

**Enterprise and Business Committee
EBC(4)-02-11**

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Paper 3

Evidence from Minister for Business, Enterprise, Technology and Science

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE

1. Introduction

I would like to thank the Enterprise and Business Committee for their invitation to set out the priorities for the Business, Enterprise, Technology and Science portfolio and to provide an update on issues from the legacy report. This Paper does not include the portfolio areas of the Deputy Minister for Agriculture, Food, Fisheries and European Programmes, as I understand that he has also been invited to attend the Committee.

2. Timing

This Paper is being prepared ahead of the Assembly session. Therefore, in order to be of most assistance to the Committee, I have taken the opportunity in this Paper to set out the key Government Commitments from my Portfolio and progress on those. I will be in a position to provide an oral update on the wider policy context and issues for the Committee Members when I attend the meeting.

3. Actions from the Legacy Report

Recommendation 20. The Welsh Government should continue to be scrutinised on its joint working with the UK Government in clarifying timescales and securing adequate funding for delivering next generation broadband across the whole of Wales by 2015.

Following our discussions with the UK Government, they announced, in July, that Wales will receive £56.9m (this includes the £10m already allocated in February) from a broadband fund worth £530m to be invested in this Parliamentary term. This funding will support our Next Generation Broadband for Wales (NGBW) project to roll-out high-speed broadband across Wales. We will also secure significant private sector investment towards this project as well as leveraging funding from the European Regional Development Fund.

On 15 and 16 August, UK Government announced the remaining allocations of funding to Scotland, Northern Ireland and the English Local Authorities. In total, only £425m has been allocated, the remaining £105m has been kept back as contingency funding to be allocated at a later date. I have asked my officials to work closely with the UK Government to push for additional funding from the remaining £105m.

Recommendation 21. The Welsh Government should continue to be held to account: first in ensuring cost-benefit analyses are carried out before pursuing any change in economic development strategies, and secondly on rigorously measuring and evaluating the success of the Economic Renewal Programme.

Cost-benefit analyses can provide important contributions to the appraisal of alternative strategy and policy options. Consideration of wider evidence is also needed to ensure that strategies and policies not only lead to value for money interventions but also have sound rationales. I am fully committed to ensuring effective monitoring and evaluation, particularly in terms of achieving value for money.

Recommendation 31. A future committee should also scrutinise the new science policy for Wales, which is being led by the Chief Scientific Adviser, to ensure it contributes to the commercialisation of Welsh ideas within the science, technology, engineering and mathematics (STEM) subjects.

The 'Science for Wales' report and recommendations, prepared by the Chief Scientific Adviser for Wales and the Science Advisory Council for Wales, which sets out outline proposals for the new policy, is currently out to consultation. The consultation with key stakeholders will continue until the end of September. The final policy will then be agreed and published. The policy will be a relatively high-level overarching strategy. Implementation plans, as appropriate, will follow for various aspects of the policy.

4. Key commitments

Broadband

Commitment - seek to ensure that all residential premises and all businesses in Wales will have access to Next Generation Broadband by 2015, with the ambition that 50 per cent or more have access to 100Mbps.

We are committed to ensuring that all businesses and residential premises in Wales will have access to Next Generation broadband by 2015. 50% or more are expected to have access to 100Mbps. The Next Generation Broadband for Wales (NGBW) project aims to ensure that all businesses and households in Wales have access to high speed broadband by 2015. A major procurement to purchase a next generation broadband solution for areas of Wales that will not be addressed by the market in Wales is currently underway. Using the competitive dialogue procedure, contract award is planned for March 2012. Bidders have been invited to submit plans for next generation broadband roll out and these plans will be refined over the coming months in consultation with key stakeholders, such as Local Authorities. It is expected that the roll out of infrastructure to begin from summer 2012.

The Broadband Support Scheme is also progressing well. The scheme provides a grant of up to £1,000 to residents, businesses and third sector organisations located in broadband notspots to obtain a broadband connection using the most appropriate

technology available. The scheme has seen good take-up so far, and we are working with a number of communities to bring decent broadband services to their area for the first time. I have also recently approved changes to the scheme to simplify the application process and increase the customer base, including the extension of the eligibility criteria from sub-512Kbps connectivity to sub-2Mbps connectivity and the option to pay suppliers directly.

Business Support

Commitment - Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales.

Six priority sectors have already been established: ICT, Energy & Environment, Advanced Materials & Manufacturing, Creative Industries, Life Sciences, and Financial & Professional Services. I am also currently considering establishing a further three sectors – agri-food, construction and tourism.

Each of the sectors is developing a targeted strategy to make a real difference to these sectors in Wales. They all have Sector Panels, made up of successful and knowledgeable business people and academics, to help develop these strategies and guide in their implementation and to ensure that the views of industry are reflected in our delivery priorities and method of approach. The panels will provide advice on identifying sectoral priorities and methods of approach to ensure that we achieve maximum economic benefit.

