

ECONOMIC DEVELOPMENT & TRANSPORT COMMITTEE

Date: 9 March 2005
Time: 9.00 to 12:30
Venue: National Assembly, Cardiff Bay
Title : Economic Development & Transport Minister's Report

Supporting Business

1. The **Atlas Consortium** was confirmed on 2 March as the preferred bidder for Phase I (value of £2.3bn) of a defence contract worth a total of £4 billion under the name of the DII (F) Programme. This contract will provide enhanced communications facilities through the provision of personal computers/laptops and software for more than 150,000 users at over 1,800 worldwide locations. The Welsh Assembly Government has provided extensive support for this bid, with all of the consortium members receiving support from Team Wales, including advice from the WDA and financial support through RSA. The consortium members, General Dynamics, EADS, EDS and Logica CMG, already have an established presence in Wales and are clearly committed to growing this strong base and developing stronger links with Welsh suppliers.
2. On 24 February the Deputy Minister for Economic Development & Transport opened the **Llandudno HM Customs & Excise Business Advice Open Day** at the North Wales Conference Centre. The Welsh Assembly Government co-sponsored the event that is designed to assist SMEs by offering a wide range of free business support advice.
3. The first ever **E-Crime Summit Wales** was held in Cardiff on 8 February where experts spoke about e-crime, how it is affecting the economy in Wales and how it can be prevented. The Summit was set up to raise awareness of these issues that are facing consumers, businesses, and the public sector. It also encouraged more businesses to report incidences of e-crime. The event was attended by over 200 people. My Deputy Minister delivered the opening speech. Barbara Wilding, Chief Constable for South Wales Police and representatives from the WDA, Morgan Cole, the National Hi-Tech Crime Unit and the four Welsh Police Forces were also in attendance.

Encouraging Innovation

4. On 24 February, I formally opened the futuristic **Technium OpTIC** on the St Asaph Business Park. This magnificent facility is already proving a magnet for leading edge new businesses, as well as opening up significant technology development opportunities.
5. The 6th **Annual British Female Inventor and Innovators Conference** and Awards held in London on 23 & 24 February. Wales achieved outstanding success and received a number of awards. The Wales Innovators Network - the Assembly

Government's unique scheme for supporting Welsh Inventors and Innovators - won the Chairman's award for Excellence. This is a joint award with the WDA who deliver the project on our behalf.

6. Adrienne Jones from North Wales won **British Female Innovator 2005** award for her highly innovative biodegradable tree shelter invention. A number of other awards were won by our Female inventors exhibiting including 3 Top Ten awards. And one of our Innovation and Technology Counsellors - the service we fund to provide free advice to businesses on innovative technology processes - won the Gold award in the category of Support for Product Development.

Setting a Fresh Direction

7. My Deputy Minister attended the **World Sustainable Energy Days 2005 Conference** held at Wels, Upper Austria on 3 to 4 March 2005 when she delivered a keynote speech entitled "Sustainable Energy for Wales". In addition, the visit provided an opportunity to see first hand renewable energy and energy efficient developments and associated environmental and economic opportunities.
8. **Carbon Trust in Wales** continues to build upon the previous year's performance. A 100% indicative spend is expected this current financial year.
9. The remaining Articles of the **End-of-Life Vehicles Directive** (the Producer Responsibility Regulations) were laid before Parliament on the 9 February and will come into force on the 3rd of March 2005. The Regulations cover, among other things:
 - a) Free take-back of end-of-life vehicles, even when having no value, from 1 January 07;
 - b) Producer obligations for providing take-back of ELVs through accessible networks of authorised treatment facilities and collection points; and
 - c) Producer and authorised treatment facility obligations in respect of achieving recovery and recycling targets for end-of-life vehicles from 2006 onwards
10. These Regulations complete the transposition of the ELV Directive in the UK. Other provisions in the Directive were earlier transposed in England and Wales by the End-of-Life Vehicles Regulations 2003.

Establishing Wales in the World

11. I have recently returned from a **visit to Navarra**, Spain where I led a delegation of Welsh Local Authority representatives to the regional government. The visit provided an opportunity to see at first hand the scale of development required to meet the Assembly Government's 2010 renewable target and to understand the policy underlying the draft Technical Advice Note 8 on renewable energy. I feel the visit was a great success and the subsequent feed back from the local authority delegates has been very positive.
12. I recently **visited Dubai and Doha** in order to exploit a number of opportunities to further enhance Welsh business interests in the Middle East. In Dubai I held a number of key business meetings with the British Embassy/Council, Dubai Development &

Investment Authority, Dubai Chamber of Commerce, British University in Dubai and the Dubai Tourism Commerce & Marketing. I also met with HH Sheikh Ahmed Bin Saeed Al Maktoum, Chairman and President of Emirates Airlines. In addition, I launched the inaugural meeting of the Welsh Business Forum and officially opened and toured the Assembly's Showcase Wales event.

13. During my visit I also attended the stone laying ceremony at Ras Laffan Industrial City, Doha, to mark the start of the Qatar Petroleum and ExxonMobil Qatar Gas II liquefied natural gas project. A deep-water port has been built there to exploit the world's largest gas field, which holds around 15% of the world reserve, ahead of LNG being exported from Qatar to Wales, to a terminal under construction at South Hook Terminal in Milford Haven. Gas delivery is scheduled to start by the winter of 2007-08. The £6bn project is expected to provide more than £600m direct investment to Wales and could supply around 20% of UK gas requirements by the end of the decade.
14. Mr Max Mosley, President of FIA, praised Wales' strategy of maximizing the economic benefits from the **Wales GB Rally** at a Cardiff Business Club event on 21 February. The Rally provides Wales with the opportunity to build on our reputation as a centre for high performance engineering; increase research and development in performance and advanced engineering. The Wales Rally GB Motorsport Initiative is geared to exploit and maximise the economic benefits of hosting the Rally that is already bringing tangible results for Wales.
15. I launched the **North Wales Watersports** at Plas Menai, Caernarfon, on 24 February. This partnership of public and private sector bodies will act as a voice for the watersports industry in the area, and be at the forefront of work to regenerate and revitalise North Wales coastal communities.

Promoting ICT

16. I was pleased to learn of BT's announcement that it would be upgrading 500 of its exchanges to SDSL capability as part of its 12 month SDSL expansion programme – 15 of these exchanges are in Wales which will take the total of **Welsh SDSL** enabled exchanges to 19. The 500 exchanges will be upgraded over a 6 month period starting in April 2005 with a further 500 exchanges to be determined from August 2005 onwards.
17. In January 2004 a benchmark study was commissioned on broadband penetration in Wales. The research shows that broadband take up levels in Wales currently stand at 25% of the population compared to a 23% UK average.
18. I responded to Ofcom's **Consultation on the Strategic Review of Telecomms** in early February. The Review takes a strategic look at the workings of the UK telecommunications sector with a view to leading to a new framework for telecommunications regulation and ultimately, a better service for the consumer. Generally, I support the main thrust of Ofcom's approach to Regulation, I reinforced the point that Ofcom's regulatory policies need to be designed to cope with particular geography and demography of rural Wales, as well as urban areas in the rest of the UK.

Improving Transport

19. I have agreed along with the Minister for Social Justice and Regeneration to transfer £90,000 from the Economic Development and Transport MEG to the Social Justice and Regeneration MEG. This will help pay for Transport Wales' costs towards the **Living in Wales 2005 Survey**.
20. My Deputy Minister launched a new **road safety campaign** at the Millennium Stadium on 3 February targeted at the 17-25 year old male audience to promote 3 key messages: Don't drink and drive; switch off your mobile phone while driving; and always wear a seatbelt. My Deputy also attended the **Welsh Road Safety Awards** in North Wales on 24 February and also visited a Safe Routes to School project being implemented in Tywyn.
21. The **Longer Distance Bus and Coach Group** is taking forward the strategy for achieving an enhanced network of longer distance bus and coach services throughout Wales, including between Cardiff and Newtown via Merthyr Tydfil and Builth Wells. As part of this strategy, My Deputy Minister announced on 14 February the award to Powys County Council of up to £250,000 in Assembly Government funding over 5 years for enhanced services between Brecon and Newtown. In addition, my Deputy officially launched the enhanced X32 Bangor to Aberystwyth service on 14 February.

