Enterprise, Innovation and Networks Committee

EIN(2) 01-07(p.1)

Date: 17 January 2006
Venue: Committee Room 3, Senedd, Cardiff Bay
Title: Report from the Minister for Enterprise, Innovation and Networks

Economic Data

1. **Wales Gross Value Added:** New figures from the ONS have shown that Welsh GVA has risen through the £40 billion figure for the 1st time ever. Breaking the £40 billion barrier is an indication of the tremendous progress made since devolution. When the Assembly Government came into existence in 1999 GVA was some £30 billion. In comparative terms Wales experienced a 3.9% increase in GVA on 2004, this is comparable to the 3.9% increase for the UK. There was also good progress in GVA per head with Wales experiencing a rise of 3.7% compared to 3.3% for the UK as a whole. Indeed only the North east of England saw faster growth of GVA per head in 2005.

2. **Employment figures:** December's labour market statistics for Wales and the UK were published on 14 December. These included new Labour Force Survey (LFS) figures for August to October 2006 and new claimant count figures for November 2006. Amongst the key findings were:-

   - Employment in Wales was up 12,000 over the last year and up 4,000 over the last quarter. The employment rate amongst the working age in August to October was 71.7 per cent, down 0.2 percentage points on the previous year and unchanged on the previous quarter.

   - For the UK as a whole the employment rate was 74.5 per cent, down 0.2 percentage points on the previous year and down 0.1 percentage points on the previous quarter.

   - The latest 3 month average from the LFS shows total employment in Wales at 1,339,000, down a little on last month’s estimate.

   - The unemployment rate in Wales was 5.3 per cent, up 0.7 percentage points on the previous year but down on recent months and below the UK average of 5.5 per cent.

   - The claimant count level in Wales in November was down 700 (or 1.6 per cent) on October. The UK saw a reduction of 5,700 (or 0.6 per cent). Compared to November 2005, the claimant count level was down 1.1 per cent in Wales but up 5.5 per cent in the UK.

Supporting Enterprise

3. **Finance Wales:** Following its recent record of success and the anticipated successful investment by Finance Wales of its £45 million Objective 1 Fund, I have announced a new £30 million Fund to be operational from April 2007. The Assembly Government will provide half of the Fund with the other half sourced from the private sector. Since 2001 Finance Wales has invested more than £50 million in Welsh businesses and recently announced its 1,000th investment. It is well on course to achieving its ambitious aim of investing more than £100 million by 2008. This new Fund will continue to provide the same successful investment strategy that has seen Finance Wales assist many Welsh companies to further their growth ambitions.

4. **Celsa UK:** The First Minister opened Celsa's new state of the art £80 million melt shop at its Tremorfa site in Cardiff. The company has in the past benefited from Assembly Government support to deliver a comprehensive Workforce Development Programme and Freight Facilities Grant to enable it to transport its products by rail instead of road. This latest investment is a tremendous vote of confidence by the company in its Cardiff facility.

5. **Integrated Wing Advanced Technology Validation Programme (ATVP):** December saw the launch of ATVP, a £35 million consortium led by Airbus UK that will spearhead research to develop a new generation of aircraft wings. A significant part of the programme will be undertaken at Airbus Broughton. The consortium encompasses 17 leading organisations and is supported by the Assembly Government, DTI, NI Office and regional development agencies in South West and South East England. It is an excellent example of collaboration and partnership of Government and agencies at all levels.

6. **Former Ebbw Vale Steelworks:** Contractors have now commenced the 2nd phase to renovate the remaining 150 acres of the site. This marks a key stage in the redevelopment of the site that is to be transformed into a vibrant and dynamic new urban quarter for Ebbw Vale. The reclamation and transformation of this area is a key project under the Heads of the Valleys programme that will impact on the economy and environment of Ebbw Vale as well as the wider region.

7. **M & J Europe:** The Tredegar based manufacturer of conveyor belt systems has formed a partnership with the world's market leader in the sector, US based Flexco. M & J Europe has in the past benefited from Assembly Government RSA grant aid and currently benefits from ongoing Assembly Government account management support that has helped it to take advantage of this latest opportunity to expand their existing business.

8. **Jester Interactive Publishing:** The St. Asaph based computer and video games software developer and publisher is to receive funding from the Assembly Government's Creative IP fund to help the company produce a new video game. Since April the £7 million Creative IP Fund has invested more than £3 million into the creative industries - this latest investment is our 1st in new media.

9. **Structural Fund Progress at 30 November 2006:** We have committed Structural Funds of £1.57 billion to 2,830 projects, representing some £3.8 billion of total project investment in Wales. Objective 1 funding of some £1.34 billion grant has been committed to 1,734 projects, representing around £3.21 billion of total project investment in West Wales and the Valleys, creating and safeguarding thousands of jobs.

10. **N+2 Targets for 2000 – 2006 Programme:** I am pleased to confirm that WEFO has submitted sufficient claims to the European Commission to meet all N+2 targets for 2006.

11. **Convergence Programmes:** On 12 December the First Minister updated Plenary on progress in preparing the Convergence Programme. He confirmed that consultation responses to the draft Programme documents had indicated strong support for the proposed strategies and priorities. The ERDF and ESF Convergence programmes were submitted to the European Commission on 14 and 15 December respectively and discussions with the Commission will commence early in the New Year. Wales is well ahead of the rest of the UK in submitting its Programmes and the Commission has been complimentary about our progress. The consultation on the Strategic Frameworks ended on 31 October. Responses are informing ongoing discussions regarding the development of the Frameworks with both external and Assembly Government stakeholders.

12. **All-Wales Programme Monitoring Committee for the European Structural Funds 2007-2013:** The First Minister has announced that a single committee of fifteen public appointees, with the expert knowledge to oversee and maximise the impact of the next round of European Structural Funds in Wales, will be established. Three senior officials from relevant Assembly Government departments will sit on the Committee, which will be chaired by an Assembly Government representative. The process to appoint members is underway and the closing date for receipt of applications was 12 January.

13. **Ireland/Wales 2007-13 Territorial Co-operation Programme:** The draft Ireland/Wales 2007-13 Territorial Co-operation Programme was launched for consultation on 14 December and the consultation period will end on 8 February. Two regional events for key stakeholders will be held in January, in North and South-West Wales. The consultation exercise is taking place in parallel with arrangements in Ireland.

14. **Objective 1 Projects:** Following public consultation, on 22 December the Snowdonia National Park Authority named the new Visitor Centre to be built on top of Snowdonia as Hafod Eryri. The centre, which has been awarded £4 million of Objective One funding, will provide visitors of all ages with the opportunity to learn more about the mountain's significance as a unique recreational, environmental and cultural resource. It will also offer weather information, advice on descent routes, washrooms and toilets as well as provide refreshments and shelter.

15. **Dinefwr Park and Castle:** On December 11th I was pleased to open Newton House, the centrepiece of the National Trust's 800-acre estate at Dinefwr Park and Castle near Llandeilo, for use by visitors and the community following substantial improvement work. The project, supported by £2.5 million of Objective 1 grant, will also manage the land to sustain and encourage biodiversity, with particular emphasis on reversing the pressures of modern farming methods on the newly acquired 91 hectares of Dinefwr Home Farm.

16. **Enterprise Week:** The final figures for Enterprise Week, which I launched on 13th November, show that over 10,000 individuals took part in 262 events across Wales, an increase of 28% on 2005. This is the highest number of events for the devolved regions.

17. **Jay Davidson Haulage (trading as Megadrive):** The freight transport business based in Pembroke Dock is heading for a £1 million turnover in its first year of trading. Within nine months Megadrive has built up a fleet of twelve 44-tonne lorries and employs 20 staff. The company moves a variety of goods such as food, soft drinks and building materials either directly or as a sub-contractor. Megadrive is regularly visited under our Account Management Programme and is receiving mentoring support through my Department's High Growth Programme. If Megadrive maintains its current growth rate, it anticipates doubling its fleet by the end of next year.

Promoting Innovation

18. **Technium OpTIC:** The Ultra Precision and Structured Surfaces Integrated Knowledge Centre (IKC) is to be based at Technium OpTIC. This world class centre of expertise is part of an £8 million project led by Cranfield University, that will aim to deliver to UK industry a step change technology enabling the development of a wide range of next generation products. This is a significant and an extremely important development providing a first class example of how industry and academia can share knowledge and expertise. It also showcases the status of Wales and our Technium Network in terms of attracting world class research and development opportunities.

19. **Technium CAST Bangor:** The first visualisation suite in the world is now operational at CAST in Bangor. Fakespace Systems Inc. has agreed that CAST is to be their key demonstration site and is looking to confirm CAST as its European HQ. The PowerWall is a large-scale, ultra high-resolution virtual reality flat wall visualization environment that enables engineers, designers and researchers to realistically interact with three-dimensional computer-generated models. The system uses some of the world's most advanced projection technology to provide extremely detailed images with an eight million pixel active stereoscopic virtual display.

20. **MNL Pharma, Aberystwyth:** Following its move into administration last month my officials have kept in contact with the company and have been involved in discussion of business plans with the ex-management team and facilitated a number of meetings with potential buyers. On December 14th it was announced that the equipment and intellectual property, which existed in MNL Pharma was acquired by Vastox plc. It is understood that the previous employees, made redundant by MNL Pharma, will now be employed by the new company. I see this as a vote of confidence in the workforce and locality.

21. **SMARTCymru:** Surface Transforms PLC has been awarded a £152,000 grant to develop a novel process for the manufacture of carbon ceramic brake disks which will achieve a significant reduction in processing costs, savings in materials used, and potential improvements in performance. The company, which has already received significant backing by its flotation will be locating to Flintshire to undertake the project.

Investing in Networks

22. **Barcelona Air Service:** Funding in excess of £500,000 from my department’s Route Development Fund is to support the launch of a new Cardiff to Barcelona air service expected to carry around 29,000 passengers a year. Our Route Development Fund was launched in December 2005 with the aim of developing new direct air services and improving accessibility and competitiveness for Welsh business.

23. **Newport Station:** On 13th December I viewed the works currently underway by Network Rail to transform Platform 4 at Newport Station. The Station is benefiting from an extended platform as part of an extensive investment to improve the performance and reliability of the railway and improve passenger facilities. The redevelopment of Platform 4 is an important first step towards a wider improvement programme for Newport Station due to be completed prior to the Ryder Cup in 2010.

24. **Arriva Trains Wales (ATW) Fleet:** On 12 December I joined Arriva Trains Wales (ATW) to announce additional trains into the company's fleet supported by Assembly Government funding. 11 Class 175 trains will provide modern, comfortable carriages on long-distance routes (e.g.between Cardiff & Holyhead). 8 additional Class 150 Sprinter trains have also been provided as a result of Assembly Government funding.

