visibility of costs, the trunk road agents (TRA) have continued to make good progress towards the agreement of delivering savings in discharging statutory duties, where £6m was identified in 2016-17 and a target of £8m is set for 2017-18.

The savings broadly focus on the three areas of the Trunk Road Maintenance Manual, the schedule of rates and management costs and will be delivered through more efficient and innovative working practices and the use of new technology. Reinvestment of these savings in the network is vital to offset future expenditure, underpinning the principles of an invest to save and proactive approach.

All Wales service level agreements (SLAs) have been implemented from April 2016 for use by the TRA in procuring the services of their suppliers. These uniform service delivery agreements will now enable the comparison of costs on a like for like basis across regions and delivery organisations.

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.

The Welsh Government's Integrated Road Information System is substantially complete and is being used to manage the condition of existing assets and to store data for new highway projects. The National Approach for Roads and Street works in Wales was launched in June 2016 which, through working in partnership with statutory undertakers and highway authorities, can improve the way road and street works are managed for the benefit of Wales within the existing legislative framework.

7.5 Active Travel

The Welsh Government views active travel as a key element in the development of our cross-cutting 'Healthy and Active' and 'United and Connected' strategies. The Minister for Social Services and Public Health has overarching responsibility for Active Travel, but, as is reflected in the Active Travel Action Plan published in February this year, many portfolios have a role in fulfilling our ambition to increase levels of walking and cycling for everyday journeys. All key portfolios are represented on the Active Travel Board.

Active Travel is supported through a number of capital and revenue budget lines. Most of the revenue funding has now transferred to the Minister for Social Services and Public Health. Infrastructure investment in local active travel routes and improvements is made predominantly through the Local Transport Fund, the Safe Routes in Communities Grant and the Road Safety Grant. The specific number and size of active travel schemes varies each year according to the type, strength and size of bids submitted by local authorities. Typically, between £11-15m is awarded for schemes benefiting active travel each year. Funding for Sustainable Travel Walking and Cycling has been protected across the five year period to 2021. Funding for the local transport priorities fund has been protected in 2016-17 and 2017-18.

We further directly fund active travel improvements associated with existing trunk roads, or as part of major new schemes. The former has a budget of £1.65m per annum, whereas the latter varies from year to year and is linked to the overall level of capital funding for major projects and the nature of the schemes being delivered. Mainstreaming the delivery of active travel objectives is a key consideration in delivery of all transport schemes.

Investment in Rail Services and Infrastructure (including Metro)

Funding of the current franchise, including additional services, remains a major area of Welsh Government funding and activity. Recent initiatives include the funding of additional services on the Cambrian and Heart of Wales lines on a three-year trial basis from May 2015 and support for a lower cap on the permitted increase to regulated rail fares.

The budget supports continuation of work on the South Wales Metro in order to significantly improve public transport in South Wales. Priority areas for the programme include the procurement of an operator and development partner, provision of turn up and go services on the Treherbert, Aberdare, Merthyr Tydfil, Rhymney, Coryton and Bay lines, with new rolling stock, as well as line improvements on the Maesteg, Vale of Glamorgan and Ebbw Valley lines.

Investment in the North Wales Metro will create a reliable, efficient and quality integrated transport network connecting people, communities and businesses to jobs, facilities, and services, maximising the economic opportunities of connectivity across Wales and our borders. The project will deliver transport modernisation across North Wales with a focus on development of a metro solution in the more urbanised parts of North East Wales.

a) Support for Bus and Community Transport Services

Bus and community transport continues to be an important consideration for the budget as these sectors provide connectivity for the public, who greatly rely on public transport. An announcement on a five-point action for the bus industry was made on 15 September 2016 to support this sector and is available here:

<http://gov.wales/newsroom/transport/2016/160915-economy-secretary-outlines-plan-to-support-bus-industry/?lang=en>

Despite very challenging budget settlements, our Bus Services Support Grant (BSSG), which is allocated annually to local authorities, has been maintained at £25m since 2013-14. The draft budget for 2017-18 includes an allocation of £25m.

There has also been the introduction of improved TrawsCymru longer distance bus services for example in north Wales on the T3 Barmouth to Wrexham, the T2 Bangor to Aberystwyth and the T5 Aberystwyth – Cardigan – Haverfordwest routes. These 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.

Agreement has been made to fund two full-time posts within the METRO local authorities in north and south Wales to lead, co-ordinate and deliver the bus elements within the next five years, within the envelope of a statutory bus QPS. In addition, it would be used to help shape future investment in the bus network outside the METRO areas.