Job and Investment News

22. **Airbus, Broughton** is set to benefit from a Government announcement that a European consortium (AirTanker Ltd) is the preferred bidder for a £13 billion private finance initiative contract to supply refuelling aircraft to the RAF. I understand that around 7,500 jobs in the UK defence industry are set to be safeguarded by this announcement. AirTanker Ltd proposes using 15 to 20 Airbus A330-200's.

Job Gains

23. Nothing significant to report since the last meeting.

Job losses

24. **St Ives, Caerphilly** - announced it was to close with the loss of 210 jobs. St Ives blamed difficult trading conditions and said its plant in Ystrad Mynach had made a £1.8m loss. Work from the factory, which prints magazines and paperback books, will move to the company's four other plants in the UK. RSA support has been given to the company steadily over the years since 1979. All projects are complete.

ACTION OUTSTANDING

Action Outstanding from EDT2-16-04, 1 December 2004

EDTM to confer with colleague Carwyn Jones on the issues relating to Swindon's refusal to accept Wales' hazardous waste and whether there has been any development in hazardous waste disposal in Wales itself. (Item 2.3)

On the lack of hazardous waste facilities in Wales the Minister agreed to look at the impact on companies of transporting waste to Peterborough and whether there was any scope for the Government to assist them. (Item 5.9)

These items are addressed in the attached Hazardous Waste brief produced by the Assembly Government's Environment Division at **Annex B**.

Action Outstanding from EDTC2-02-05, 19 January 2005

EDTM to seek response from Minister for Environment, Planning and Countryside on impact of Cadmium pollution caused by agricultural fertilisers. (Item 2.6)

A joint Ministerial meeting has been arranged for Monday 18 April when these issues will be discussed. EDTM to report back to the Committee in due course.

EDTM to take up the issues concerning the lack of engagement of the WDA in Communities First areas and to discuss issues concerning the social enterprise network with the relevant Minister. (Item 3.5)

Engagement in Communities First areas was discussed at the 21 February meeting between EDTM and Chairman of WDA. Mr Hall emphasised the good relationship the WDA has across Wales. The poor relationship in some South East Wales areas is being addressed and new recruitment in areas of weakness is occurring. Gareth Hall and the regional Director, Karen Thomas meet regularly with the regional AM's.

EDTM to provide a comparison of retrospective projects for 2003 against those for 2004, detailing the nature of the project and the amount for the latest projects regarding spending levels under Objective 2. (Item 3.8)

Retrospection projects were approved under the Objective 1 and Objective 2 Programmes in 2003. In 2004, retrospection projects were approved under the Objective 1 and Objective 2 Programmes, and the Interreg IIIA Community Initiative Programme. Please see accompanying tables below.

Programme	Value of Approved Retrospection Projects in 2003	Value of Approved Retrospection Projects in 2004
<u>Objective 1</u>	£23.162 million	£18.258 million
Objective 2 & Transitional	£8.102 million	£5.970 million
Interreg IIIA (Euros)	Nil	€1.420 million

Lists of 2004 retrospection projects for each Programme above is attached.

Objective 1 Programme

Project Sponsor	Project	Approved Grant (£)
Finance Wales	Small Loans Fund - Phase 1 (Interim) - Retrospection	251,730
Finance Wales	Wales Spinout Programme - Retrospection	967,486
Welsh Development Agency	Growing the Environmental Good & Services Sector - Retrospection	900,550
Welsh Assembly Government	Communities First	9,227,600
Medrwn Mon	Mongallwn	53,280
WCVA	Community's First Trust Fund (Retrospective)	4,620,151
Pembrokeshire CC	Monkton SHARP Project (retrospective)	19,976
CYMAD	Amgylchedd Gwynedd	157,865
Finance Wales	Community Loan Fund Phase 1	142,957
Uwchgwyfai History Centre	Uwchgwyfai History Centre	64,167
CBAT The Arts & Regeneration Agency	GAP's Project and Connection Communities	39,483
WDA	Farming Connect Projects Fund	471,557
SNPA	Eryri Landscape & Features(2000-2004)	854,204
CCW	Waliau Cerrig Sych	487,319

Objective 2 & Transitional Programme

Project Sponsor	Project	Approved grant (£)
Core Objective 2 Area		
Welsh Development Agency	Intelligent Cities Initiative	99,994
Welsh Development Agency	Reactive Development	97,534
Welsh Development Agency	Business Birth Rate Strategy - Obj 2	924,711
Chapter (Cardiff) Limited	Creative Pioneers	172,396
Newport City Council	Commercial and Industrial Improvement Area Grants	323,549
Welsh Development Agency	Assistance to Environmental Goods & Services Sector	46,466
Welsh Development Agency	Powys Property Development Grant 2000/2004 (Obj 2)	153,441
Finance Wales PLC	Xenos Phase 1 Interim (Obj 2)	25,152
Finance Wales PLC	Small Loan Fund Phase 1 (Interim) Obj 2	136,995
Welsh Assembly Government	Phase 2 - Regional Selective Assistance Grants Obj 2	643,262
Welsh Development Agency	Demand Led Standard Business Unit - Wyeside Enterprise Park	283,065
Welsh Development Agency	Powys Property Development Grant 2000/2004	113,407
Welsh Assembly Government	Communities First - Powys	157,070
Newport City Council	Lower Dock Street Regeneration Project Phase 2	127,500
Cardiff County Council	Harris Avenue Environmental Improvements	44,673
Newport City Council	Duffryn Community Foot & Cyclepath Network-Obj2	157,882
Welsh Assembly Government	Communities First - Urban Core	331,492
CBAT The Arts & Regeneration Agency	Cardiff Community Arts & Regeneration Programme	98,030
Finance Wales PLC	Community Loan Fund Phase I	33,000
ProMo Cymru Ltd	Social Economy Foundations	49,989

Project Sponsor	Project	Approved grant (£)
Transitional Area		
The Wales Environment Trust	Creating Welsh Markets for Recyclates (Trans)	142,876
Welsh Development Agency	Reactive Development	63,338
Welsh Development Agency	Business Birth Rate Strategy - Transitional	820,912
Newport City Council	Commercial and Industrial Improvement Area Grants	73,292
Welsh Development Agency	Powys Property Development Grant 2000/2004 (T)	199,342
Finance Wales PLC	Small Loan Fund Phase 1 (interim) Transitional	80,741
Welsh Development Agency	Powys Property Development Grant 2000/2004 (Trans)	58,049
Monmouthshire County Council	Chepstow High Street Regeneration Scheme Phase 1	62,791
Welsh Assembly Government	Communities First - Urban Transitional	251,930
Newport City Council	Duffryn Community Foot & Cyclepath Network (Trans)	96,767
Vale of Glamorgan County Council	Alley Gating Crime Prevention Project Phase II	100,000

INTERREG IIIA

(Euros)

PROJECT TITLE	LEAD SPONSOR	TOTAL ERDF APPROVED/€
The Llanelli Learning Worker Pilot Project (LWP)	Welsh Assembly Government	1,050,000
Holyhead - Dun Laoghaire Voluntary Community Action	Holyhead LINK	47,249
Combined Coastal Biodiversity Management & Awareness Programme	The National Trust	322,683

EDTM to provide a progress report on the Corus Response Plan (Item 5.8).

Information Communication Technology (ICT) - The Implementation of a series of (ICT) initiatives within the five counties.