25. **Broadband:** BT expects to make its 10 millionth broadband connection in the UK by the end of this month. This figure is double that previously predicted. (April 2002) This figure supports Point Topic research published last month, which showed that Cardiff has taken second place in the UK with 57.8% of homes in Cardiff having broadband. Last year Point Topic ranked Cardiff 15th (46.7%).

26. **New Research Centre:** I am delighted by the partnership forged between the University of Glamorgan and Orange to create a research centre as part of the University's Faculty of Advanced Technology. The research centre will contain two main hubs; Next Generation Wireless Application, Service Creation Facility and the Visualisation Facility. The centre is the only one of its kind in a European university. I see this as a major vote of confidence in the University and Wales by such an important global player.

27. **ICT Paper:** The Committee may wish to note that the paper on the Assembly Government's approach to exploiting the power of ICT in order to improve citizen access and public service delivery was approved by Cabinet sub committee on Local Government and Public Services. A further paper on the subject was subsequently approved by the Public Services Board (Annex D) 14th December 2006 leading the way to the production of an e-Government Action Plan in 2007. The comments made by the EIN committee have been very helpful in developing this policy.

28. **OFCOM Consultations:** Currently Ofcom are running two consultations; firstly, a review on the proposed approach to the award of the digital spectrum and secondly a review on the wholesale broadband access markets. These two important consultations indicate the vital role that Ofcom play in the future roll out and take up of broadband across Wales, and indeed the UK. The digital dividend review is particularly crucial, as it will be setting parameters and priorities for the scarce but valuable spectrum of the future, much of which will be released by the analogue to digital switchover.

Visit Wales

29. **Golf Clusters:** Visit Wales in my department has estimated that Wales could build its annual revenue from golf tourism from some £27 million in 2005 to £100 million by 2011. The dividends of hosting the 2010 Ryder Cup is a major driver behind these estimated increased revenues. A number of golf clusters are now being developed to deliver a golfing experience greater than the sum of its parts. Examples include: -

- The partnership formed by Royal Porthcawl; Southerndown, Pyle and Kenfig Golf Clubs with the Vale and St David's Hotels to provide a high quality golfing experience.

- Golf Pembrokeshire that involves 7 golf clubs and 17 providers of accommodation.

- And southwaleslinksgolf.com which in just a few months of operation has received orders for 2007 of more than £50,000 ahead of the main season.

30. **Wales GB Rally:** Last month we hosted the Wales GB Rally - the finale of this year's World Rally Championship. In attracting 118 manufacturer teams and amateur crews Wales Rally GB was the most popular event in this seasons 16 round World Rally Championship. The Rally has unquestionably provided a firm foundation for developing our Motorsport Strategy and is worth many millions to the Welsh economy.

31. **2006 Marketing Campaigns:** An evaluation of the 2006 marketing campaigns run by Visit Wales has revealed that targets to responses have again been exceeded. Results show some 416,500 people followed up recent direct mail, online and TV advertising. These campaigns are delivering results, during the last survey of 2006 34% of businesses said they had more guests and visitors than over the same period last year and 39% said their turnover was higher.

International Business Wales

32. **Export Figures:** The latest UK regional exports statistics by value for the third quarter of 2006 were published by HMRC on 7 December. Since 1999 the increase in Welsh exports (44.1%) is higher than that for the total of all UK countries and English regions (41.0%). Other key findings were as follows: -

- The value of exports for Wales for the four quarters up to and including quarter 3 2006 rose by £427 million (4.9%) compared to the previous four quarters. The value of exports for the total of all UK countries and English regions also rose over the same period, by 14.6%.

- Looking at quarter 3 2006 in isolation, total exports (by value) for Wales increased on the corresponding quarter in 2005, by £209 million (up 10.0%), to £2,294 million. The value of exports for the total of all UK countries and English regions decreased by 3.3% over the same period.

- Welsh exports for quarter 3 2006 were lower in value than in the previous quarter (down £141 million or 5.8%), compared to a 21.6% fall for the total of all UK countries and English regions.

33. **Inward Investment:** For the first nine months of the financial year, 63 inward investment projects have been recorded promising 2,267 new jobs, 1,299 safeguarded jobs and investment of almost £171 million. Of the total number of projects 36 (almost 60%) have been new, there have been 19 reinvestments by existing investors and 8 have been acquisitions. Key projects recorded, in the public domain, are Tesco and G24 Innovations in Cardiff, Sony in Bridgend, Revolymer in Holywell and Inspired Broadcast Network in Bangor. Projects in the pipeline and expected to mature by the end of the financial year suggest that the annual target for new jobs – at 4,860 – will be met. Not included within this forecast is a high probability project involving almost 1,400 new jobs that we hope to secure between March and May this year.

Job Gains / Safeguarded

34. **Yell Newport:** A £900,000 Assembly Government RSA grant and support from the International Business Wales team in my Department has been central to plans announced by telephone directory firm Yell for a £3.5 million call centre in Newport. The centre which is expected to begin operating in April could create more than 250 jobs. Newport has for some time been at the forefront of what is a thriving and dynamic contact centre industry that employs some 24,000 people across Wales. This latest investment is a further vote of confidence in our strengths in the sector.

35. **Ecolab:** Ecolab Ltd has announced it is to establish its UK national customer service centre at its existing offices at Caerphilly Business Park. The project has been supported by an RSA grant of £850,000 and it is thought 55 jobs will be created within the first year of the expansion bringing the total Caerphilly based workforce to over 80. The grant will allow investment in state of the art computer and integrated systems and facilitate a complete office redesign and refit with the option to add further services.

36. **Sims Recycling Solutions:** The Newport based company is investing £8 million in a facility capable of recycling electrical products. This development will provide 60 new jobs, bringing the total number of people employed at the plant to 190. The investment is part funded by my Department through Regional Selective Assistance. This is an important investment for both economic and environmental reasons and I am delighted that we have worked so closely and effectively with Sims on this investment.

37. **BE Marble & Granite Ltd:** The Corwen-based company in is one of the major suppliers of marble and granite kitchen worktops and counters in the UK. Their current staff complement is to be doubled with 35 new posts created. The company accepted an RSA grant of £320,000 towards their overall project costs of £850,000 to construct new premises on the same site and acquire new equipment.

38. **Cig Cibyn Ltd:** The Caernarfon Abattoir, which shut in March last year because of operational difficulties, is to re-open for business as Cig Cibyn Ltd in January 2007 creating 20 jobs. This is a private venture by key personnel who have raised their own capital. Cig Cibyn has submitted an application for support under the Agri–Food Development Fun, we hope to make a decision regarding the application very early in the New Year.

39. **Glampack Ltd, Rhondda Cynon Taf:** A Management Buy Out has been successful with their RSA application and has now acquired the assets of Glampack Ltd from the administrators of Corpack Industries Ltd (KPMG) as a going concern. This safeguards the 55 jobs and ensures the future of the company.

40. **LS Designs:** The electronics company, based in Cwmbran, is to benefit from an Assembly Investment Grant of just over £30,000 to support a £70,000 investment in two vital machines. A state of the art Pick and Place machine which allows increasingly used tiny electronic components to be handled for use in circuit boards. The other is a high-tech solder oven purchased to meet EC regulations regarding the use of lead free solder. The investment has safeguarded 17 jobs.

41. **RSA / AIG:** Six companies in the North Wales area are to benefit from £885,000 of grant from my department that will help create over 80 new jobs. The companies who will benefit include:-

- Electroimpact UK in Flintshire, who are expanding their current manufacturing facilities;
- Burtech Cyf Ltd which is purchasing land to expand its current facility;
- Jester Intercative Publishing Ltd which is based in Deeside and is moving to larger premises;
- NWP Electrical who are moving from their existing premises in Queensferry Deeside to the nearby Deeside Industrial Park;
- Gem Electrical Sulutions Ltd in Denbigh who are also expanding their premises.

Job Lossess

42. **Orion Electric:** The Company has confirmed its intention not to close, although they had considered this. They are making 98 people redundant in early 2007, and are retaining 93 to run the plant on a minimal/hibernation basis. They remain confident that sales will pick up again in late 2007.

43. **The Cab Factory, Cardiff:** On December 7th, 40 workers were made redundant from the Cab Factory that manufactures cabinets for the gaming industry, and more recently furniture. The workforce received no warning and were told to leave the factory immediately. Letters with contact details for a recovery firm called DTE Leonard Curtis were distributed. Attempts have been made to contact company management in order to explore any support that could be offered to the redundant workforce. As yet no response has been received.

44. **Terram, Mamhilad, Pontypool:** Until recently the company was owned by the BBA Group but the two divisions of BBA were de-merged in October 2006. Terram became part of the stand alone Division, Fiberweb PLC. The Pontypool site manufactures a raw material using technology which is expensive compared to its competitors. A new MD has been appointed to assess whether the business can be made profitable. As a result of this review 30 redundancies have been announced from a total of 143 staff.

Other Announcements

45. **Department for Enterprise, Innovation and Networks (EIN) Going Forward:** The mergers of the WDA and WTB with the Assembly Government were a key milestone in a continuing major change process.

    In order to bed in new systems and to develop relationships in and between the respective business areas, within EIN, a period of consolidation post merger was required.

    However, the merger process highlighted a call from our business customers for our future interventions to be appropriate and via a single credible point of contact, helping to deliver tailored solutions through flexible support with simplified decision making.

    To achieve our goals, in particular our ambitions to help create more and better jobs, then there is a need for EIN to drive forward two distinct but clearly linked areas of further change.

    1) To better plan and deliver investments in infrastructure and the environment to improve the future competitiveness and well being of Wales and its people.

    2) To proactively target customers who will benefit from our support, and derive real benefit for Wales, through a new operating model.

    The new operating model will encompass the following key elements:

    i) A strong relationship management function, where relationship managers are at the heart of the EIN operating model.
    ii) A segmented approach to targeting our customers, allocating EIN resources to where we can make greatest impact. For our business

clients we will segment into four broad levels (Knowledge Bank for Business; Relationship Managed; General & Specialist Support and Information & Signposting). We will also segment by sector and the other specialisations e.g. technology and finance. Therefore, through all levels of support we will have specialist relationship managers for key sectors.

iii) A flexible resource: To achieve more flexibility in its approach EIN will over time move to a position where we access one single pot of investment finance that can be used as flexibly as possible.

iv) A Clear Return on Investment Gateway: For this model to work and to maximise the positive impact on Wales a more rigorous and consistent Return on Investment test will be applied. This test will ensure that solutions being presented by relationship managers represent the beat value for money and are in proportion to the levels of investment and outputs sought by the customer.

v) An Approved Scheme Gateway. This will enable EIN to provide support to targeted customers that meet necessary legal criteria, such as EC State Aid rules

vi) A 'Complex' solutions capability. to test effectively, develop and deliver appropriate solutions EIN will require a strong integrated delivery/project management capability going forward.