We continue to support financially the work of Bus Users Cymru and the Community Transport Association in Wales. It is vital that bus passengers' views are represented effectively in developing our policies for the bus network, while community transport will continue to make an important contribution to an integrated public transport network, especially on behalf of relatively remote and rural communities.

During 2016-17 we began financial support for a full-time Traffic Commissioner for Wales, who will be dedicating more time to advising and educating the bus, coach, taxi and freight industries to their benefit, the benefit of passengers and the wider economy and environment.

b) Concessionary Bus Travel Scheme and mytravelpass

Local authorities are responsible in law for reimbursing bus operators for carrying older or disabled pass holders under the free concessionary bus travel scheme. Authorities are also obliged to ensure that those bus operators are "no better and no worse off" as a result. The Welsh Government's budget in support of the local authorities' expenditure on reimbursement will continue to meet their responsibilities, supplementing the contributions that local authorities continue to make from their own budgets, reflecting the historical funding that they provided before the scheme was introduced in 2002. Collectively, these local authority contributions amount to some £10.3m annually.

In addition, we meet the cost of local authorities' administration via a £3 per live card in circulation, each year.

The Young Persons Discounted Bus Travel was introduced on an 18-month pilot basis in September 2015. Evaluation of the current scheme is ongoing to determine its impact, with a view to determining future provision. We will also work with the bus industry to determine the potential to continue this initiative on a commercial basis and potentially with a much reduced amount from Welsh Government, following the initial funding award to pump prime the scheme.

c) Support for Local Transport Priorities

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.

The local transport priorities budget line makes available funding 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.

7.6 Preventative Spending

In delivering better outcomes preventative spending measures are important for the long-term. The majority of Transport expenditure for programmes and policies may be attributed to preventative spend such as: active travel in terms

of promoting sustainable modes of transport and thus reducing environmental impacts and increasing activity levels which support health outcomes, concessionary bus travel, ongoing road maintenance and network management to improve road safety and avoid more significant issues and accidents over the longer term.

8.0 MONITORING BUDGETS

A detailed in-depth review for the draft budget has been undertaken. During delivery, all business areas are challenged on a monthly basis and quarterly in-depth reviews are undertaken by officials to consider the latest forecasts and agree budget movements as necessary.

9.0 EVALUATIONS/REVIEWS

Outcomes are monitored for each of the projects and contracts that are managed within the portfolio. Feasibility studies are undertaken prior to the commencement of key projects to assess suitability for going forward in delivering against our wellbeing goals.

Evaluation of projects and programmes are undertaken during and at the end of the projects and can be undertaken internally or by external contractors.

Gateway reviews for large projects are undertaken to assess value for money and both internal and external audits have and will be undertaken, which provide further evidence to support policy outcomes.

The Public Policy Institute for Wales (PPIW) is co-funded by the Economic and Social Research Council and the Welsh Government and aims to provide the Welsh Government with authoritative independent analysis and advice.

PPIW has published several reports relating to the economic and infrastructure portfolio including a recent report on the evidence and evidence needs about what works in improving the performance the Welsh economy.

<http://ppiwi.org.uk/files/2016/10/PPIW-Summary-of-Expert-Workshop-Improving-the-Economic-Performance-of-Wales.pdf>

Commissioning evaluations and research is one way of gathering evidence on policies and programmes, but is not the only way and is not always the most appropriate.

The portfolio uses a variety of approaches in gathering evidence and for evaluation of policy and programmes. Some of these inform the process through expert advice and learning.

Sometimes the existing evidence base is used to shape programmes and policy and there is not always a need, or a good value for money argument to produce new evidence. For example, the What Works Centre for Local Growth has produced a reports analysing which policies are most effective in supporting and increasing local economic growth.

<http://www.whatworksgrowth.org/>

Similarly, the OECD has conducted a review of local economic and employment development policy approaches in OECD Countries and considered how these might be applied in Wales.

http://www.oecd-ilibrary.org/industry-and-services/a-review-of-local-economic-and-employment-development-policy-approaches-in-oecd-countries-policy-transferability-to-wales_5km7rq3vv2hg-en

The need for and scope of evaluation can be taken on a case by case basis during policy and programme development having regard to the risk, size and scale, existing evidence base and other factors.

10.0 ALLOCATIONS MADE IN CONSIDERATION OF THE VOTE FOR THE UK TO LEAVE THE EUROPEAN UNION

In terms of financial implications of the UK leaving the European Union for the portfolio, extensive work is underway across the Welsh Government to ensure we maximise our influence in discussions within the UK and in turn in formal EU negotiations and thereby secure the best possible outcome for Wales. A UK Treasury guarantee on funding for current Structural Funds and other EU programmes goes some way towards our funding demands but we will continue to press to ensure Wales does not lose a penny of current EU funding and future funding that would have been anticipated. Also the transfer of powers and responsibilities from the EU to Wales must be accompanied by an appropriate level of funding to enable us to deliver.