1. ICT Centres to provide impartial advise to businesses regarding the implementation and best working practices of the use of Information Communication Technology.
2. Broadband schemes to accelerate the uptake and availability of broadband services.
3. Grants to businesses for the procurement of ICT solutions and ICT training.
4. The Development of a community portal and business learning environment.
5. Provision of ICT training for businesses.
6. The support of Tourism ICT activities in line with the Ryder cup.
7. Network Development Scheme.

Most of the money earmarked for the ICT strategies will be drawn down in this financial year, some £1,670,000 for Blaenau Gwent and some £1,154,000 for the other four counties. However many of the projects do not begin until March 2005 and the funding has therefore yet to be utilised. There is no anticipated problems with the spend.

Learning Network Programmes - The Five Counties Learning Network was established following research commissioned by the Assembly Government into the effects of the Corus closures in the region. The project aims to help regenerate the five local authority areas of the former Gwent - Blaenau Gwent, Caerphilly, Newport, Monmouth and Torfaen - through the development of a learning network

The Learning Network project (TLN) aims to link up providers of learning in a strategic and coherent way to better serve the learning needs of the sub region most recently affected by the Corus redundancies. Ministers approved the Learning Network project in principle through the Cabinet Working Group on 21 January 2002 and it was agreed that the ringfenced budget of £9million for the project would be channelled through the National Council.

The main features of the network are:

- An increase in participation by 25,000 learners across 'Greater Gwent' by December 2010.
- A physical infrastructure of 30 Learning Action Centres and 100 Satellite Centres located across the Five Counties.
- A new digital Learning Passport for learners also acting as a monitoring and marketing tool for providers and as a mapping tool for progression routes.

- A range of Curriculum Development Initiatives, driving teaching and learning practice forward and enhancing the Lifelong Learning curriculum.
- A network of Learning Development Workers to liaise with the community, introduce potential learners to the Learning Passport.
- A network of Learning Advocates- learners who, with training, graduate into being voluntary capacity builders in their communities- acting as learning mentors.
- Enhanced ICT for learning through improved connectivity, innovative learning packages, and a co-ordinated training programme for tutors and students.
- A quality framework to guide the operation of The Learning Network and improve the service to learners.
- Easy access to high quality workplace learning for all businesses and their employees.
- A substantial improvement in adult participation in education by increasing the proportion of the adult population who actively engage in improving their skills on a regular basis.
- Learning Time Credits – an idea from the US in which people exchange their skills with each other by earning time credits where one hour of service buys one hour of learning.
- Co-ordinated staff development, sharing of good practice, and the implementation into operational practice of the latest research on how adults learn.
- A co-ordinated system of advice, guidance, support and referral.
- A common approach to project management to ensure a structured and transparent approach to the development of initiatives with regular financial review.

While some slippage is expected in this programme due to the working arrangements for implementing the framework being bottomed out between ELWa and the Partnership, these are not significant and the project is generally on target.

Action Outstanding from EDTC2-03-05, 9 February 2005

EDTM agreed to provide precise accounting details on Pathway 2 Prosperity funding, specifically, WDA predicted £27m spend for 2003-04 but actual spend was £21m what was the £6m spent on (Item 2.5).

There is a basic misunderstanding. £27m P2P was never put aside for WDA. This figure was the most optimistic forecast for spend if all the applications and projects, both approved and in the pipeline, proceeded as per the business plan. This depended on the pace and outcome of individual project negotiations, the anticipated start dates and subsequent spend profiles. P2P is a demand led budget and WDA only drew down the amount it needed in 2003-04.

As was repeatedly said, we expected overall P2P expenditure in 2003-04 to exceed original indicative provision. The additional funding for this was to be found from underspends elsewhere in the MEG through in-year cash management, so there was no £6m that was then spent elsewhere.

EDTM requested to provide notes/minutes on meetings with WDA Chief Executive and Chair. This was in relation to his dissatisfaction with WDA not regarding structural funds as their priority. Alun Cairns requested notes from the meeting where dissatisfaction was expressed (Item 2.6).

Hard copy extracts of meeting notes recording delays in taking forward issues relating to the technium programme and letters reflecting the importance the Minister placed on utilising structural funds were provided to the clerk for distribution to Members.

EDTM to provide more detail on the cost benefit analysis of such advertising along with the results of customer satisfaction surveys regarding Business Eye (Item 2.7).

Why market Business Eye?

One of the key messages to emerge from the Business Support Review was that businesses often find accessing appropriate support difficult and confusing.

Business Eye has been designed to be the primary access route for businesses looking for support. Business Eye exists to make that process easier and is committed to ensuring that businesses in Wales know about, and can benefit from, the support that the Welsh Assembly Government, the WDA, ELWa and other bodies are providing. Business Eye also provides signposting to the wide range of available private sector support.

Raising awareness of this facility is equally important and spending a small proportion of the money invested across Wales in economic development on promoting this straightforward service is appropriate. In terms of the WDA's overall budget, this represents less than 1% of its total expenditure.

Promoting Business Eye will result in more businesses coming forward for, and making use of, the business support available to them in Wales. Hence money spent on marketing the Business Eye service is actually marketing business support in general and should not be viewed as an investment justified purely in terms of the front-line, enquiry-handling activity of the

service itself. It should also be noted that, as with all new services, successful investment in marketing must be weighted at the front end of its inception.

The benefits of this expenditure will emerge from continuous review and a major independent assessment of its effectiveness is due to be carried out in April this year. This exercise will be carried out across 500 businesses, across all sectors, and include businesses who are not all users of public sector business support. A tracking system is also in place to record how clients found out about the service.

Client Satisfaction

Business Eye's performance in terms of delivery is evaluated through the customer experience. Every client using the service is invited to report through a formal feedback mechanism within two weeks of their first contact with the service.

During the final quarter of 2004, of those who expressed an opinion, 95.6% of clients described the Business Eye service as 'good' or 'very good'. A copy of that report is attached as **Annex C**.

Value for Money

All Business Eye Contracts to deliver the service locally have been awarded following a thorough procurement exercise within the guidelines set out by the WDA, Welsh Assembly Government and the European Procurement rules.

Currently, the WDA contracts with 15 different organisations to deliver the service locally. These contracts amount to £2.788 million for the current year. The contracts deliver 31 centres around Wales, offering a truly locally available service. Average annual Cost per local Business Eye Centre is £89,900 and average annual Cost per local member of Business Eye staff is £36,700. These figures include all on-costs and overheads.

The work of local centres is not limited to the contact time with clients but also includes undertaking research on their behalf. This requires constant updating on new national and local initiatives with the latter in particular involving outreach work and networking with providers in the public, private and voluntary sector. Information gathered is also valuable informing changes and modifications programmes and their delivery.

EDTM to provide a further report to the Committee on the recent landslide on the A470 once the outcome of the detailed engineering assessment was available (Item 2.9)

A470 Dinas Mawddy - Works to make the road safe have been completed but further works are required, primarily the completion of a drainage headwall. This will require traffic signals on an intermittent basis until the works are complete. This is anticipated to be by 4th March. The North West Wales Trunk Road Agency and the Contractors have performed well in

response to this emergency. Without the quick response and skill demonstrated by them the disruption to traffic could have been far greater.

EDTM to provide information on who will be accompanying him (Local Authority member and Officials) on his visit to Navarre (Item 2.10).

Brian Barrows Head of Energy Division WDA
Simon Jenkins Press Officer
Kay Powell Head of Planning Division
Cllr. Goronwy Edwards Conwy County Borough Council
Cllr. Emlyn Davies Conwy County Borough Council
Cllr. Dai Lloyd Evans Ceredigion County Council
Cllr. Rob Speht City and County of Swansea
Cllr. John Thompson Powys County Council
Cllr. Pam Palmer Carmarthenshire County Council
Cllr. Alan Thomas Neath Port Talbot County Borough Council
Aled Thomas WLGA
Jim Prosser WLGA

EDTM to provide an update on the dredging issue in the Dee and the future impact on Broughton and the docks at Mostyn (Item 2.13).