In practice, all the change outlined above means smarter ways of planning, working and delivering, requiring new skills, team work and performance management. It represents a huge undertaking but will achieve what I set out to achieve at the start of the merger process – for EIN to become an exemplar of public service delivery: – which complements and works with, rather than competes with the private sector.

46. **Cardiff Bay – Review of Arrangements for managing the Barrage, the Inland Lake and the Outer Harbour:** Since my last report to Committee (EIN(2) 06-06 (p.1) I can advise that significant progress has been made in the review of the arrangements with Cardiff Council for managing the barrage, bay etc. Members of the Committee will be aware that the actual and contingent financial liabilities for the barrage, bay etc will continue to rest with the National Assembly. Discussions between Transport and Infrastructure Policy officials and Council officers are proceeding well and they have now agreed the principles for the future funding which will be set out in a formal document that varies the original 'harbour authority' agreement. A draft 'Deed of Variation' has been prepared and is being considered by Council officers before being presented to the Council's Executive for approval. The main principles are that the Assembly Government shall provide the Council with funding to ensure that it can discharge its functions in or under the Cardiff Bay Barrage Act 1993; to enable it to maintain the properties (transferred to it under the original agreement); and to fulfil any other associated contractual liabilities. Funding will primarily be on the basis of a fixed budget for an expanded list of fixed activities (subject to certain limitations and qualifications) over periods of 3 years. An enhancement fund will be established, resourced by savings from fixed cost activities, any balance from the current 'savings'

budget' and income, to facilitate the improvement and enhancement of infrastructure and services in or around the Bay. There will also be provision for the Assembly Government, if it chooses to do so, to fund in whole or in part enhancement or improvement projects in or around the Bay or in relation to properties as well as arrangements to fund asset renewal. The variations proposed are an evolution of the original agreement and associated arrangements and will provide a stable basis for future funding, as well as value for money. I will report further in due course.

47. **Investors in People (IiP) Standard:** My Department played a major role in the assessment process that has seen the Assembly Government meeting the new Investors in People (IiP) Standard. This is a tremendous achievement and it demonstrates the commitment of all staff to continuous improvement and learning and development. What makes this an even more impressive accolade is that the Assembly Government is one of the first parts of the Civil Service to attain the new Standard.

48. **Town Improvement Grants:** An £188,000 Town Improvement Grant has been approved towards the £750,000 renovation and refurbishment costs of the former semi-derelict Rochelles Restaurant in Bridge Street, Caernarfon. The listed building lies in a prominent location at the heart of Caernarfon and has been vacant and decaying since closure of the restaurant business in 1992. This is another important part of the overall regeneration of Caernarfon town centre. Two other Town Improvement Grants have also recently been approved in Bangor. A £14,500 grant has been awarded towards the £59,000 refurbishment of 62 Kyffin Square to create a new solicitors office, and a £35,500 grant towards the £185,000 refurbishment of 364 High Street into an internet travel café, foreign exchange bureau and travel shop as well as renovating 3 upper floor flats.

Annex A

Action Outstanding

EDT(2) 03-06, 7 June, 2006

ACTION POINT: The Minister agreed to provide a detailed bulletin on economic inactivity and would be provided to the Committee on completion (Item 3).

This can be found by following the attached link. The document is also attached at Annex B.

http://new.wales.gov.uk/docrepos/40382/40382313/403824/economy/econ-2006/sb65-2006.pdf?lang=en

EDT(2) 06-06, 20 September, 2006

ACTION POINT: Minister to provide clarification of how many printers listed as providing print services to the Assembly are benefiting branches in other parts of Wales (Item 3).

Our enquiries have established that 1 of the print companies (Colour Print) with which we engage has transferred its production facilities from Cardiff to Pembroke Dock, while maintaining its administrative base in Cardiff. None of the current list of suppliers have production facilities elsewhere.

EDT(2) 08-06, 18 October, 2006

ACTION POINT: Minister would write to the Minister for Environment, Planning and Countryside requesting information on the environmentally friendly issues relating to shark fishing in Wales (Item 2)

I have written to the Minister for Environment, Planning and Countryside and am awaiting a reply.

EDT(2) 09-06, 9 November, 2006

ACTION POINT: Minister will provide disaggregated figures for Economic Inactivity in Wales showing a breakdown of gender, disability, ethnicity and age (Item 3).

Information contained in answer to Action Point EDT(2) 03-06, 7 June, 2006 (above). However please note that it is intended to prepare and make available a snapshot of the W:AVE Tracking Indicators in late January 2006, which will include a disaggregation of the economic inactivity statistics by age, gender, disability and ethnicity, where the data is available.

EDT(2) 09-06, 9 November, 2006

ACTION POINT: The Minister will provide a note on deep coal mining to include details of methane extraction, underground coal gasification and the energy implications for Wales.

Deep Coal Mining

Approximately 400 are directly employed in Welsh deep mines and output is around 600,000 tonnes per anum. Tower Colliery accounts for nearly all of this figure. Tower is expected to exhaust its reserves of economically recoverable coal in late 2007 or early 2008. It has received nearly £3 million of Coal Investment Aid (CIA) since 2003 to help it to recover these reserves. Aberpergwm Colliery has also received CIA funding to support a programme of investment to re-access previously abandoned reserves. It is hoped that the mine will significantly increase its production and provide employment for the Tower workforce when the latter closes.

The Welsh coalfields still contain extensive unworked reserves. Because of the undulating topography, reserves in South Wales can be more easily and economically accessed, by drifts, than in other parts of the UK where deep shafts would be required. The Coal Authority advise that an expanded Aperpergwm mine would produce the lowest cost coal from a deep mine in Britain, at as little of one tenth the cost of a comparable mine in the North of England.

Apart from Aberpergwm, other deep mine projects are known to be under active consideration, notably development of the Margam coking coal prospect and re-opening of the Pentreclwydau mine. The Coal Authority granted Corus a licence to work the Margam Reserves, but the decision has recently been successfully challenged by Horizon Mining and a Judicial Review is pending.

Whether or not this coal is recovered in the future depends on a number of factors including a continuing demand for coal, the economic cost of recovery relative to coal prices, and the availability of development consents to access the coal. Decisions on deep mining projects are commercial matters for the site owners, but the renewed interest in them reflects changes in world coal markets, where prices have risen in response to strong demand from expanding economies such as China.

Methane Extraction

Methane associated with coal measures, or Coal Bed Methane (CBM), can be considered under three separate areas. These are methane from virgin coal seams (VCBM), methane from operational coal mines (CMM) and methane from abandoned mines (AMM). There are no commercial VCBM schemes in the UK. CMM recovery and utilisation is operational at Tower Colliery. There are significant coal reserves in Wales with potential for VCBM recovery and there is also potential for AMM recovery from some of the closed mines.

Welsh Assembly Government Ministers have lobbied the UK Government for CBM to be included in the Renewables Obligation (RO). The UK Government maintains that gas from coal reserves is a fossil fuel, unlike landfill gas, and cannot be included. Although the situation has recently improved, following the rise in electricity and gas prices, for generation from CBM to be economic it would need to be included under the RO.

Underground Coal Gassification

This is a controlled burning of the coal underground, to generate electricity, regardless of depth. There is only a limited application so far and remains to be seen if the process is appropriate for densely populated areas.

Energy Implications For Wales

Electricity generation accounts for around 70% of total annual coal consumption in Wales, and the iron and steel industry for a further 25% of the total. The majority of this coal is imported owing to lack either of local output of the required quality (e.g. coking and other metallurgical coals) or of reliable absolute tonnage from the remaining coal producers. Consumption in all other sectors accounts for only 5% of the total, but remains important to the survival of the Welsh coal industry. For example, Tower Colliery has been supplying around 120,000 tonnes per year of premium coal into non-industrial markets; this represents 21% of its output but accounts for around 34% of its income.

EDT(2) 10-06, 22 November, 2006

ACTION POINT: Robin Shaw would discuss the closure and plans to reopen the bridge in Saltney with Network Rail and update the Committee (Item 3).

A 3 ton temporary weight restriction has been imposed on the Saltney Ferry Road Bridge by Flintshire County Council at the request of Network Rail following the identification of cracks forming in the cast iron beams. A temporary support system to the defective beams has been installed with further more substantial works to the support system planned within the next two months.

A feasibility study into a long term solution has commenced and will be completed this financial year. It is envisaged that reconstruction /strengthening of the bridge to eliminate the present restriction will be completed by the end of the 2008-09 financial year, subject to the availability of finance.

Network Rail and Flintshire County Council are aware of the problems caused to the local bus service and are discussing how these can be resolved quickly.

<u>EDT(2) 10-06, 22 November, 2006</u>

ACTION POINT: Minister would provide details of how much of the DEIN draft budget was committed expenditure and how much was left for discretionary spend (Item 6).

The Committee Members were informed at the 22 November meeting that in relation to Transport the level of commitments, both contractually and those to fulfil our statutory obligations, was high and that the discretionary amount in the overall transport budget stood at about 4%, equating to around £20m.

In respect of the rest of EIN the level of contractual capital commitments stands at around 65% of next years budget, leaving approximately £60m uncommitted. However it would not be correct to assume that all of this uncommitted amount is therefore available for discretionary spend as it will include projects which are at varying stages of development (where the contracts have not actually been signed as yet), morally committed amounts and significant expectations from our customers on what is going to be delivered.

On the revenue side we are running at around 40% contractually committed leaving approximately £100m uncommitted. However the same issues apply to revenue as they do to capital in interpreting with caution the real available discretionary spend.

<u>EDT(2) 10-06, 22 November, 2006</u>

ACTION POINT: Minister would provide information on the reasons for the decrease in the revenue programme for regeneration packages and the types of scheme that would be affected (Item 6).

The overall £1.5 million reduction in the Regeneration packages Spending Programme Area reflects the three year profile of some £26m of extra funding awarded to regeneration activities in the 2004 Supplementary Budget i.e. £11.4m for 2005/06; £8.5m for 2006/07 and £7m for 2007/08. This funding supported a range of schemes including the Cardigan and South Ceredigion Regeneration Plan; North Pembrokeshire Regeneration Plan; Waterfront & Coastal Development; LG and Hynix buildings and St Athan aerospace park. The reduction will not affect any scheme as some of these projects have come to an end, and others are now provided for elsewhere within the EIN budget.

EDT(2) 10-06 22 November 2006

Information would be provided on how business support services were working since the merger, how and where Business Eye was advertised, and the value for money gained from their advertising as part of the Enterprise Review, to be presented to Committee in New Year.

