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Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth  
Cabinet Secretary for Economy and Transport



Llywodraeth Cymru  
Welsh Government

**Julie James AC/AM**  
Arweinydd y Tŷ a'r Prif Chwip  
Leader of the House and Chief Whip

Ein cyf/Our ref: MA-P-KS-4576-17

Russell George AM  
Chair, Economy, Infrastructure & Skills Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

10 January 2018

Dear Russell

We would like to thank the Committee for its report on the Draft Budget Scrutiny 2018-19 and welcome the opportunity to respond to the recommendations that relate to our portfolio responsibilities. The full response is attached to this letter.

It is appreciated that due to exceptional circumstances, the Committee agreed to scrutinise the Economy and Transport budget areas in writing and we welcome the Committee's invitation to attend future financial scrutiny sessions.

Again, we thank the Committee for this helpful report and for their continued scrutiny of the budgets.

Yours sincerely,

**Ken Skates AC/AM**  
Ysgrifennydd y Cabinet dros yr Economi a  
Thrafnidiaeth  
Cabinet Secretary for Economy and Transport

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

**Written Response by the Economy & Transport to the report of the Economy, Infrastructure & Skills Committee's report on the Draft Budget Scrutiny 2018-19**

**18 December 2017**

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**Detailed responses to the report's conclusions and recommendations are set out below:**

**Recommendation 1: Science, Innovation & Life Sciences**

The Committee feels strongly that if – as the Minister indicated – capital funding is available to invest in innovation centres it should be retained and visible in the budget – allowing the government to be proactive in seeking investment partners, rather than reacting to bids which may come in.

**Response: Reject**

The Welsh Government is keen to attract new, industry led innovation centres to Wales in order to create high value employment and to ensure Wales plays a leading role in delivering the new UK Industrial Strategy and the Welsh Government's Economic Action Plan. Opportunities to develop innovation centres arise with varying timescales and circumstances. The most effective way for the Government to respond is to have a Ministerial commitment to identify financial support for high quality bids, closely linked to economic development priorities.

All applications for business support are assessed against the priorities with a focus on value for money and prioritisation of budgets to align delivery. Budgets are monitored closely to continually assess investment and economic impact and reprioritised as necessary to ensure that capital expenditure is maximised. In this way budgets are managed to remain responsive to opportunities for investment in innovation which often have longer timescales for development.

**Financial Implications:**

There are no new financial implications for responding to this recommendation.

**Recommendation 2: Putting Digital Infrastructure to Use**

The Committee would be grateful for further details on the Welsh Government's strategy to use the new digital infrastructure it is helping to establish, especially in relation to how it views it will be used to transform public services and the economy.

**Response: Accept**

The digital infrastructure being deployed under the Superfast Cymru programme and the Welsh Government has the potential to be truly transformative for both the economy and the public sector. It will help create an environment that supports our existing businesses and attracts new high growth, high value companies to Wales. The project will transform the broadband landscape across Wales and enable local businesses to compete on a global level.

High-speed broadband makes it possible for businesses to be located anywhere. It can improve opportunities for business creativity and entrepreneurship particularly for small and micro businesses. It allows businesses to innovate, open up new markets and

increase their sales volume. It has the capacity to improve the supply-chain, through effective data sharing, etc. It will also enable businesses to access new technologies such as cloud computing and to make use of enhanced collaboration tools and hosted applications.

Providing people with the ability to use high speed broadband allows them to access the government services they need more effectively and efficiently. Being online provides increased lifelong learning opportunities, improved digital literacy levels and allows people to search and apply for job opportunities.

Digital infrastructure also enables wider social benefits. Being online and able to use technology allows people to keep in touch and can decrease feelings of isolation and loneliness, for example by using online community social networks, or communicating with loved ones overseas.

Through our five year, £12.5m programme to ensure businesses across Wales maximise the benefits of superfast broadband we are supporting primarily small and medium sized businesses to understand, adopt and exploit the superfast infrastructure being deployed across Wales both as part of the Superfast Cymru project and the commercially driven roll-outs by telecommunications companies. The programme runs from December 2015 to December 2020 and includes EU funding).

The PSBA network connects nearly all areas of the public service in Wales to a secure digital network. PSBA supports a partnership of public services organisations across Wales by providing a mechanism to aggregate demand for, and collaborative purchasing of, wide area networking services. The partnership lays the foundations for much closer public service integration and achieves scale benefits which each partner could not achieve alone. The project connects over 100 organisations across 4,500 sites. PSBA creates a solid platform for front line public services such as schools and GPs to test, roll out and normalise new digital service.

**Financial Implications:**

There are no new financial implications for responding to this recommendation. Any additional costs will be drawn from existing programme budgets.