The Business Confidence Plan outlines how we are focussing our efforts on protecting jobs and the economy for the longer term, through the allocation of funding to specific activities such as the Growth and Prosperity Fund, the Development Bank and the new Wales Business Fund in Finance Wales communicating our pro-business message, and by engaging directly with business on their priorities.

More information is available in the recent news article:

<http://gov.wales/newsroom/businessandconomy/2016/160921-136m-fund-and-development-bank-will-help-support-businesses-in-wales-post-eu-referendum-says-economy-secretary/?lang=en>

Proactive campaigns are also supporting businesses and tourism through promoting the Wales brand and we are increasing our efforts to grow the number and scale of Welsh based exporters that are exporting through bringing forward a pro-active plan for export support. An additional £0.5m has been invested in business marketing to promote Wales and support inward investment activity.

11.0 LEGISLATION

11.1 The Active Travel Act 2013

This is considered at section 7.5.

11.2 The Draft Wales Bill

The Wales Bill will expand the National Assembly's legislative competence in several transport areas. It will also expand the executive functions of the Welsh Ministers in transport, particularly in the areas of ports and road traffic. The Wales Bill is not anticipated to come into force until April 2018 and there will be no financial implications for the 2017-18 budget, other than staff resources required to prepare to deliver the new functions.

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.

11.3 Enterprise Act 2016 – UK Government legislation

We do not envisage the provision in the Enterprise Act 2016, which implement the Small Business Commissioner Service, having an impact on our budget. This is a UK Government initiative, the service will apply across the UK including Wales. The UK Government has published information about funding to set up and run this service which we understand will be the responsibility of the UK Government so no provision for this needs to be made in the Welsh Draft Budget.

11.4 Better Markets Bill – UK Government Legislation

We are awaiting the introduction of this Bill by the UK Government and do not anticipate the Welsh budget will need to make provision for the same.

11.5 Bus Services Bill – UK Government Legislation

The UK Government's Bus Services Bill will mainly apply to England only and legislation currently in force in relation to bus services in Wales will remain in place. Following representations made by their Lordships and the Disabled Passengers Advisory Group, the UK Government has tabled an amendment to the Bus Services Bill (5 October 2016). The effect of the amendment will be to amend the Equality Act 2010, introducing a requirement on bus operators to provide accessible information to disabled passenger during the journey, including next stop audio visual announcement systems. The provision amends the Equality Act 2010, and provides that the Regulations and supporting guidance shall be made by the Secretary of State for Transport in consultation with the devolved governments in Wales and Scotland. The relevant provisions in the Bus Services Bill being passed through UK Legislation that will apply in Wales will be cost neutral to the public sector in Wales, although the Regulations that follow may add about 0.4% to the cost of operating bus services in Wales (if audio visual next stop announcements are included in the Regulations).

Reconciliation 2016-17 First Supplementary Budget to 2017-18 Draft Budget

		2017-18		
		Economy £'000	Transport £'000	Total Resource £'000
2016-17 First Supplementary Budget		49,556	304,939	354,495
Portfolio Changes				
Sectors	Transfer of Energy Policy to Environment & Rural Affairs.	(294)		(294)
Sustainable Travel	Transfer to Local Government for Blue Badge Scheme		(21)	(21)
Non Recurrent Allocations				
Sectors	Port Talbot Enterprise Zone – Business Rate Relief Scheme.	(1,500)		(1,500)
Youth Concessionary Fares	Pilot scheme concludes March 2017.		(9,750)	(9,750)
Total Baseline Adjustments		(1,794)	(9,771)	(11,565)
2017-18 Revised Baseline		47,762	295,168	342,930
Revenue Savings for 2017-18				
Sectors	Savings anticipated following review of programmes.	(100)		(100)
Corporate Programmes	Reduction in interest requirements for National Loan Fund Debt repayment and Corporate Reviews.	(134)		(134)
Finance Wales	Reduction in core funding from efficiency savings.	(420)		(420)
Rail & Air Services	Savings anticipated from the performance elements of the rail franchise contract and lower levels of RPI inflation.		(1,096)	(1,096)
Total Revenue Savings		(654)	(1,096)	(1,750)
Additional Allocations for 2017-18				
Sectors	Visit Wales	5,000		5,000
Rail & Air Services	Feasibility study for re-opening the railway line from Carmarthen to Aberystwyth		300	300
Sustainable Travel	Feasibility study for national cycleway		200	200
	Feasibility study for ports infrastructure		2,000	2,000
	Safe routes to communities		500	500
Total Additional Allocations		5,000	3,000	8,000
Budget Realignment for 2017-18				
Sectors	Transfer of aviation delivery for St Athan activity.	(2,948)		(2,948)
Rail & Air Services			2,948	2,948
Legacy SIF	Action merged within Sectors.	(1,560)		(1,560)
Sectors		1,560		1,560
Corporate Programmes		551		551
Strategy Programmes		(551)		(551)
Total		(2,948)	2,948	0
Overall Movement for 2017-18		1,398	4,852	6,250
2017-18 Draft Budget New Plans		49,160	300,020	341,180