The Regulators, in accordance with the Habitats Directive, are in the process of considering alternatives to the Port's dredging and disposal proposals. Detailed technical advice commissioned from independent experts on the feasibility of alternatives has been completed and the Regulators are considering this advice in relation to the decision making process.

Situation with Airbus and shipment of wings - Discussions are ongoing between the Regulators and Airbus concerning both the short and long term arrangements for wing movements. With regard to the short term arrangements the Regulators, Port of Mostyn and Airbus are closely monitoring the situation and working together to ensure that Airbus' operational requirements are not disrupted.

The decision on the Port's proposals for dredging and disposal has not yet been made. The direct impact of any decision on the Port of Mostyn is a matter for the Port to assess.

EDTM to provide further details of how many of the 375 Farming Connect projects were up and running and details of how indirect jobs created by Objective 1 funding are measured and the number created (Item 2.14)

All of the 375 development plans are up and running. They are part of the 3,574 that have been completed, a completed plan being one which has been received and approved by the WDA. Once approved the plans are considered in operation.

WEFO defines an indirect job as a sub-set of the "jobs created" category. They are posts that cannot be specifically identified during the lifetime of the project but are attributable to it, for example, a tourist facility expands using structural funding and a local firm needs to take on new staff as a result of the increase in business. It is possible to calculate these jobs on the basis of increased tourist spend.

The methodology used to measure indirect jobs would differ according to the type of project supported therefore projects are asked to ensure that the methodology for calculating indirect jobs created is clear to WEFO; and particular care should be taken in converting tourism spend into numbers of jobs.

WEFO would assess the robustness of methodologies contained in applications on a case by case basis. WEFO would also, as part of its Article 10 visits on a proportion of projects, assess the methodology used by the project and amend output figures if needed.

As at 31 January 2005 projects supported by Objective 1 Funding had predicted 2,436 indirect jobs would be created.

EDTM to provide further information on how much of the £8 billion earmarked in the 15 - year transport plan is to be spent on rail and specifically on rail in mid and north Wales (Item 3.10)

The plans announced with the transport review include the cost of Welsh rail services under the Wales and Borders franchise at some £1.8bn. The other main element is a rolling programme of infrastructure enhancement over the next 15 years of around £500m. Only the first 5 years of that are costed in detail and most of that is in South East Wales.

We are currently funding improvements to level crossings in Mid Wales and Station Improvements in North Wales, further enhancements in these areas will be added to the detailed programme in the future.

The £500m is in addition to Network Rail's spending plans and does not include the cost of the new ERTMS signalling system going to be introduced onto the Cambrian Line by the Strategic Rail Authority.

The SRA are conducting a study on our behalf of what further investment is required on this line to maximise the benefits that this new signalling system could provide, in particular the feasibility of introducing hourly services on to this route in the future.

EDTM agreed it would be necessary to ensure proper processes were in place to protect rights of those whose land/homes were compulsorily purchased post merger (Item 4.14)

Processes will be put in place as part of the mergers implementation programme.

EDTM to provide breakdown of £10m savings from 2009 with regard ASPB merger and to provide information on what would happen to the existing pension schemes and how the merger would affect grading of WDA and WTB staff post merger (Item 4.8).

Merging the WDA, WTB and ELWa with the Welsh Assembly Government departments could produce potential savings of £10 million per annum from 2009. A breakdown of the proposed savings from the merged organisations as from 2009 are outlined below:

• Economic Development and Transport Department	£4,700,000
• Education and Lifelong Learning Department	£1,900,000
• Corporate Services – staff costs	£3,100,000
• Corporate Services – non staff cost	£ 900,000
Total	£10,600,000

These savings are initial estimates and further work is required. The figures are taken from the mergers scoping study financial model, which covers the potential benefits and costs of merging the WDA, WTB and ELWa with the Welsh Assembly Government Departments.

To: Minister for
Economic Development and
Planning

From: Robert J T Williams
Environment 3
Ext 3235
Fax 3658

Date: 2 February 2005

cc. PS/First Minister
PS/ Minister for Environment,
Planning and Countryside
Permanent Secretary
Gareth Jones
David Pritchard
Lawrence Conway
June Milligan
Bob Macey
Mike Chown
Cathy O'Brien
Julie Osmond
Rhianon Mirams
Ceri Davies, EAW
Aled Davies, WDA

HAZARDOUS WASTE

Issue

1. Brief for the Economic Development and Transport Minister in respect of outstanding action points from EDT Committee.

Action points

- (Item 2.3) Economic Development and Transport Minister to confer with colleague Carwyn Jones on the issues relating to Swindon's refusal to accept Wales' hazardous waste and whether there has been any development in hazardous waste disposal in Wales itself
- (Item 5.9) On the lack of hazardous waste facilities in Wales the Minister agreed to look at the impact on companies of transporting waste to Peterborough and whether there was any scope for the Government to assist them

Background

2. Traditionally most hazardous waste in the UK was disposed of to landfill sites which also took non-hazardous waste. Since 16 July 2004 the Landfill Directive has banned this co-disposal of hazardous waste and non-hazardous waste. At that date landfill sites have had to choose to take one category of waste only: hazardous waste, non-hazardous waste or inert waste (e.g. rubble).
3. Only 12 landfill sites in the UK (all in England) have decided to take hazardous waste. The cost of disposing of hazardous waste has increased sharply from perhaps £50 tonne to over £150 tonne to which must be added the increased costs of transporting wastes to more distant sites.
4. Prior to 16 July businesses had expressed concern about effects of the co-disposal ban predicting that they could be forced out of business by the

increased costs, that they would stockpile wastes (as they can do subject to licensing exemption for up to one year) or that there would be an increase in flytipping and illegal waste disposal. Prior to 16 July 2004 some 60% of hazardous waste was contaminated soil and the building industry has expressed concerns both before the ban on co-disposal and since.

Assembly Government responsibilities

5. Although the Assembly Government has overall responsibility for waste management in Wales and some specific responsibilities for hazardous waste management it does not yet have responsibility for these aspects of the Landfill Directive. The changes to landfill designation and the waste acceptance criteria for landfill (which will specify the acceptability of different wastes at landfill sites from 16 July 2005) are being taken forward under Pollution Prevention and Control legislation. This has not yet been devolved although this is expected to occur early in 2005.

6. Prior to 16 July 2004 and since there were calls for Government (both WAG and DEFRA) to do more to prepare for the changes. WAG in particular has ensured widespread communication with businesses, especially SMEs, about the changes. We have however consistently expressed the view that management of waste from commercial operations is a matter for the market to determine between waste producers and the waste management industry. It is not the role of Government to place public money at risk by providing waste disposal facilities, particularly as the whole thrust of our waste strategy is away from disposal in landfill. However WAG has sought to stimulate the market for hazardous waste management in Wales and to provide support for businesses (see below). WAG has also introduced regulations ahead of England to license mobile plant for the treatment of contaminated soils on site.

Experience since 16 July 2004

7. Assembly Government Officials have kept in close touch with events since the ban on co-disposal through attendance at the Landfill and Hazardous Waste Implementation Programme (LHIP) led by DEFRA and which maintains an overview across Wales and England. We have also had regular contacts with Environment Agency Wales (EAW) and the EA more widely (EA is part of LHIP). Assembly Government officials also chair the Hazardous Waste Working Group of the Wales Waste Forum and the Communication Sub Group.