Total advertising spend undertaken by Business Eye for the financial year 2006/7 is £723,003.29. In terms of how this has been utilised:

TV – 43.9%
Radio – 6.2%
Regional Press Adverts – 31.79%
Other (Including Posters, Bus Backs) – 18.2%

Business Eye acts as the Welsh Assembly Government's primary mechanism for distributing business support enquiries into public, private and voluntary sectors. As such the Business Eye marketing campaign represents the main vehicle for both raising awareness of business support provision in Wales and in turn serves to maintain and increase the numbers of businesses seeking out and accessing business support programmes**.**

The Business Eye marketing campaign is developed with both internal and external professional expertise to maximise impact with available resources, developing a schedule that focuses on reaching businesses and potential business people in Wales.

The airtime buying policy for Business Eye activity is to target the audience of ABC1 Adults - a universe on HTV Wales of 946,000 adults.

To purchase cost effective airtime and to maximise overall coverage, programming across all daypart segments is considered. The average campaign would normally purchase 70-75% of airtime in peak periods with the balance in off peak. In total, Business Eye achieved 84.6% of total ratings during the peak period, maximising the ABC1 Adult coverage and importantly reaching the active / working ABC1 adult.

The daypart breakdown of the recent October / November campaign was as follows:

09.30 to 17.14	5.8%
17.15 to 19.59	35.5%
20.00 to 22.59	49.1%
23.00 to 24.29	9.6%

Across the October / November period, Business Eye commercials appeared within 14 of the 20 top ABC1 adult programmes. Soaps such as Coronation Street, Emmerdale and Heartbeat perform strongly against all audiences including ABC1 Adults, with Coronation Street being the number one programme, Heartbeat in position 5 and Emmerdale in 7th position.

In summary, the activity achieved very strong coverage against an audience which is traditionally difficult to target. The ABC1 adult viewer is perhaps more selective in choice of programme compared to other audience groups. However, as the airtime evaluation indicates, it is important to purchase airtime across a cross section of programme types to achieve the required coverage and frequency levels that are scheduled.

<u>EDT(2) 10-06, 22 November, 2006</u>

ACTION POINT: Minister would provide disaggregated figures for improving rail and air services for both revenue and capital expenditure (Item 6).

The capital budget for the SPA is £33.778 million, all of which is currently allocated to rail.

The total revenue budget is £147.7 million of which it is planned to allocate £145.2 million to rail services (including the rail franchise subsidy) and £2.5 million to air services.

<u>EDT(2) 11-06, 7 December, 2006</u>

ACTION POINT: Minister would provide a note to Committee on the reports commissioned by the Chancellor of the Exchequer (Item 3).

- **The Leitch Report -** See Cabinet Statement at Annex C
- **Eddington Review -** Information detailed below
- **Barker Report -** Information detailed below
- (Information on the Gower's Report will follow at a later date).

EDDINGTON REVIEW

Background and summary

In 2005 the Chancellor of the Exchequer and the Secretary of State for Transport commissioned Sir Rod Eddington to carry out a study into the effects of transport on economic growth, competition and productivity. Rod Eddington's brief was *'to advise on the long-term impact of transport decisions on the UK's productivity, stability and growth, within the context of government's commitment to sustainable development'*.

The report of the Eddington study was published on 1 December 2006. The headline conclusion was that the UK has broadly the right transport network, providing the right connections in the right places. This means that the transport challenge is dealing with competing demands and overloads, rather than issues around connectivity or distance. The key issue is improving the performance of the existing network, by targeting investment in those under-performing areas which are critical in supporting economic growth.

The report gives strong support to the development of congestion-targeted road pricing (which Rod Eddington describes as *"an economic no-brainer"*), as well as the need to get the environmental prices right across all modes. However, he emphasises the need to introduce a sophisticated policy mix to get the best use of existing networks. This includes road pricing, better use measures (such as traffic flow management) and sustained infrastructure investment.

The report points out that many transport projects provide very high returns, particularly smaller projects which unblock pinch-points, infrastructure schemes to support public transport in urban areas and international gateway surface access projects. The report acknowledges the need for large-scale projects to improve the existing transport infrastructure, but argues against wasting time and money pursuing alluring new super high-speed motorway or rail networks with speculative or minimal returns. Indeed, there has been little evidence that much of the large, high profile investment made on rail infrastructure in recent years has had a significant return on investment.

Key recommendations

The report contains five key recommendations:

(i) Make the most of the existing transport infrastructure by tackling congestion and capacity issues

In order to meet the changing needs of the UK economy, Government should focus policy and sustained investment on improving the performance of existing transport networks, in those places that are important for the UK's economic success.

(ii) Identify the strategic economic priorities, which are congested and growing cities, key inter-urban corridors and international gateways

The three strategic economic priorities for transport policy are identified as: congested and growing city catchments; the key inter-urban corridors; and the key international gateways that are showing signs of increasing congestion and unreliability. These are the most heavily used and economically significant parts of the network, where transport constraints can hold back economic growth.

(iii) Introduce a sophisticated mix of pricing, better use and sustained transport infrastructure investment

The recommendation is that Government should adopt a sophisticated policy mix to meet both economic and environmental goals. Policy should get the prices right – especially congestion pricing on the roads and environmental pricing across all modes – and make best use of existing networks. The Government, together with the private sector, should deliver sustained and targeted infrastructure investment in those schemes which demonstrate high returns, including smaller schemes tackling pinch points.

(iv) Adopt policy and strategy to these economic priorities

The policy process needs to be rigorous and systematic. It should start with the three strategic economic priorities, define the problems, consider the full range of modal options using appraisal techniques that include full environmental and social costs and benefits, and ensure that spending is focused on the best policies.

(v) Ensure that the delivery system can support these policies

The Government needs to ensure the delivery system is ready to meet future challenges, including reform of sub-national governance arrangements and reforming the planning process for major transport projects by introducing a new Independent Planning Commission to take decisions on projects of strategic importance. This recommendation is less relevant to Wales, as the references to governance arrangements relate to England and planning is mostly devolved.

Next steps

Rod Eddington has made it clear to the Minister that he is impressed with the Assembly Government's approach in Wales. In particular, he has referred to the Wales Transport Strategy, the development of an integrated transport system and our investment programmes, including the capacity enhancements for the rail network and our work to facilitate improved bus services. He has also made it clear that he sees Wales as a model for regional delivery in England.

The report was commissioned by the UK Government and they will be giving their reaction in due course. As noted above, the recommendations chime well with the Assembly Government's own thinking on the future direction of transport policy, as set out in the draft Wales Transport Strategy. The report will be reflected, as appropriate, in the final version of the Strategy to be published later this year.

EDT(2) 11-06, 7 December, 2006

ACTION POINT: Minister would provide the Committee with details of the energy use of digital media receptors in comparison with analogue (Item 3).

Unfortunately we do not have any data available to compare analogue and digital radios at present. Although EST are hoping to acquire some in the near future. We can however confirm that digital radios will use more energy than analogue, but we are unable to quantify the amount.

There are a number of different flatscreen technologies such as LCD, plasma and rear projection. Plasma TV's use 4 times as much energy to run for a year as CRTs. LCD TV's use 2.5 times as much energy as CRTs. Annual running costs for each (assuming typical usage) are CRT £26, Plasma £99, LCD £68 (Plasma screens are typically 50% bigger than CRTs or LCDs).

In comparing digital energy use with analogue a key question is whether you are comparing an integrated digital television to an analogue that requires an additional set top box to receive a signal. Feedback suggests that an integrated unit would be more efficient than 2 separate units, however this would of course vary depending upon the size of the television.

In terms of watching TV via broadband, a desktop PC with CRT monitor uses almost twice as much energy as a CRT TV, a desktop PC with LCD monitor uses around 1.4 times as much energy as a CRT TV, but a laptop only uses a third of the energy as a CRT. However at present watching TV via broadband is not a widespread activity.

Industry is engaging with Government on the energy efficiency ratings of products and this is also the subject of extensive discussion in Europe. The EU Energy Using Product Directive will set performance criteria for a range of energy using products. This will be the key piece of product regulation and will apply to all products sold and traded in the European Community. It is set to be implemented in 2008.

The EC are looking to develop a code of conduct for the basic principle of practicing energy efficiency for Broadband and Digital TV service systems and are liaising with industry and government. The current version of the Code of Conduct sets energy consumption targets lower than average consumption which are currently on the market. It is hoped that the code of conduct will make an impact on the power demand of devices.

Broadly speaking whatever technology is considered significant energy savings can be made by not leaving a television set on standby which currently accounts for 15% of the total television energy used in the UK.

In addition to the lack of any specific data on this and there are issues of commercial competition which are not appropriate to comment on.

EDT(2) 11-06, 7 December, 2006

ACTION POINT: Minister would provide a detailed note on the make up of the Territorial Co-operation Work-Stream Group (Item 3).

Current membership of the Territorial Co-operation Work Stream Group is attached. The Group was established in December 2005, with members selected on their individual expertise rather than on a sectoral basis. There have been some changes in the Group's membership since its establishment.

Chair	Damien O'Brien Marion Davies	WAG - WEFO WAG - SE&C
Members	Ron Loveland	WAG - EIN
	Judith Cole	WAG - DELLS
	Georgina Haarhoff	WAG - EPC
	Betsan Caldwell	WAG - EIN
	Simon White	WAG - DELLS
	Dr Tove Oliver	HEFCW
	Ellie Fry	Bridgend CBC
	Judith Stone	WCVA
	Brian Clarke	Trinity College, Carmarthen
	Peter Davies	Torfaen CBC
	Helen Morgan	Carmarthenshire CC
	Catrin Lloyd Jones	Harlech College
	Jonathan Walsh	Anglesey CC
	Francis Cairns	WAG
	Elid Morris	Carmarthenshire CBC
	Richard Crawshaw	SWW Econ Forum
Secretariat **Advisor**	Mike Pollard David Thomas Katherine Himsworth	WAG - WEFO Amion

EDT(2) 11-06, 7 December, 2006

ACTION POINT: A note to Committee would be provided by the Minister regarding the possibility of providing workshops for those involved in commissioning public sector contracts in addition to the Social Enterprise Tendering Workshops.

The Business Procurement Task Force has recognised the contribution of Social Enterprises and to this end is currently seeking a representative to champion the sector. The Task Force has however, through Value Wales, DEIN and Social Justice and Regeneration already worked with the Sector, providing “How to Tender” workshops and Procurement Seminars but recognises that there is more to do.

To this end, the following plans are in place

“Opening Doors – the Charter for SME Friendly Procurement” launched by me in June 2006, is being reviewed to take particular account of issues facing Social Enterprises and Value Wales is devoting a resource to work with representatives from the Sector on this. The principles of the Charter have been widely endorsed by the Welsh Public Sector and it is generally accepted that the issues facing SME’s in Wales are similar to those facing Social Enterprises. It is envisaged that the review of the Charter will be complete by the end of March 2007.