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2017-18

REVENUE				2017-18	2017-18	
SPA	ACTION	BEL	BEL Name	Revised Baseline	Draft Budget £'000	
Sectors & Business	Sectors	4029	Single Investment Fund	1,560	1,560	
		3765	ICT	6,446	5,946	
		3763	Financial & Professional Services	145	145	
		3762	Creative Industries	851	851	
		3761	Advanced Materials & Manufacturing	4,018	1,070	
		3760	Energy & Environment	1,106	1,106	
		6250	Tourism & Marketing	10,262	15,762	
		3752	Construction	514	514	
		3753	Pipeline Development	1,326	1,226	
		3754	Trade and Inward Investment	1,892	1,892	
		3755	Enterprise Zones	927	927	
		3756	Enterprise Zones - Business Rates	0	0	
		4051	Regional Development & Delivery	263	263	
					29,310	31,262
		Entrepreneurship	3893	Youth Entrepreneurship	1,319	1,319
			3894	Social Enterprise & Economy	814	814
			3895	Start Up Service	1,480	1,480
	3901		Business Information	618	618	
				4,231	4,231	
				33,541	35,493	

CAPITAL				2016-17	2017-18	2018-19	2019-20	2020-21	Total
SPA	ACTION	BEL	BEL Name	First Supp Budget £'000	Draft Budget £'000	£'000	£'000	£'000	£'000
Traditional Capital									
Sectors & Business ¹	Sectors	4029	Single Investment Fund	4,450	0	0	0	0	0
		3765	ICT	1,865	165	1,000	2,000	1,000	4,165
		3763	Financial & Professional Services	9,339	7,752	3,012	2,174	1,000	13,938
		3762	Creative Industries	7,098	2,949	1,070	5,000	2,500	11,519
		3761	Advanced Materials & Manufacturing	8,495	10,409	4,496	10,683	3,000	28,588
		3760	Energy & Environment	3,571	11,000	6,295	5,345	1,500	24,140
		3752	Construction	1,897	195	151	278	150	774
		3753	Pipeline Developments	19,835	23,387	24,290	14,593	14,911	77,181
		3755	Enterprise Zones	3,122	0	0	0	0	0
		6250	Tourism & Marketing	2,000	4,000	4,000	4,000	1,000	13,000
		Traditional Capital Total		61,672	59,857	44,314	44,073	25,061	173,305
FTR									
		3753	Pipeline Developments		8,000	1,500	7,400	0	16,900
		3761	Advanced Materials & Manufacture	7,000	0	0	0	0	0
		3758	Business Finances (FW) Funds	18,000	17,750	7,000	18,000	3,000	45,750
		FTR Total		25,000	25,750	8,500	25,400	3,000	62,650
Total Capital Allocations				86,672	85,607	52,814	69,473	28,061	235,955

¹ Excludes Life Sciences, Science and Innovation - Minister for Skills and Science portfolio

REVENUE				2017-18	2017-18
SPA	ACTION	BEL	BEL Name	Revised Baseline £'000	Draft Budget £'000
Infrastructure ¹	Property Infrastructure	4052	Land & Buildings - Expenditure	24,090	24,090
		4052	Land & Buildings – Receipts	(20,064)	(20,064)
Total Group				4,026	4,026

CAPITAL				2016-17	2017-18	2018-19	2019-20	2020-21	Total
SPA	ACTION	BEL	BEL Name	First Supp Budget £'000	Draft Budget £'000	£'000	£'000	£'000	£'000
Traditional Capital									
Infrastructure ¹	Property Infrastructure	4052	Land & Buildings - Expenditure	8,597	16,041	10,905	10,077	10,886	47,909
		4052	Land & Buildings – Receipts	(24,412)	(10,000)	(7,500)	(7,500)	(7,500)	(32,500)
		Traditional Capital Total		(15,815)	6,041	3,405	2,577	3,386	15,409
FTR									
Infrastructure ¹	Property Infrastructure	4052	Land & Buildings - Expenditure		17,855	7,220	6,100	5,000	36,175
		FTR Total		0	17,855	7,220	6,100	5,000	36,175
Total Capital Allocations				(15,815)	23,896	10,625	8,677	8,386	51,584

¹ Excludes ICT Infrastructure - Minister for Skills and Science portfolio.