8. Advice from EAW, borne out by the findings of LHIP to date, is that there is no apparent increased stockpiling of hazardous waste on business premises, and neither has there been a significant increase in illegal waste activity or flytipping. (There has been some increase in reporting of flytipping in general, but that could be down to the greater ease of reporting due to new arrangements being put in place and increased publicity.) EA colleagues point out that while the situation is apparently in hand, we are still only seven months into the ban on co-disposal. There was some evidence that

businesses (especially in the construction industry) cleared a lot of waste before 16 July 2004. It is therefore possible that the situation may change as time goes on and the amount of waste may begin to increase.

9. However, the reduction in the amount of waste being consigned as hazardous may be down to other reasons. The price differential for the disposal of hazardous and non-hazardous waste is now much greater, particularly for contaminated soil. There is evidence that developers are being more discerning about consigning soil as hazardous. Previously there was a financial incentive to declare soils as hazardous as this provided an exemption from landfill tax, this financial incentive has now been outweighed by the increased disposal costs for hazardous wastes. As contaminated soil accounted for 60% of the total prior to 16 July 2004 this reclassification has reduced overall demand for hazardous waste disposal. In addition to greater care in consigning soil as hazardous there is evidence that more use is being made of mobile plant to remediate contaminated soil in situ, which in environmental terms is preferable to the “dig and dump” option of landfilling this material.

10. There is also some evidence that other business sectors are also being more careful about designating wastes as hazardous. Current disposal facilities therefore appear to sufficient for the volume of hazardous waste currently being generated albeit that they may not be conveniently placed for Welsh businesses and are more costly.

11. Businesses in Wales undoubtedly do face additional costs and difficulties in managing their hazardous waste after the changes in July 2004, an inevitable by-product of the regulations if they were to work. However, although some businesses are said to be stockpiling waste (as they are, by and large, allowed to do for a year) EA Wales has discovered no great evidence of this. This would point to businesses apparently being able to find current outlets for their hazardous waste. We are in regular touch with DEFRA looking at the England and Wales picture and the evidence appears to support the view that businesses are finding ways of managing their hazardous waste. This position may change and we are keeping a close eye on it via regular meetings of the Landfill and Hazardous Waste Implementation Programme (LHIP) and contacts with Welsh businesses.

Reaction by the waste management industry

12. It is reasonable to assume that the changes to landfill designations and the treatment requirements for waste before it is landfilled (which are part of the changes from July 2004) have created market opportunities for the waste management industry. The industry appears to have been slow to take advantage of this, citing the ongoing regulatory uncertainty over the waste acceptance criteria (WAC) that are due to come into force on 16 July 2005. That uncertainty is now much less as DEFRA has recently issued an England and Wales consultation paper on new regulations for WAC, and WAG and DEFRA have concluded a consultation on new hazardous waste regulations extending the definition of hazardous waste to meet the requirements of the

Hazardous Waste Directive. It is likely that the real uncertainty is over the future size of the market. Comments to the EA indicate that waste managers expect businesses to reduce the amount of hazardous waste they produce by re-designing manufacturing processes and better waste management. Cement kilns have also entered the market to use wastes as a fuel (which they can do within the emissions standards of the Waste Incineration Directive) thus reducing demand for high temperature waste disposal. This uncertainty has affected the provision of new facilities within Wales: EAW report for example that there have been no new applications to use mobile plant to treat contaminated soils.

WAG, WEFO and WDA initiatives

13. WAG has sought to stimulate the market through a project using Objective One funding. Response to this, although initially good, turned out to be poor with only two firm applications. One application was outside the Objective One area. The other would require major project notification to the European Commission and this cannot be done until the site has planning permission. These requirements would take it beyond the Objective One funding period. It is possible that this project may go ahead in other ways.

14. WAG is working with WDA to provide consultancy support for industry in relation to hazardous waste minimisation. This will enable industrial process change to be facilitated where the company does not have the expertise available to examine different techniques and materials to reduce or remove the hazardous waste generation. This consultancy support will be supplied through WDA Account Managers, WDA General Business Advisory Service Contacts, through Business Environment Co-ordinators directly and indirectly. The applications for consultancy support will be scrutinised by a panel of experts. Sectors of business and industry will be allowed to access this programme subject to need and eligibility.

BUSINESS EYE

Pan-Wales

Customer Satisfaction Report

October 1st – December 31st 2004



Llygad Busnes
Business Eye

Cadw Golwg ar ran Busnes Cymru
Looking out for Welsh business

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Introduction

This report charts the Customer Satisfaction feedback Business Eye has received in the period October – December 2004.

The report breaks this information down by Local Authority, Regional and also gives a national overview.

It should be noted that of the 678 forms returned, 170 have not been assigned a local authority area. Therefore these results are only included in the Pan Wales report where they are applicable in order to give a true Pan Wales average. However they have not been associated with the Local Authority or Regional results.

Thus these results cannot be described as definitive but are a clear indication of performance.

The Local Authority results can in some cases be associated with Local Centres. The information provided is drawn from the clients address and is not an indication of which centre they dealt with.

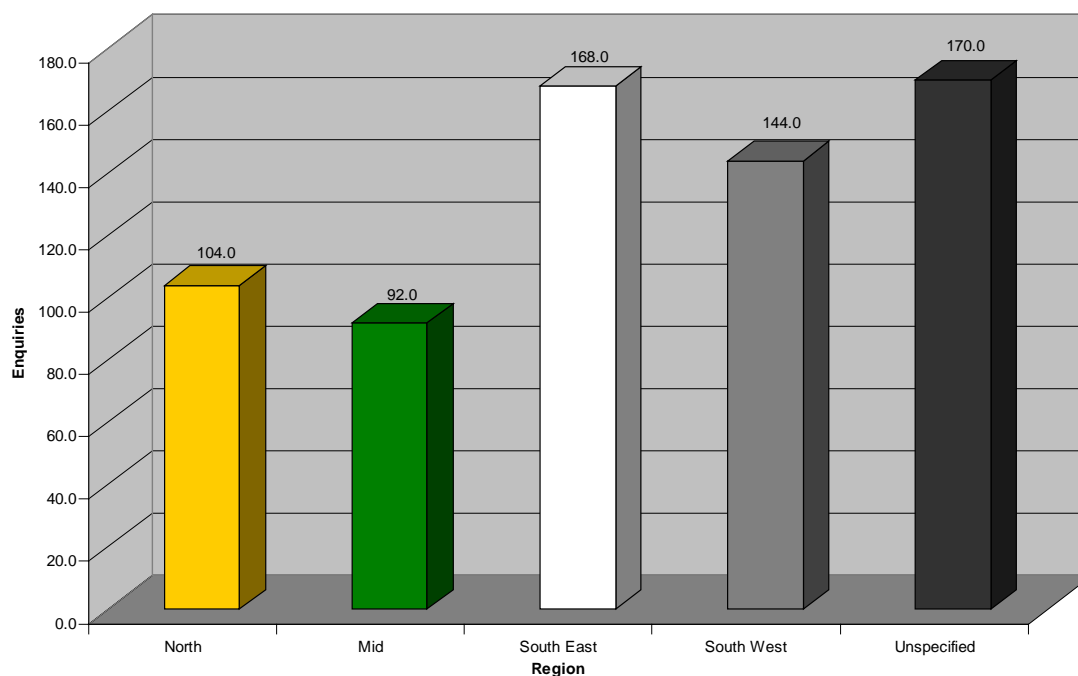
Each graph shows the Local/ Regional results in relation to the national average which is marked by a red marker (—).

It should also be noted that only questions relevant to the local offices have been included.