One of the commitments in the Charter for both the procurement organisations and the supply side is to use the National Procurement Web Site. This facility allows the Public Sector to advertise its requirements but, importantly, it also allows suppliers to register their interest in specific product and service categories so that when requirements appear in those specific areas, an automatic e-mail alert is sent to those suppliers. Use of the Web Site has been widely promoted to the Sector via the workshops and seminars and those organisations classed as Social Enterprises are separately identified, so that buyers can appreciate the added value they bring. To date £3 billion worth of procurement opportunities have been advertised.

Value Wales is also rolling out training on Sustainable Procurement to Public Sector buyers in February 2007 and this includes strong messages on the importance of Social Enterprises. It also planned that in the following three months specialist seminars will be run to address specific areas – working with Social Enterprises will be one of them.

All the above work is aimed at ensuring that the Welsh Public Sector Procurement Community recognises the importance of Social Enterprises and this is being captured in an on –line resource Value Wales is developing called the Procurement Route Planner. The Route Planner provides a step by step guide to the procurement processes for Public Sector buyers and emphasises best practice such as engaging with Social Enterprises.

To conclude, I welcome the suggestion of running seminars aimed specifically at those involved in commissioning Public Sector contracts and can confirm that my officials, as detailed above, in Value Wales, DEIN and Social Justice and Regeneration are working closely with the Sector to run a programme of workshops and events commencing in the Spring.

<u>EDT(2) 11-06, 7 December, 2006</u>

ACTION POINT: Minister would provide details of the efforts being made to build links with Educational Institutions in North Wales (Item 3).

There is a dedicated Technology and Innovation team based in North Wales who have existing ongoing relationships with HE and FE in the Region, eg Know How Wales, Relay, Knowledge Exploitation Fund, Centres of Excellence, etc. We are currently piloting the role of Relationship Manager for Academia and consideration is being given to such a resource in North Wales.

<u>EDT(2) 11-06, 7 December, 2006</u>

ACTION POINT: Minister would provide a note to Committee regarding the possibility of Carbon Trust Wales providing advice on transport issues (Item 3).

We held a very productive meeting with the Energy Savings Trust on 19 December and are hoping to launch Transport Advice Wales in June 2007. The launch will be subject to ministerial approval. The next stage is for us to receive a detailed business case from the EST on 26 January which will set out their proposals. If this is acceptable we will aim for a ministerial announcement at the end of February.

BWLETIN YSTADEGOL
STATISTICAL BULLETIN

SB 65/2006

25 October 2006

Coverage
Wales

Theme
Education and Training

Cynulliad Cenedlaethol Cymru
National Assembly for Wales

ECONOMIC INACTIVITY IN WALES 2005

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Next Update
October 2008 (provisional - to be confirmed on the Due Out Soon page)

C O N T E N T S

C O N T E N T S

S U M M A R Y

Trends in working age economic inactivity since 1984:

- The inactivity rate in Wales has fallen below 25 per cent during two spells in the last 20 years. The first time was around the beginning of the 1990's, when it was accompanied by a fall in the UK inactivity rate, and the second time has been in 3 out of the last 4 years. On this occasion the UK inactivity rate has been fairly steady.

- There has been an upward trend in the inactivity rate for men and a downward trend for women over the 20 year period in both Wales and the UK. Women continue to have higher inactivity rates than men, but the gap between them has more than halved since 1984.

- Over the last five years, inactivity rates for men in Wales have shown no clear trend. On average the rate has been around 21 per cent, 5 percentage points higher than for the UK as a whole.

- The inactivity rate for women in Wales has continued to fall in recent years, from around 32 - 33 per cent at the beginning of the decade to around 28 per cent in the latest period. The rate is around 1-2 percentage points above the UK rate.

Detailed analysis of the 2005 Annual Population Survey shows:

- Wales had the joint third highest inactivity rate in the UK after Northern Ireland & London and level with the North East.

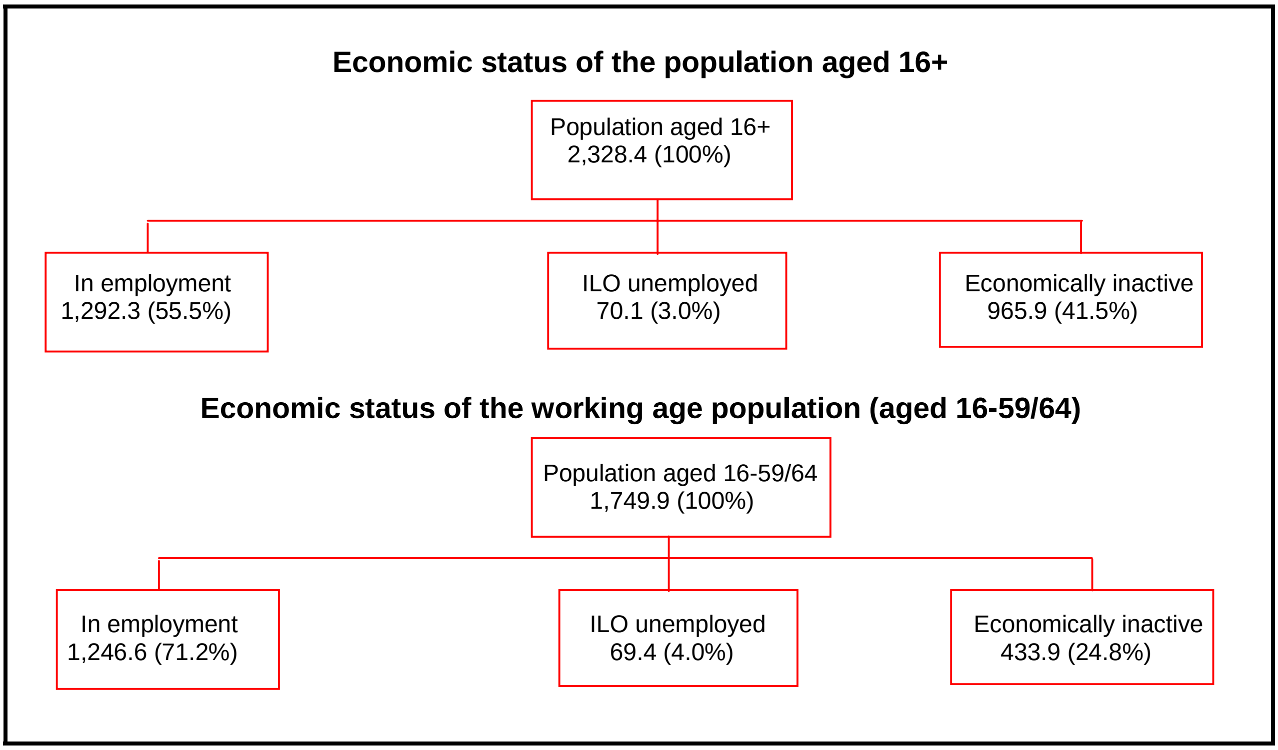
- The major difference between Wales and the UK was in the percentage of people inactive through long-term limiting illness. This was particularly the case for those aged 50 and over.

- The presence of large numbers of full-time students around university locations had a distorting effect on comparisons between local areas. When full-time students are excluded, Merthyr Tydfil had the highest inactivity rate amongst Welsh local authorities (31.1 per cent) and Powys had the lowest (16.4 per cent).

INTRODUCTION

The bulk of this Statistical bulletin provides an in-depth analysis of economic inactivity in Wales using the Annual Population Survey, 2005. The first chapter provides a time series analysis using the main LFS for the last 20 years or so. Diagram 1 shows the breakdown of economic activity in Wales in 2005, for both those aged 16 and over and those of working age (men aged 16-64, women aged 16-59).

Diagram 1: Economic status of the adult population in Wales, 2005 (thousands).



Source: Annual Population Survey, 2005

These figures do not take account of the latest population estimates used in the monthly LMS release.

The three broad economic activity groups *(defined by the International Labour Organisation (ILO))* are:

- **In EMPLOYMENT** – people aged 16 or over who have done some paid work in the reference week, *(whether as an employee or self-employed)*; those who had a job that they were temporarily away from *(for example, on holiday)*; those who have done unpaid work for their own or a relative's business; and, those on government-supported training and employment programmes.

- **ILO UNEMPLOYED** – the ILO measure of unemployment refers to people without a job who were available to start work in the 2 weeks following their LFS interview and who had either looked for work in the 4 weeks prior to their interview or were waiting to start a job they have already obtained.

- **ECONOMICALLY INACTIVE** – people who are neither in employment nor unemployed on the ILO measure. This group includes, for example, those who are looking after a home, retired, students, long term sick, etc..

The **economic inactivity rate** is the number of people who are economically inactive as a percentage of all people in the relevant age group. In 2005:

- 966 thousand people aged 16 or over in Wales were economically inactive, equivalent to an inactivity rate of 41.5 per cent (37.3 per cent for the UK as a whole);
- 434 thousand people of working age in Wales were economically inactive, equivalent to an inactivity rate of 24.8 per cent (21.8 per cent for the UK as a whole).

For those aged 16 and over, the economically inactive account for a higher proportion of the population because of the inclusion of the retired. Analysis of economic inactivity is therefore normally restricted to those of working age. This also avoids any potentially misleading comparisons between areas that have different population structures. The analysis in the remainder of this statistical bulletin is based on those of working age.

Chapter 1 provides a time series analysis back to 1984 from the main quarterly Labour Force Survey. The remaining chapters provide in-depth analysis for 2005 from the Annual Population Survey (APS) which includes the Welsh Local Labour Force Survey Boost (WLLFS) for 2005. The WLLFS is an annual boost to the main Labour Force Survey sample sponsored by the Welsh Assembly Government, beginning in 2001. The boost provides for an increased sample size of around 350 per cent on an annual basis (from nearly 4,600 in 2000 to around 21,000 for the 2001 boost). The enhanced sample not only improves the statistical reliability of the analysis but also allows analysis to be carried out at a level of detail not previously possible.