REVENUE			2017-18	2017-18
SPA	ACTION	BEL BEL Name	Revised Baseline £'000	Draft Budget £'000
Major Events	Major Events	4231 Marketing & Major Events	3,918	3,918
	Total SPA		3,918	3,918

REVENUE				2017-18	2017-18
SPA	ACTION	BEL	BEL Name	Revised Baseline £'000	Draft Budget £'000
Corporate Programmes	Corporate Programmes	3899	Health Challenge Wales	800	800
		4028	National Loans Fund	1,655	1,641
		4023	Corporate Programmes & Services	1,111	992
		3891	Economic Analysis	158	157
		3897	Strategic Engagement	293	293
		4230	Communications Marketing	100	100
				4,117	3,983
Finance Wales	Finance Wales	4024	Finance Wales	2,160	1,740
	Total SPA			6,277	5,723

CAPITAL				2016-17	2017-18	2018-19	2019-20	2020-21	Total
SPA	ACTION	BEL	BEL Name	First Supp Budget £'000	Draft Budget £'000	£'000	£'000	£'000	£'000
Traditional Capital									
Corporate Programmes	Corporate Programmes	4028	National Loans Fund	90	104	120	138	159	521
Total Capital Allocations				90	104	120	138	159	521

REVENUE				2017-18	2017-18
SPA	ACTION	BEL	BEL Name	Revised Baseline Budget £'000	Draft Budget £'000
Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	47,264	47,264
		1884	Network Asset Management & Support	4,525	4,525
	Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash	1886	Network Asset Management & Support	108,691	188,691
				51,789	51,789
				108,691	188,691
Rail & Air Services	Rail & Air Services	1890	Rail Franchise	184,079	183,283
		1883	Aviation	1,600	4,548
				185,679	187,831
Sustainable Travel	Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	150	850
		1880	Bus Support & Local Transport	28,427	28,427
		2005	Infrastructure Developments	0	2,000
		2000	Concessionary Bus Travel	22,359	22,359
		1881	Smartcards	2,000	2,000
				52,936	55,636
Improve Road Safety	Improve Road Safety	1892	Road Safety	4,764	4,764
				4,764	4,764
Total Group				403,859	488,711

CAPITAL				2016-17	2017-18	2018-19	2019-20	2020-21	Total
SPA	ACTION	BEL	BEL Name	First Supp Budget £'000	Draft Budget £'000	£'000	£'000	£'000	£'000
Traditional Capital									
Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	80,600	79,493	69,166	69,500	79,613	297,772
				80,600	79,493	69,166	69,500	79,613	297,772
Road, Rail & Aviation Investment	Road, Rail & Aviation Schemes	1889	New Road Construction & Improvement Studies	1,900	0	0	0	0	0
		1888	New Road Construction & Improvement	116,719	155,562	50,354	44,294	106,615	356,825
		1891	Rail Investment	5,100	20,463	55,080	88,500	117,500	281,543
		1883	Aviation	0	4,721	4,577	4,873	0	14,171
				123,719	180,746	110,011	137,667	224,115	652,539
Sustainable Travel	Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	6,650	6,650	6,650	6,650	6,650	26,600
		2000	Concessionary Bus Travel	39,297	39,297	27,000	27,000	27,000	120,297
		1881	Smartcards	600	1,000	1,000	1,000	1,000	4,000
		1882	Local Transport Priorities	20,900	22,400	6,150	6,150	1,150	35,850
				67,447	69,347	40,800	40,800	35,800	186,747
Improve Road Safety	Improve Road Safety	1892	Road Safety	6,900	6,900	6,900	6,900	6,900	27,600
				6,900	6,900	6,900	6,900	6,900	27,600
Traditional Capital Total				278,666	336,486	226,877	254,867	346,428	1,164,658
FTR									
Rail & Air Services	Rail & Air Services	1883	Aviation	0	5,000	2,200	1,200	0	8,400
FTR Total				0	5,000	2,200	1,200	0	8,400
Total Capital Allocations				278,666	341,486	229,077	256,067	346,428	1,173,058

Strategic Integrated Impact Assessment

Overview

The portfolio's spending plan focuses on our priorities of building a stronger, fairer economy that delivers sustainable economic growth and jobs and opportunities for people across Wales. Our intention is to look afresh at how the Welsh Government approaches economic development and business support. Initial views are already being sought on the economic priorities needed to ensure a fairer, more prosperous and more secure Wales. These views will feed into strategic work being taken forward over the coming months.