Commitment - we will expect any business seeking Assembly Government support, including public procurement contracts, to sign up to our principles of corporate social responsibility, with a commitment to sustainable development, training and good employment practice.

The Welsh Government will expect any business seeking support to sign up to the principles of corporate social responsibility and encourage its suppliers likewise. It is my aspiration for the Department for Business, Enterprise, Technology and Science to be an exemplar in this regard. I have asked officials to begin work on this, with the social partners to establish the appropriate levels of corporate social responsibility.

Commitment - we will continue to build strong links with our anchor companies and develop strategic, mutually supportive/beneficial relationships with these key companies, embedding them in the Welsh economy through developing close links with our further and higher educational institutions and maximising supply chain opportunities.

The aim is to build strategic relationships with such companies, and take a whole-Government view of their needs. Significant progress has been made with establishing anchor companies, and over thirty companies have been approved as anchor businesses and have accepted the status. The alignment to academia is key. In addition, a key priority for the work of the Department will be mapping and understanding the effects of the supply chain and the benefits that accrue.

Commitment - seek to establish a Wales Business Crime Unit to tackle business crime.

We want Wales to be an excellent place to do business and this means addressing key business concerns and barriers to business growth. With the costs of business crime rising, we are reviewing the work previously undertaken in Wales on business crime and will develop proposals with the business community, the Welsh police forces and other interested parties to establish a Wales Business Crime Unit.

Entrepreneurship

Commitment - we will review what entrepreneurial support is needed by start-up and small firms with real potential to thrive and grow, and how we can embed an entrepreneurial culture in Wales.

Since I took up office, I have had extensive engagement with business leaders, entrepreneurs and industry professionals from across Wales to discuss the barriers to business and how we can move the economic recovery forward. I am taking action to assess the requirements of micro enterprise and what active government intervention is required to provide the support necessary to aid growth and sustainability. In light of this, the options for the future delivery of the regional business support service are being revisited.

Social Enterprise

Commitment - we will ensure that the mutual and cooperative sector has access to appropriate and robust business advice and that the Ministerial lead will be in the Economy Department.

Responsibility for developing the role of the mutual and cooperative sector in the Welsh economy, now resides within my portfolio. This positioning alongside the other business and enterprise activities will assist the sector, from small cooperatives to large mutuals, to access further the full range of business information as well as tailored advice.

Tourism

Commitment - activity and niche markets must be developed as well as securing maximum benefit from major events in our high profile venues.

Commitment - promote Wales as a destination making a high quality tourism offer. Work to extend the tourism season and associated benefits. Identify funding opportunities to improve the visitor infrastructure and product in Wales. Support investment in staff training and management to support a high quality industry.

Promoting Wales as a destination remains a key function, assisted by EU funding over the next few years. The Strategic Marketing Action Plan 2010-13, which has been agreed with and developed for the industry will continue to focus future tourism marketing activities. Developing the potential of events and activity holidays will continue to be a priority to help extend the tourism season. In this context, EU

funded support for the creation of seven Centres of Excellence will help to enhance the activity offer in Wales.

The Tourism Investment Support Scheme (TISS) has recently been extended to provide support to visitor infrastructure projects and new capacity projects to ensure that the visitor experience is enhanced. Regeneration and Rural Development programmes are already making significant investments in local infrastructure schemes.

The four Regional Tourism Partnerships lead on training provision for businesses within their areas. A current ESF Funded Pilot project (over 18 months up to December 2011) administered by People 1st, the Sector Skills Council for Hospitality and Tourism Sector, will be reviewed at the end of the year to determine ongoing support for up skilling across the Hospitality and Tourism Sector at different levels.

Digital Wales

Commitment - implement the Assembly Government's Digital Wales strategy, using digital technologies. The commitment includes opening up opportunities, creating even greater accountability and transparency, and establishing a web gateway on what Wales can offer.

The Digital Wales strategy seeks to exploit the opportunities and manage the risks arising from the growth of the digital economy and society in Wales. It brings together a large number of activities, issues and goals, structured around five strategic themes: Competitiveness, Skills, Inclusion, Public Services and Infrastructure. Achieving the goals will require co-ordinated action and support from public and private sector partners across Wales.

5. Summary

We intend to support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales. Economic recovery requires action to build a fairer, sustainable future, and jobs and the economy must be an over-riding priority in the next term.

A range of actions, across all portfolios, are needed to support this economic recovery. These include proposals to raise skill levels, reduce youth unemployment and provide the support necessary for better economic conditions in Wales. More details of my priorities following my review, will be announced shortly.