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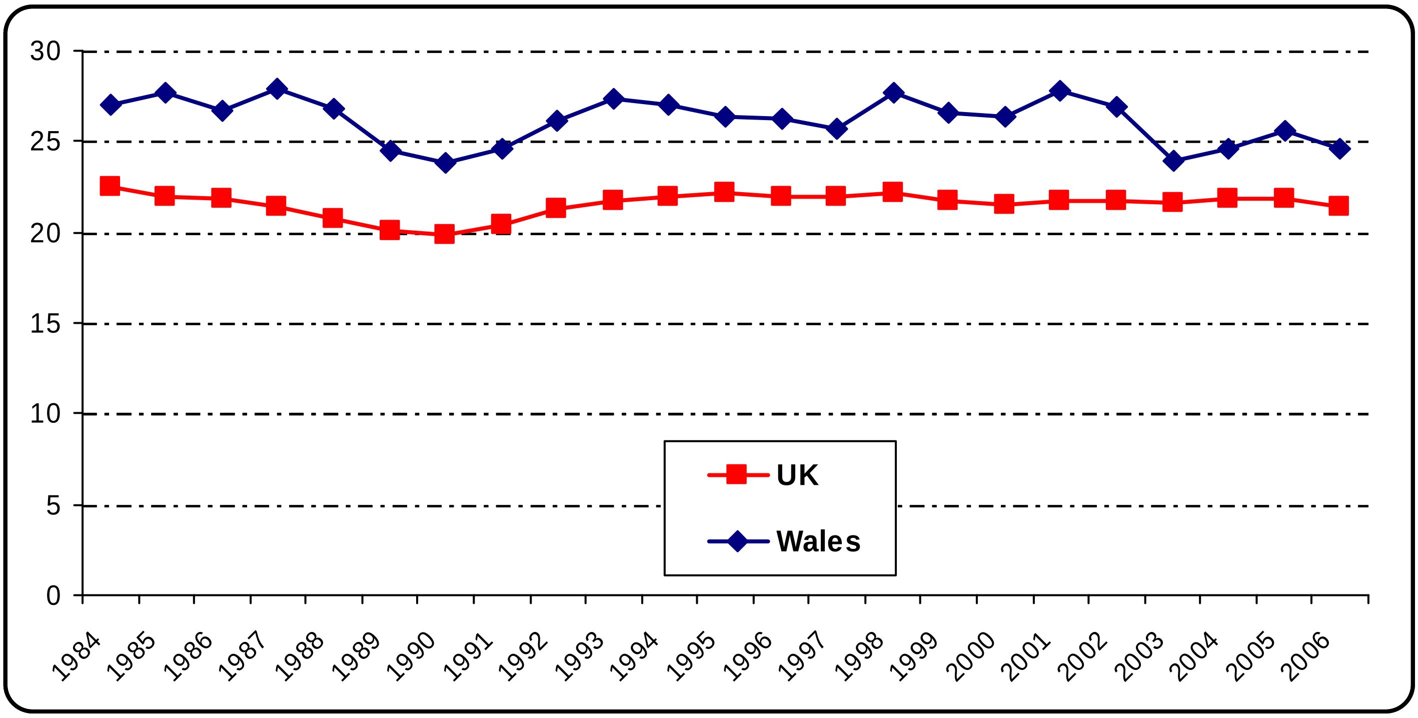
CHAPTER 1 – TREND ANALYSIS

This chapter examines the trend in inactivity in Wales and the UK since 1984. The data are from the main LFS. The LFS was only collected in the spring quarters from 1984 to 1991 before moving to a continuous quarterly survey in 1992. It is therefore only possible to provide a consistent time series based on Spring quarters. **Chart 1** shows the estimated economic inactivity rates for people of working age in Wales and the UK between 1984 and 2006.

Chart 1 **Economic inactivity rates for people of working age in Wales and UK, 1984-2006**



**Not seasonally adjusted*

Source – Labour Force Survey, Spring quarters

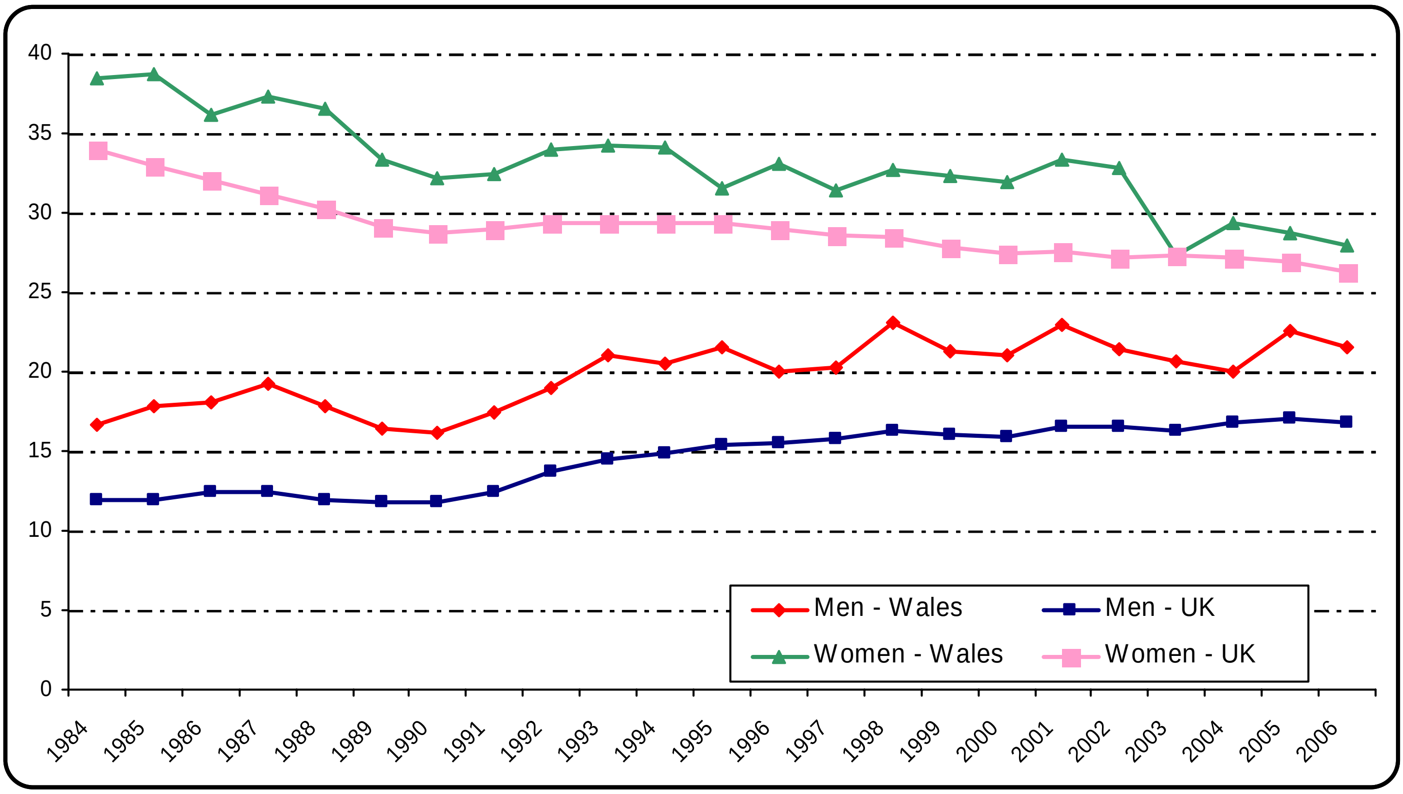
- The inactivity rate in Wales has fallen below 25 per cent during two spells in the last 20 years. The first time was around the beginning of the 1990's, when it was accompanied by a fall in the UK inactivity rate, and the second time has been in 3 out of the last 4 years. On this occasion the UK inactivity rate has been fairly steady.

- In Spring 2006, the economic inactivity rate in Wales was 24.6 per cent, this was only 0.7 percentage points above the lowest rate for Wales in the last 20 years (1990) and 3.2 percentage points below the recent peak in 2001.

- For the UK as a whole, the economic inactivity rate in Spring 2006 was 21.4 per cent, the lowest figure since 1992 and 1.5 percentage points above its lowest rate in the last 20 years (1990).

Estimates of economic inactivity rates for men and women of working age in Wales and the UK between 1984 and 2006 are shown in **Chart 2**.

Chart 2 **Economic inactivity rates for people of working age in Wales and UK, by gender, 1984-2006**



**Not seasonally adjusted*

Source – Labour Force Survey, Spring Quarters

Between 1984 and 2006:

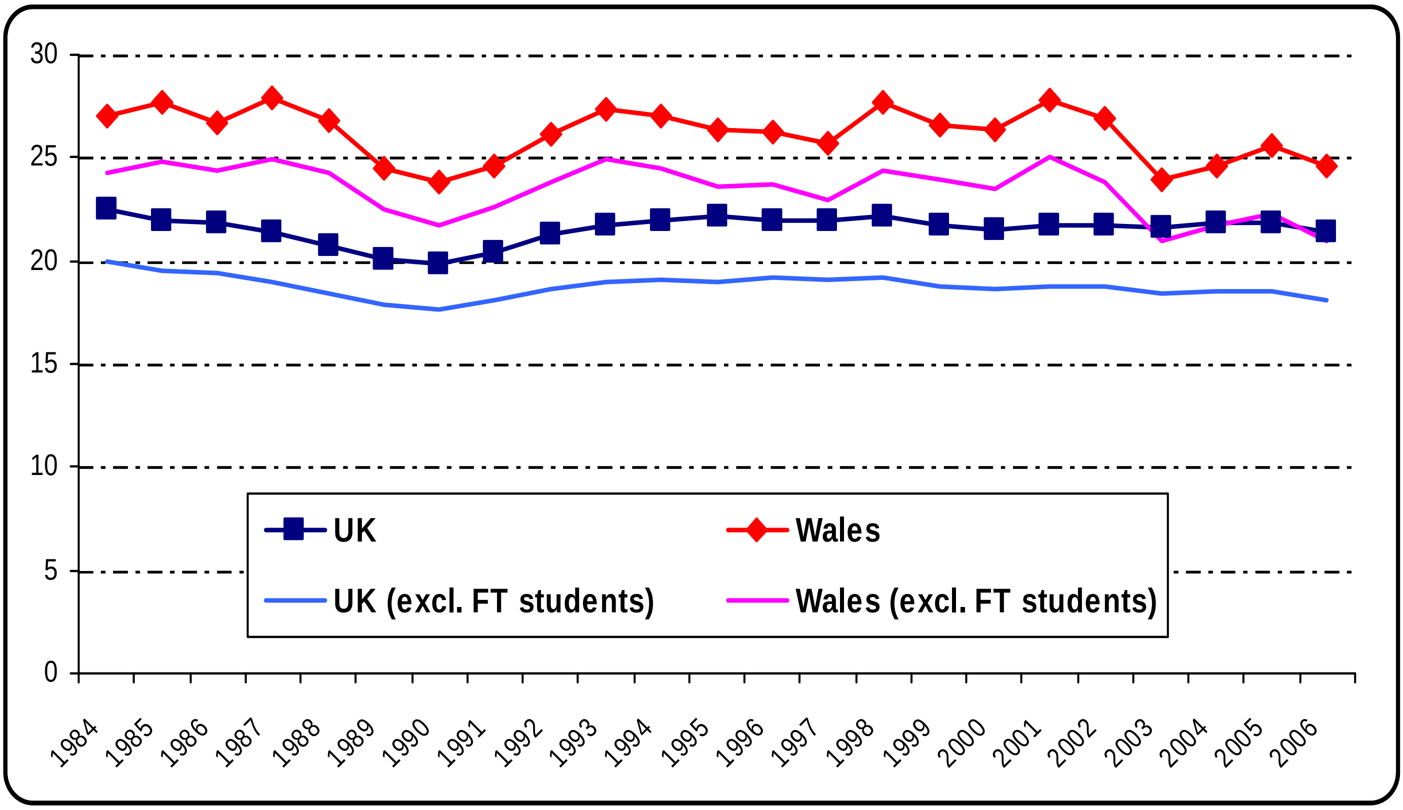
- The inactivity rate for men has seen an upward trend. For Wales, the rate has increased from 16.6 per cent in Spring 1984 to 21.5 per cent in Spring 2006; for the UK as a whole, the rate is up from 12.0 per cent in Spring 1984 to 16.8 per cent in Spring 2006. Over the last five years, inactivity rates for men in Wales have varied between 20 and 23 per cent, with no clear trend. On average the rate has been around 5 percentage points higher than for the UK as a whole.