With employment and inward investment having hit record highs, and with an unemployment rate lower than the rest of the UK as a whole, the foundations are in place to deliver against the challenges and opportunities ahead. 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 and include actions to tackle poverty and promote equality and diversity.

The Well-being of Future Generations (Wales) Act ("the Act") has provided the framework for developing the plan and we have adopted a long-term perspective and taken an integrated approach in our decision-making.

Sustainable development is at the heart of the Act and is the central organising principle of our plan, ensuring that our decisions take account of the economic, social, cultural and environmental objectives and impacts. In so doing, we are adopting an approach to embed involvement, collaboration, integration, long term investment and prevention into our policies and delivery.

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 economic, social, cultural and environmental objectives into our way of working.

We are delivering our transport interventions set out in the National Transport Finance Plan across the whole of Wales to deliver a network that is long-term, sustainable, integrated and to ensure that it is future proofed for the future needs of the people of Wales. While the full range of powers in relation to transport are not devolved to the Welsh Ministers we are using the existing range of powers to plan, develop and deliver transport across Wales with partners that supports socio-economic development and ensures access for all. Capacity enhancements on our public transport infrastructure are a key specification for the changes that we wish to see in driving forward the Metro programme. Our concessionary and discount schemes for public transport target particular age demographics to ensure that they have access to the opportunities to live sustainable fulfilling lives. Smarter accesses through ticketing, information and public transport infrastructure such as audio visual announcements on buses help mitigate against the effects of advancing years.

Our focus is to provide a sustainable, multimodal and integrated transport system which provides for the development needs of businesses, enables our communities to enable to

prosper, and provides access for all our people to the opportunities they need to live healthy, sustainable and fulfilling lives.

Our capital and infrastructure programmes underpin the resilience of Wales' built and natural environments to meet current and future needs. We have provided a four-year capital Budget to provide clarity for longer-term plans. Through a whole government approach and used with our land use planning levers, transport can provide transformational change across Wales, delivering on our wider agenda across health, education, tackling poverty and improving social cohesion.

Green growth ensures the careful use of our considerable wealth of natural resources so they can continue to sustain us in a socially equitable way, for the benefit of the people of Wales. That means achieving greater efficiencies and sustainability throughout our entire economy and within businesses and organisations across all sectors. Green Growth Wales translates our policy aims into actions on the ground, through legislation, policy and delivery programmes to create the best possible conditions for businesses, organisations and individuals to deliver sustainable growth.

<http://gov.wales/docs/det/publications/160412-business-of-becoming-a-sustainable-nation-en.pdf>

The portfolio recognises the important significance of the Welsh language to the economy of Wales and the key role of the Welsh Language Standards and Welsh language impact assessment in framing our approach to promoting the use of the Welsh language. The plan makes the connections in service areas, particularly transport to increase economic, social, cultural and environmental well-being.

Our plans also give due regard to the requirements of the United Nations Convention on the Rights of the Child (UNCRC) and the requirement in Wales to assess the impact of Ministers' actions on the rights of children and young people. Children's rights were considered for the National Transport Finance Plan 2015.

The Well-being of Future Generations Act places a duty on the Welsh Government and other public bodies to apply the seven well-being goals that are identified by the Act. Our budget proposals have continued to look at how we embed the five ways of working to help us maximise our impact, inform plans which support Taking Wales Forward and take an integrated approach to considering impacts on protected groups and support a focus on our shared national goals.

Long-Term

- We are already taking actions that are consistent with our duty under the sustainable development principle. Our investment in infrastructure projects will help create the right conditions to generate economic prosperity for Wales both now and in the long term.
- The Big Ideas Wales campaign is part of the Business Wales service and is supporting the next generation of young entrepreneurs in Wales. The National Transport Finance Plan is a long term approach to transport planning and was highly consultative.

Prevention

- We cannot afford to waste the skills and talents of any of our citizens, now or in the future. Poverty damages both individuals and the economic and social health of our country. Creating jobs and growth is central to our efforts to help tackle poverty in

Wales and we recognise that well-paid employment offers the best protection against poverty.