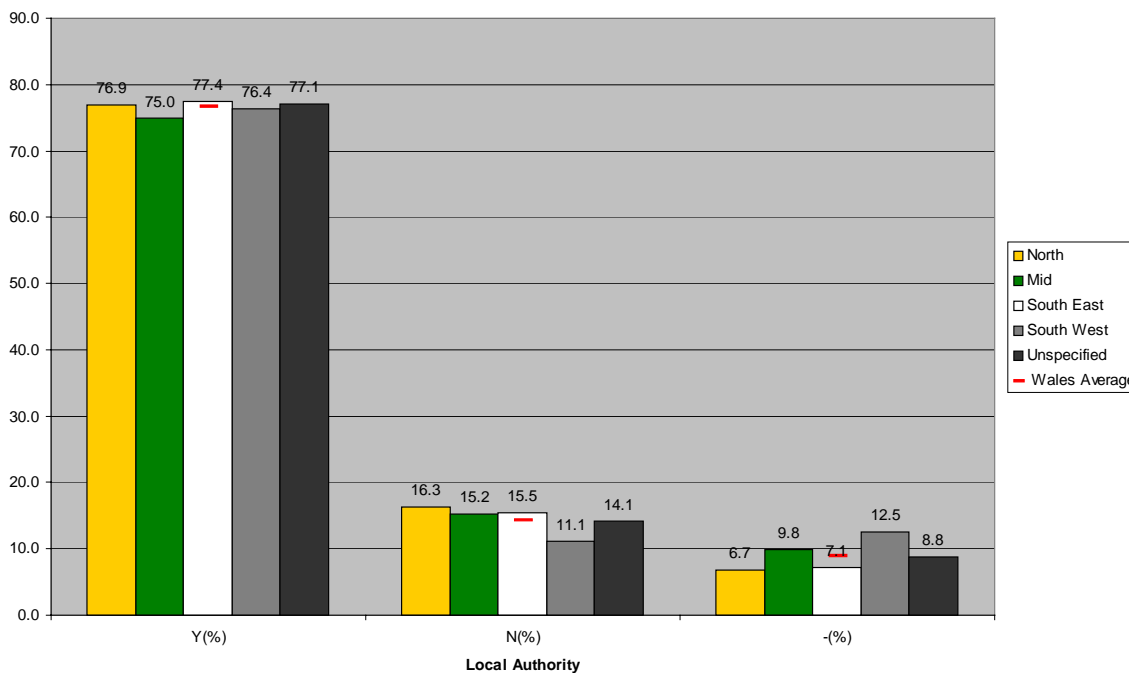
**Number of Customer satisfaction returns from clients (Pan Wales):
678**

The total figure given above is based upon the number of returned customer satisfaction forms sent by clients who either live, or whose business is based in that particular region. The figure is then split between local authority areas using the clients post-code as recorded on Captavia. This provides us with a representation of the number of clients from different local authority areas who have contacted Business eye via the 08457 number or the website.

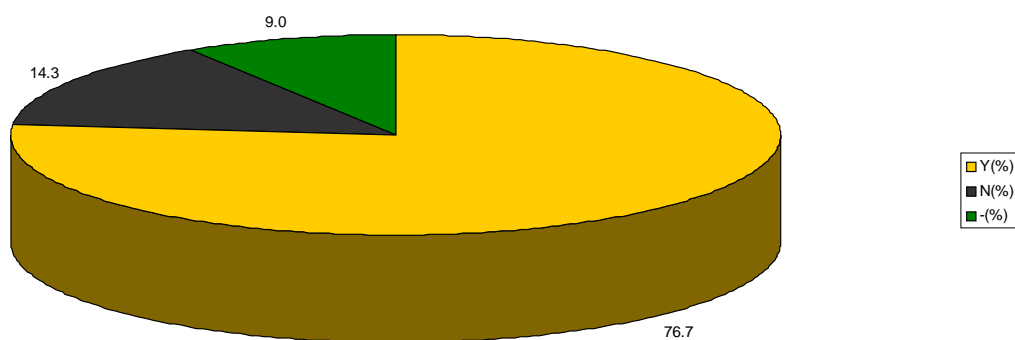
These figures do not however, reflect the total number of enquiries handled by each centre, nor do they represent the total number of second level enquiries passed on from the contact centre to each local centre.



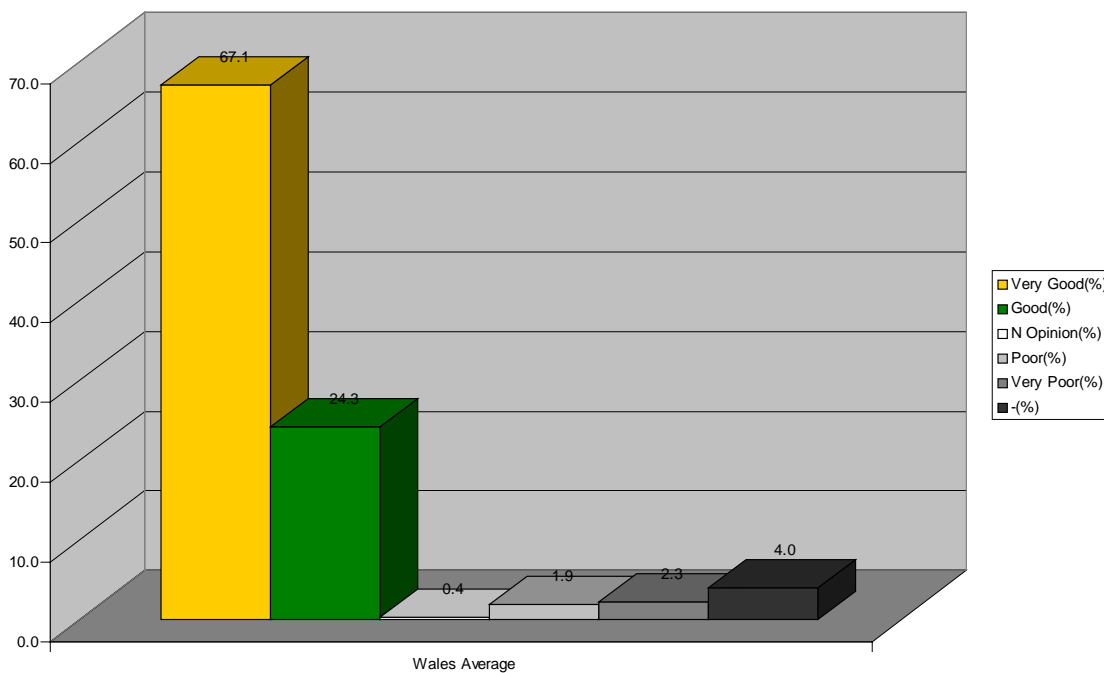
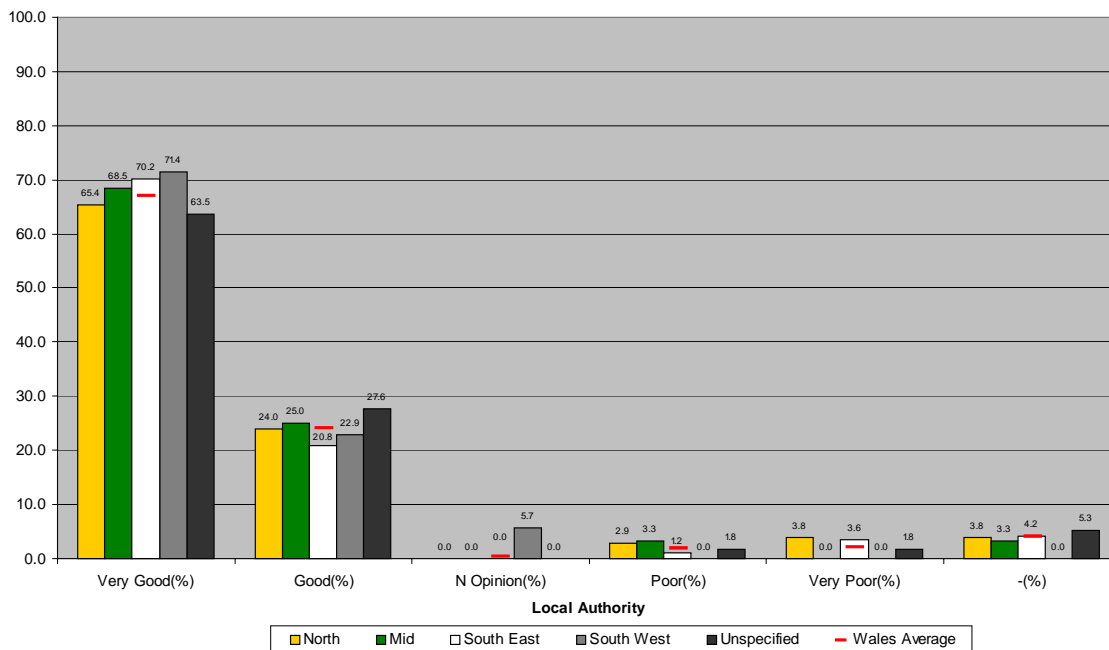
Question 1: Were you transferred to your local Business Eye office?