- The inactivity rate for women has declined over this period. For Wales, the rate has decreased from 38.4 per cent in Spring 1984 to 27.9 per cent in Spring 2006. For the UK as a whole, the rate declined from 33.9 per cent in Spring 1984 to 26.3 per cent in Spring 2006. The inactivity rate for women in Wales has continued to fall in recent years, from around 32 - 33 per cent at the beginning of the decade to around 28 per cent in the latest period. The rate is around 1-2 percentage points above the UK rate.

- Economic inactivity rates for women of working age were higher than those for men throughout the period, although the gap in both Wales and the UK reduced from around 22 percentage points in Spring 1984 to 6.5 and 9.5 percentage points respectively in Spring 2006.

Chart 3 shows the estimated economic inactivity rates for people of working age both including and excluding those in full-time education. Those in full-time education are not generally economically active and where there are differences in student populations (e.g. in the number of university students) there can be distortions in comparisons between areas or in comparisons over time.

Chart 3 **Economic inactivity rates for people of working age in Wales and UK, 1984-2006 (both including and excluding those in full-time education)**



**Not seasonally adjusted* *Source – Labour Force Survey, Spring Quarters*

- Excluding full-time students reduces the inactivity rate by around 3.5 percentage points in both Wales and the UK. In Spring 2006 the inactivity rate in Wales was 24.6 per cent, but with those in full-time education excluded, the rate was 3.6 percentage points lower at 21.0 per cent. The figures for the UK were 21.4 per cent and 18.1 per cent respectively.

- The impact of excluding full-time students from the inactivity rates has increased a little over the last twenty years. So the rate excluding them has seen a slightly larger reduction over the period.

- Although the effect of excluding those in full-time education on the comparison between Wales and the UK is marginal, the impact of student populations is more marked when looking at smaller geographical areas – see Chapters 2 and 3.

CHAPTER 2 – ECONOMIC INACTIVITY BY REGION

This and subsequent chapters examine aspects of inactivity in more depth for 2005. The data for all areas is from the Annual Population Survey, which includes the Welsh Local Labour Force Survey Boost that have a sample size 350 per cent higher than the equivalent period from the main Labour Force Survey (LFS). Data for the English regions have a sample size around 50 per cent higher then the main LFS. Figures for Scotland have a sample size about 200 per cent higher than for the main LFS. Northern Ireland figures are the annual results from the main LFS.

The time series analysis in Chapter 1 is based on the spring quarters from the main LFS. The difference in source, together with possible seasonal effects in the spring quarters, mean that the figures for 2005 in this and subsequent chapters differ from those shown in Chapter 1.

This chapter focuses on the variation in economic inactivity rates between the UK countries and English regions and examines some of the underlying differences. The numbers in **chart 4** show the estimated economic inactivity rates for people of working age by region for 2005.

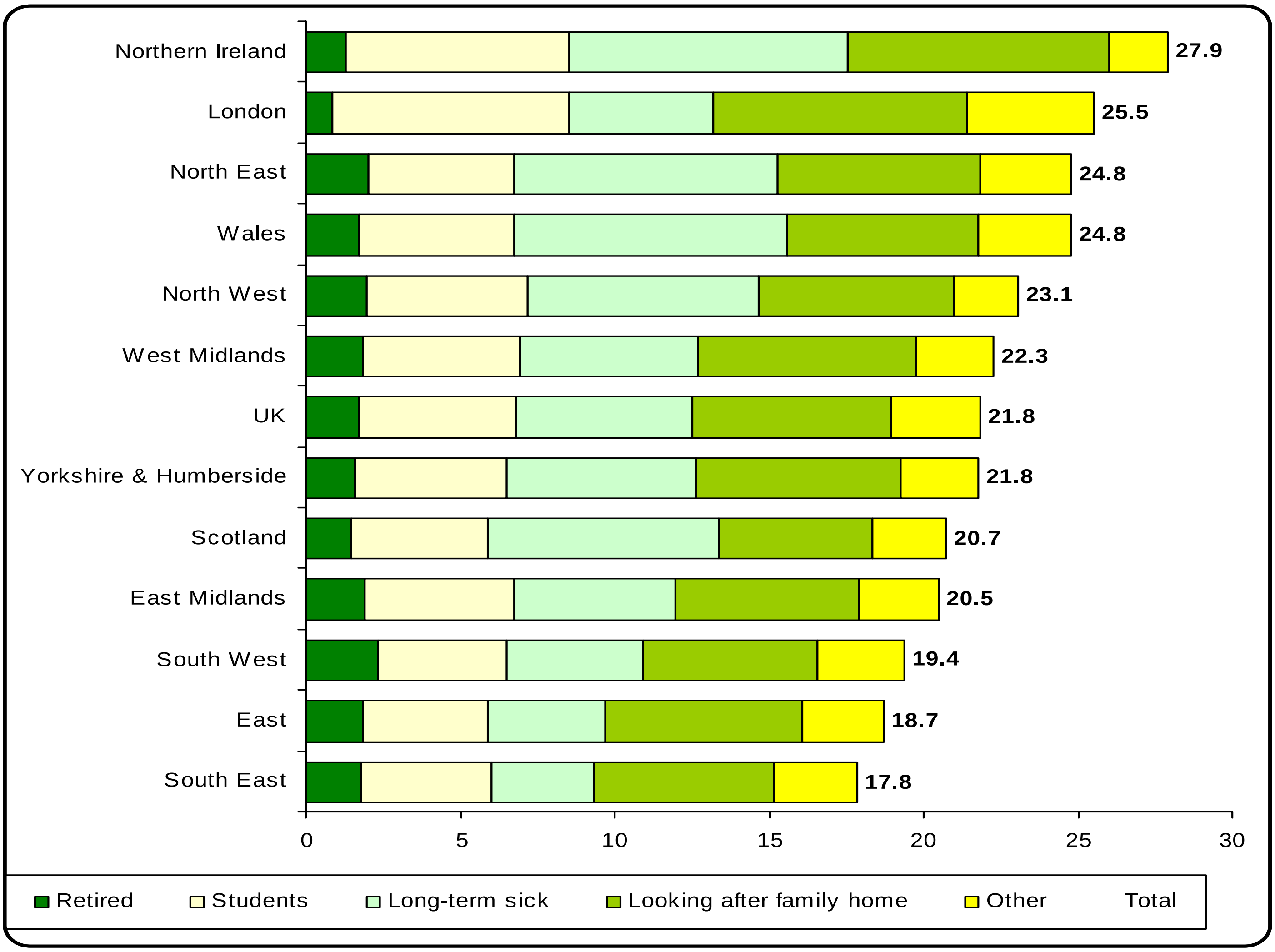
In 2005:

- The economic inactivity rate for people of working age varied from 17.8 per cent in the South East to 27.9 per cent in Northern Ireland.

- The economic inactivity rate for people of working age in Wales was 24.8 per cent. This was 3.0 percentage points above the UK rate and higher than all but Northern Ireland and London, and level with the North East.

Respondents to the LFS are asked about their reason for being inactive.

Chart 4 **Economic inactivity rates for people of working age, by reason and region, 2005**



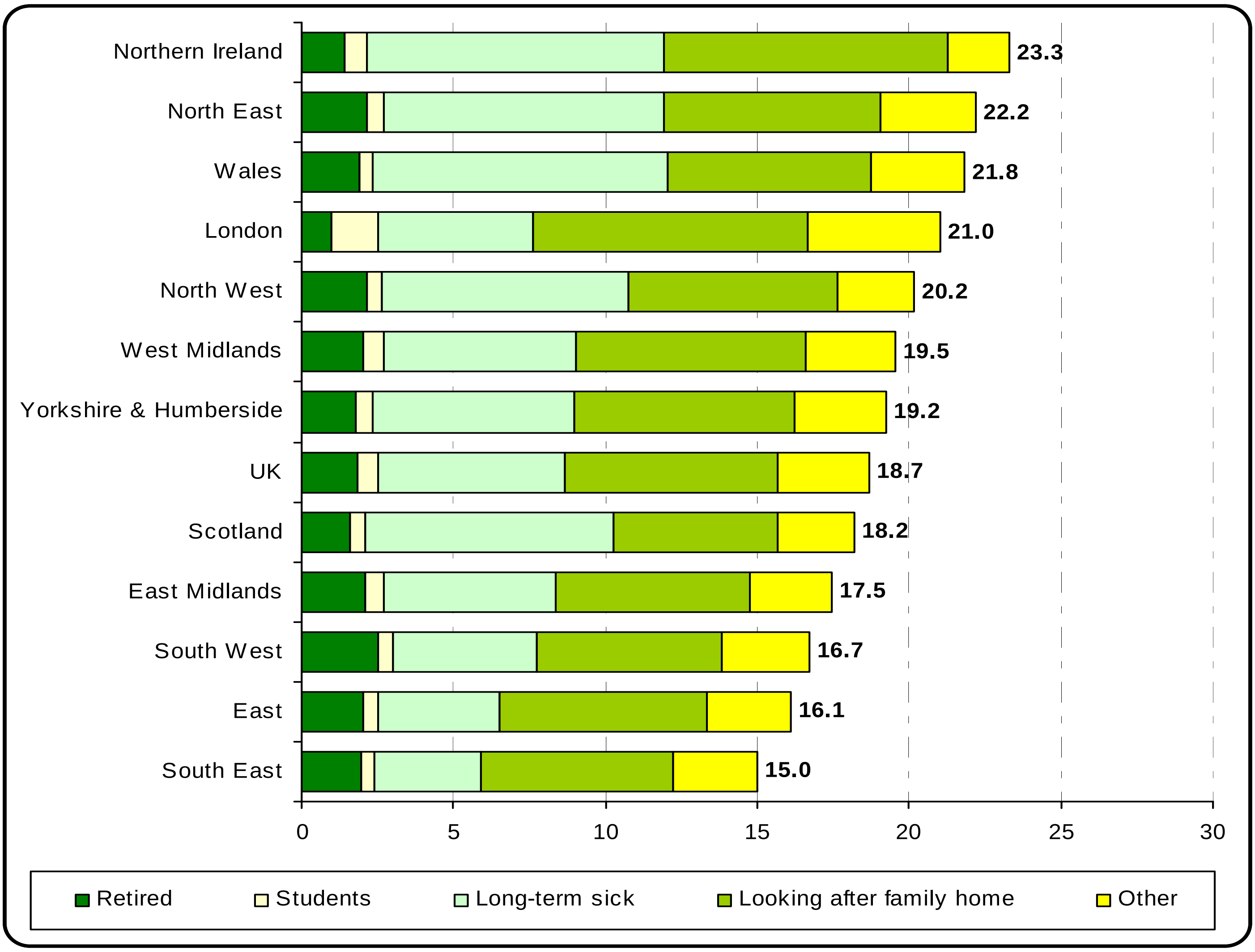
Source: Annual Local Population Survey, 2005

In 2005,

- Across the UK, more than three-quarters of all inactivity was explained by long term sickness, people looking after the family home and students.
- In seven out of the twelve regions, looking after the family home was the most common reason and in the remaining five regions (including Wales) it was long-term sickness.
- In all but three regions (London, East and the South East), long-term sickness and looking after the family home were the two main reasons for inactivity. In London, East and the South East, being a student was the second most common reason behind looking after the family home.
- **Chart 3** in Chapter 1 showed that, while removing full-time students from the analysis reduced the inactivity rate, there was little change in the gap between Wales and the UK.