- We are taking actions to promote the living wage in Wales, supporting progress to a more equal Wales.
- Bus and rail support has positive outcomes for health and social challenges and assists in establishing a fairer and more equal society.

Integration

- Our transport support helps people in Wales access employment and training opportunities which will not only improve current and future economic prosperity but will also improve the connectivity of our communities and support progress to a more equal Wales.

Collaboration

- We engage with many partners in business, the public sector and third sector, working towards shared goals. For example, the City Region and Enterprise Zones provide leadership and strategic direction for spatial economic development.
- The Council for Economic Renewal provides a forum for collaboration with the social partners and brings together representatives from business (including social enterprise), the Wales TUC and the Welsh Government.
- We will shortly be setting out our plans for a National Infrastructure Commission to provide increased certainty and sustainability for investment in the future.
- We are supporting initiatives which are aimed at encouraging supply chains to innovate and grow responsibly such as the responsible business web zone on the Business Wales web site.

Involvement

- In March 2016, we hosted an international Green Growth Summit in Cardiff. The summit was a platform for policy makers and business leaders to come together for an open discussion on how to become a more innovative, productive, resource efficient and low carbon economy.
- We fund the Wales Social Partners Unit (WSPU) specifically to improve the engagement between Welsh Government and social partners including business representative bodies, the Wales TUC and social enterprise in Wales.
- We are seeking the views of stakeholders across Wales in deciding the economic priorities for Wales. We are seeking to involve and collaborate with others so that we focus on the things that make a real and lasting difference.

In formulating our plans and the following key demographics trends and recent statistics published by the Welsh Government have been considered which suggests that:

- Wales' population is expected to increase to 3.18 million by 2024 and 3.26 million by 2039.
- The number of children will increase overall to 567,000 in 2039 (an increase of 2.3% between 2014 and 2039).
- The number of people aged 16-64 will decrease by 6% (108,000) between 2014 and 2039.
- The number of people aged 65+ will increase by 30% (271,000) between 2014 and 2039.

A link to this document is available here: <http://gov.wales/statistics-and-research/national-population-projections/?lang=en>.

Deprivation and Poverty

Our programmes and projects reflect the Welsh Government's long-term commitment to reduce the impact of deprivation and poverty. Our focus is on supporting the creation and retention of jobs that allow people in poverty, or at risk of poverty, to engage in a positive way with the labour market, recognising that jobs strongly protect people from poverty, particularly persistent poverty.

We take a balanced approach, focusing on a range of industries and sectors to stimulate demand for all types of jobs. Our aim is to support opportunities for highly skilled individuals, as well as entry level and progression opportunities for those further from the labour market.

Our programmes and projects are also helping to address some of the challenges faced by people when accessing employment and training, to ensure those in, or at risk of poverty are able to benefit from opportunities realised from economic growth. This includes support for skills development to equip people to take advantage of employment opportunities, delivery of an effective and affordable transport network that enables people to access jobs and training, and efforts to encourage responsible employment practices, such as flexible working arrangements, that allow people to work around caring responsibilities, or take on more hours and increase the wages they are able to earn.

Transport plays a vital role in driving Wales' economic competitiveness connecting people communities and business to jobs facilities and markets. Our focus is to provide a sustainable, multimodal and integrated transport system which enables our communities to be united and prosper, providing access for all our people to the opportunities they need to live healthy, sustainable and fulfilling lives.

That integrated system is a key lever for the delivery of the Governments wider agenda on tackling poverty and addressing social cohesion, providing opportunities and supporting such as flexible working arrangements that allow people to work around caring responsibilities, or take on more hours and increase the wages they are able to earn.

Welsh Language Impact Assessment

Welsh language requirements are considered routinely for programmes and projects. The principles are embedded into delivery to reinforce that the importance of the Welsh language in creating a stable and favourable business environment, promoting skills and investing in economic infrastructure including transport and communications. Examples include:

- **Youth Entrepreneurship programme**
Throughout Wales there is a strong network of 379 entrepreneurs involved as Role Models with the Big Ideas Wales campaign to motivate and inspire our young people. The Role Model network has 20% Welsh speakers to support the work shop delivery to schools and colleges.
- **Rail Services**

Funding provision is built into contractual arrangements such as the Wales and Borders franchise awarded in 2003. There are services such as customer phone service, and we also ensure that all signage, timetables and other passenger information and publicity are provided in the Welsh and English languages.

- **The National Transport Finance Plan 2015**

The Plan was impact assessed for Welsh language considerations and will support future priorities for Transport expenditure.

- **Teifi Valley Growth Zone**

Raising awareness locally of the Welsh language and adopting a more proactive approach to business and people development. There is also the 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.