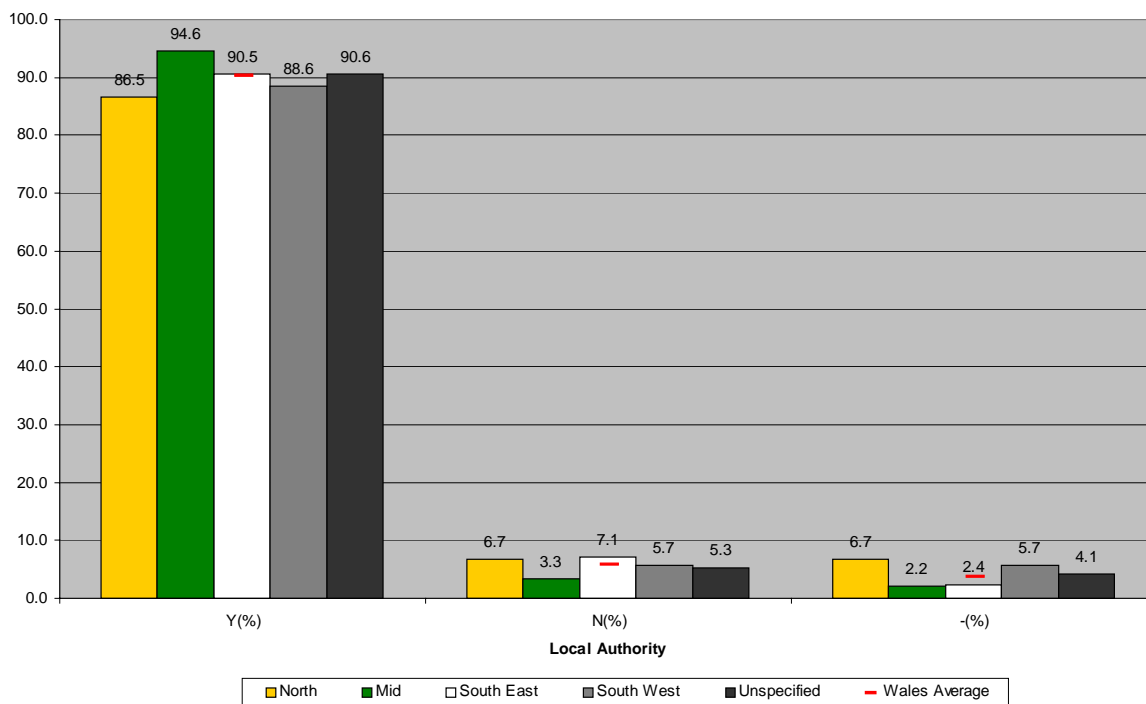
Wales Average



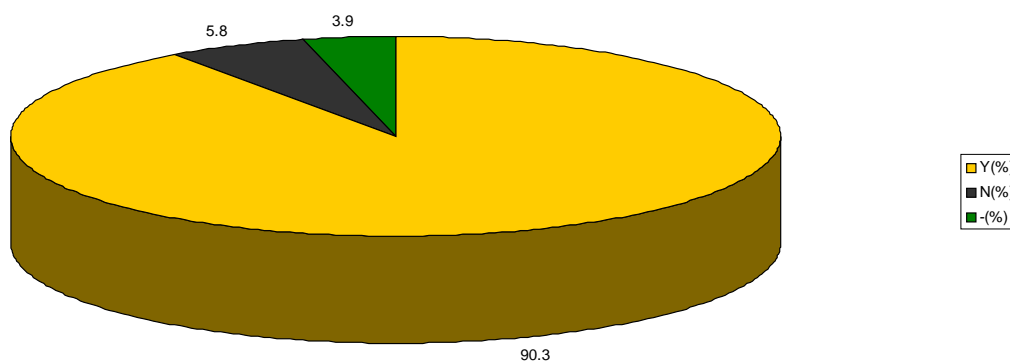
Question 2: How would you rate the service you received from Business Eye?



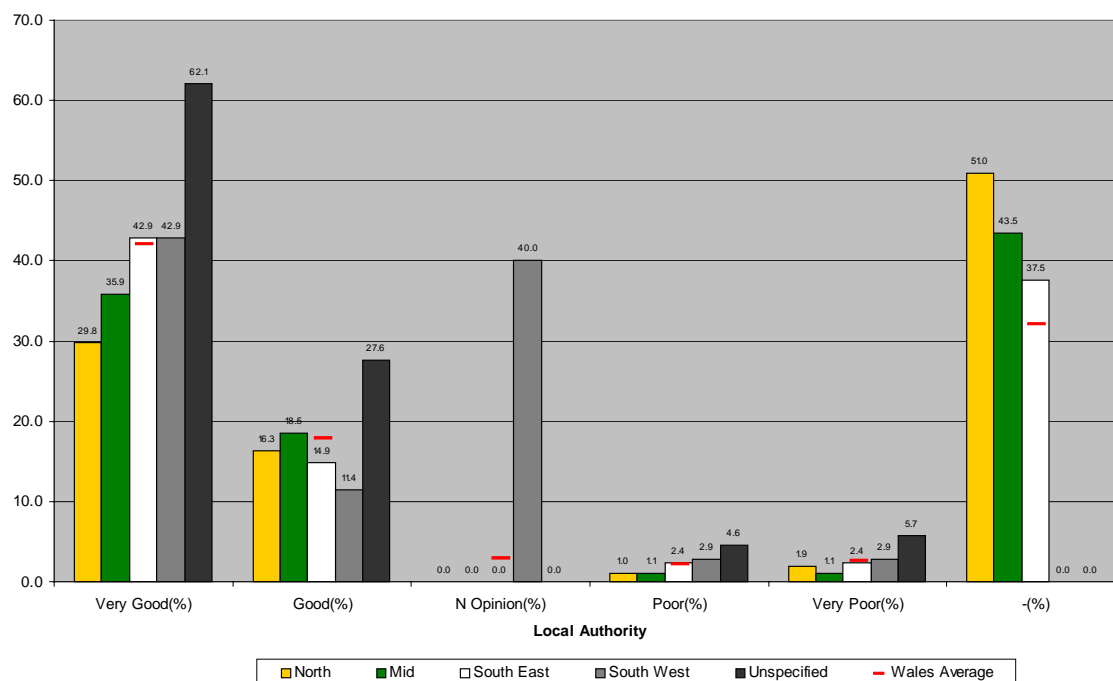
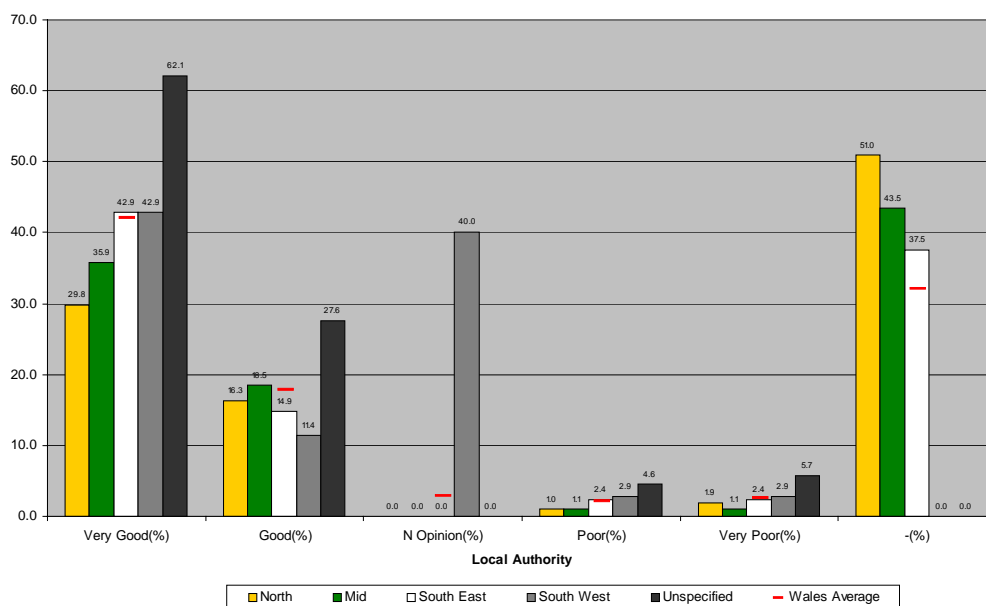
Question 3: Would you recommend the Business Eye service to others?