Impacts & Evidence

Transport

The National Transport Finance Plan 2015 highlights the critical role transport plays in improving Wales' economic competitiveness and provides enhanced access to jobs and services. When delivering our investment in transport, it is important to focus on how it can serve the needs of businesses to enable them to prosper; and allow people to access the opportunities they need to live healthy, sustainable and fulfilling lives. An Impact Assessment of the National Transport Finance Plan has been undertaken and is available on the Welsh Government's website:

<http://gov.wales/docs/det/policy/150716-ntfp-impact-assessment.pdf>

An annual report has been published which includes information on households without access to a car, people without a driving license, driving tests and vehicle parking badges: <http://gov.wales/statistics-and-research/people-vehicle-licensing-ownership/?lang=en>.

Rail services provide important connectivity in rural areas, and our budget recognises the social and economic community benefits supported by rail services, especially for community cohesion and tourism. In preparation for the award of the next Wales and Borders franchise, our strategic approach for rail services is being developed. Our policy consultation '*Setting the Direction for Wales and Borders Rail*' was published earlier this year as part of our ongoing commitment to engage with all concerned. The following report provides a summary of the responses received:

<http://gov.wales/docs/det/consultation/160712-rails-borders-franchise-consultation-results-en.pdf>.

Despite challenging budget settlements, the Welsh Government has maintained funding to local authorities for the Bus Services Support Grant at £25m per annum to help them subsidise bus and community transport services. In an effort to further improve the quality of local bus services in Wales and better utilise funding made available through the Bus Services Support Grant, the Welsh Government published its Voluntary Welsh Bus Quality Standard in March 2016, which is designed to ensure that:

- The quality of local bus services that passengers can reasonably expect are consistently and universally available throughout Wales.
- Local bus operators are encouraged to improve the quality of the services they provide to passenger.

Business Support

We continue to take forward a range of well targeted activities to support inclusive access to jobs and opportunities to ensure all individuals may benefit from economic growth. A number of equality impact assessments have been undertaken by the portfolio, which have helped inform our activities. In addition, Welsh Government publishes an annual report which includes data on Gross Value Added (GVA), employee jobs, hourly earnings by gender, employment by qualification level. These are taken into account in shaping our spending plans: <http://gov.wales/statistics-and-research/priority-sector-statistics/?lang=en>

The priority sectors account for 45% of employment in Wales³. We are providing over £26m revenue support in 2016-17 and £236m capital funding over the period 2017-18 to 2020-21 to our Priority Sectors (excluding Life Sciences).

The split between male and female employees are broadly equal in some sectors such as: Tourism (53% male and 47% female) and Financial and Professional Services (56% male and 44% female). Whereas, other sectors employ predominantly males such as: Construction (90%), Advanced Materials and Manufacturing (81%) and ICT (74%). Support for these sectors will potentially have a disproportionate impact on protected groups.

On average in Wales, 3.7% of those in employment are from a non white ethnicity. Some of our priorities sectors such as Tourism employ 7.6% and ICT Sectors employ 5.9% of people with a non white ethnicity and support for these sectors will have a positive impact on this group.

The following sectors employ more disabled people in Wales than the same sector in the UK as a whole: Financial and Professional Services employ 12.5% (9.3% UK), ICT Sectors employ 11.6% (8.6% UK) and Construction employ 11.2% (9.6% UK) of people from this protected group. Those sectors with the lowest percentage of employment of disabled people in Wales include: Life Sciences (7.7%) and Creative Industries (9.5%), support for these sectors may potentially have a negative impact on this protected group.

Tourism employs the highest percentage of people aged between 16 to 24 at 30.6%, this is against the average for Wales of 12.5%. For those people who are aged 50 plus, 7 priority sectors employ a higher percentage of people within this age group than the UK as a whole, for example: Creative 32.3% (26.4% UK), ICT Sectors 29.8% (24.3% UK), Financial & Professional Services 33% (28.2% UK).

In order to try to overcome some of the disproportionate effects support to the sectors may have on protected groups, we are undertaking a number of actions such as:

- Working with companies such as Airbus and Ford, we are providing support for attracting female apprenticeships.

³ Priority Sector Statistics 2016 - <http://gov.wales/statistics-and-research/priority-sector-statistics/?lang=en>

- Working with Diverse Cymru to encourage people from under represented groups to join the Wales Screen database.
- Assisting with the Financial Services Graduate Scheme in partnership with the business community.
- Gathering equality data on respondents to marketing campaigns and associated take-up of Welsh Government support which will help the portfolio understand the barriers faced by protected groups.