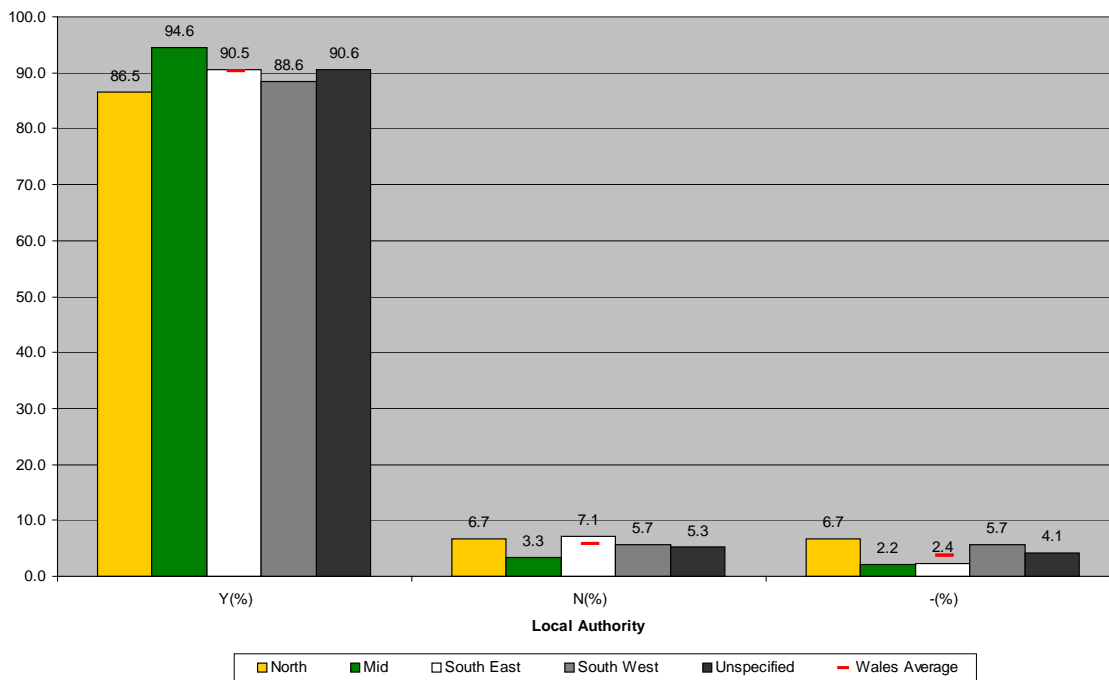
Wales Average



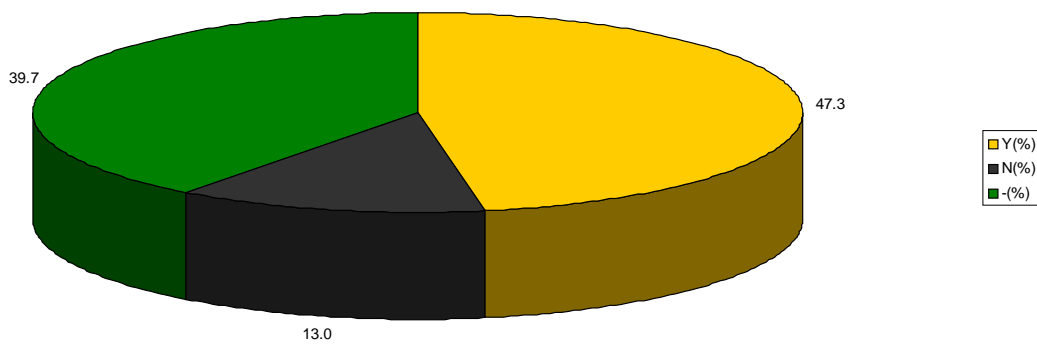
Question 4: How would you rate the service received from the referred organisation?



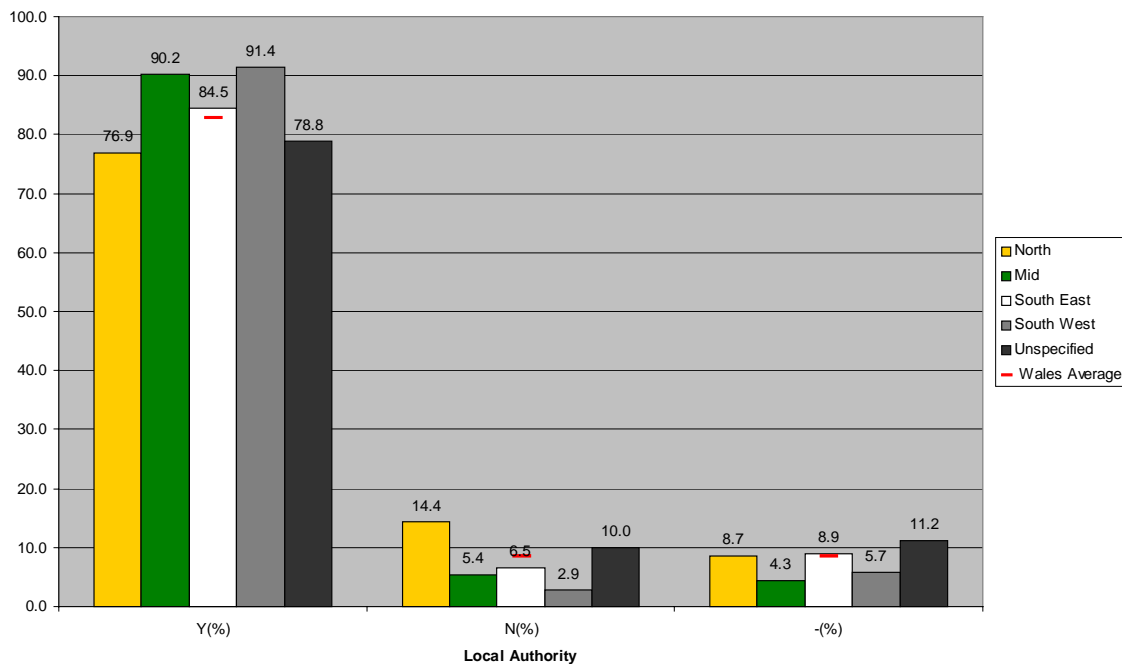
Question 5: Did you get the support from the referred organisation that you were seeking?



Wales Average



Question 6: Did contacting Business Eye help you?



Wales Average