Chart 4 showed that some regions, notably Northern Ireland and London, had a much higher incidence of inactive students. Those in full-time education are not generally economically active and where there are differences in student populations there can be distortions in the comparisons between areas. The potential impact is even greater at a local area level, see Chapter 3. **Chart 5** shows economic inactivity, by reason, for those not in full-time education.

Chart 5 **Economic inactivity rates for people of working age, not in full-time education, by reason and region, 2005**



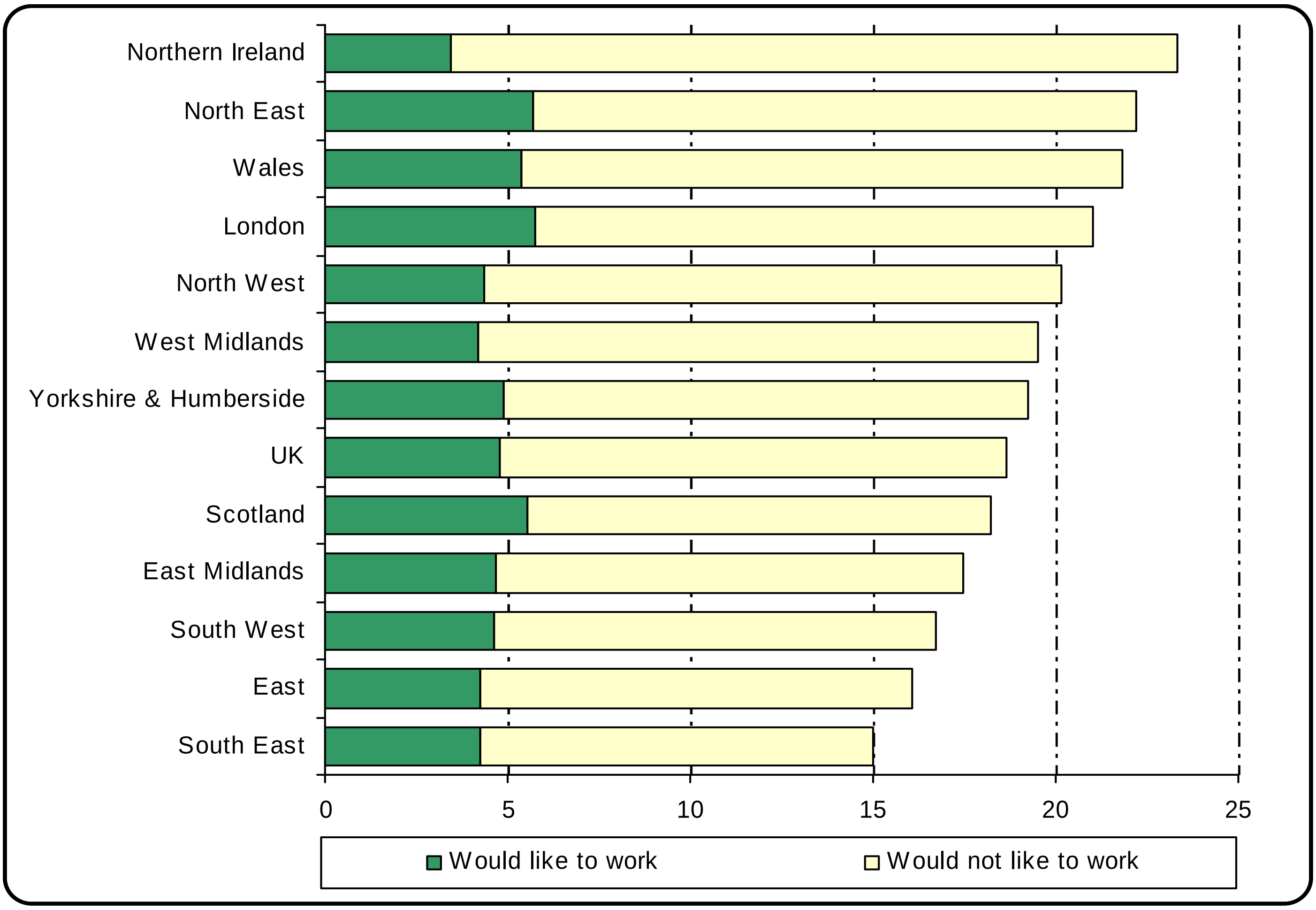
Source: Annual Population Survey, 2005

- The effect of excluding full-time students does not significantly change the overall picture. Northern Ireland, London, North East and Wales remain the 4 regions with the highest inactivity rates, although London drops down from 2nd to 4th in the table.

- The major differences between the regions with the highest inactivity rates and those with the lowest rates was in those reporting long-term sickness or looking after the family home as the reasons for inactivity.

Respondents to the LFS who report themselves as inactive are asked if they would like to work. People who *would like to work* are those seeking work but currently unavailable to work (for various reasons) plus those who are not currently seeking work but would still like to work. **Chart 6** shows economic inactivity by willingness to work, for those not in full-time education.

Chart 6 **Economic inactivity rates for people of working age, not in full-time education, by willingness to work and region, 2005**



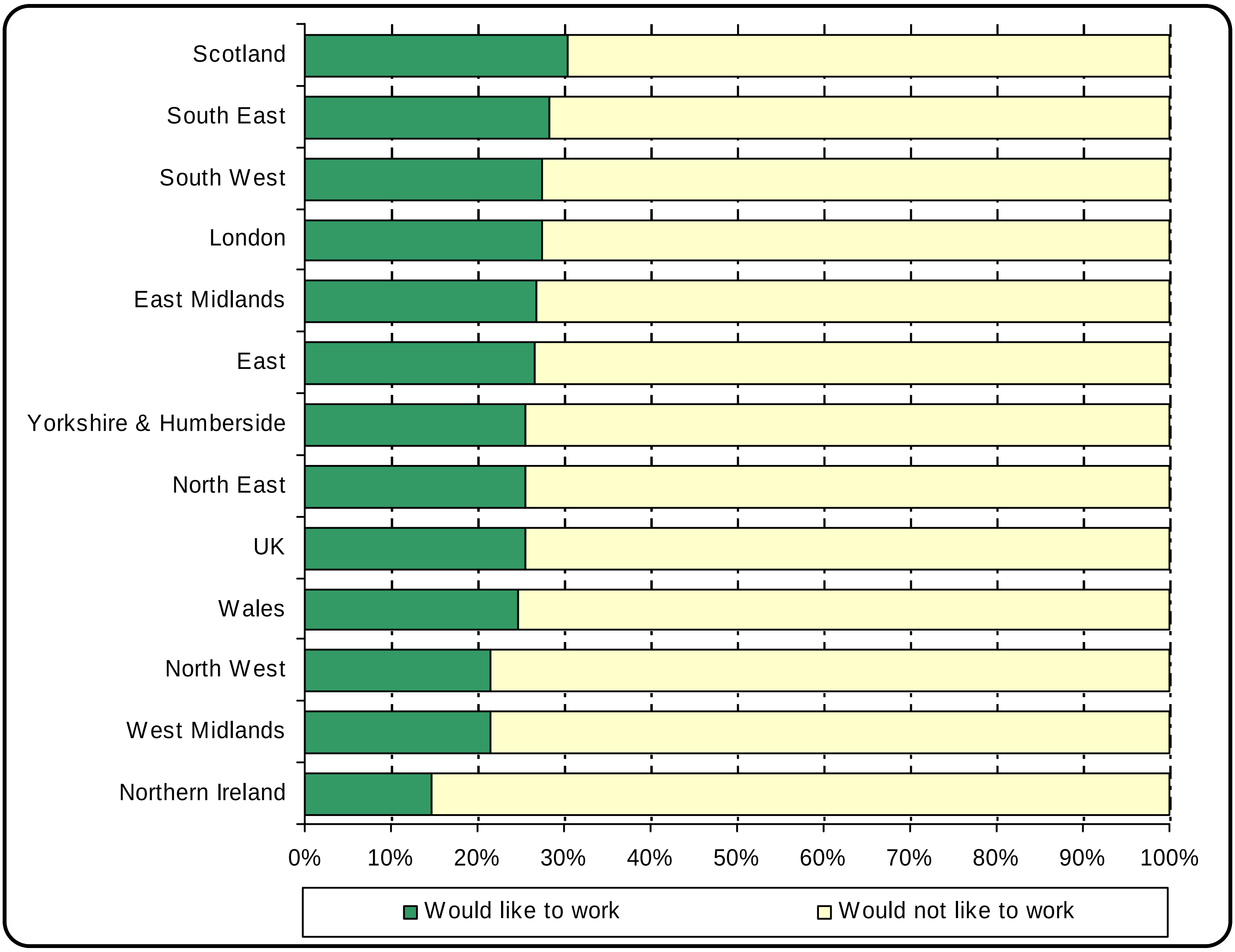
Source: Annual Population Survey 2005

In 2005,

- Generally, there was greater variation between the regions in the percentage of the working age population who were inactive and did not want to work than in the percentage who did want to work.
- Northern Ireland had the lowest percentage who would like to work and the highest percentage who would not like to work.

Focussing just on the inactive, **Chart 7** shows the percentage of the inactive in each region that would or would not like to work.

Chart 7 **Percentage of economically inactive people of working age, not in full-time education, wanting to work by region, 2005**



Source: Annual Population Survey, 2005

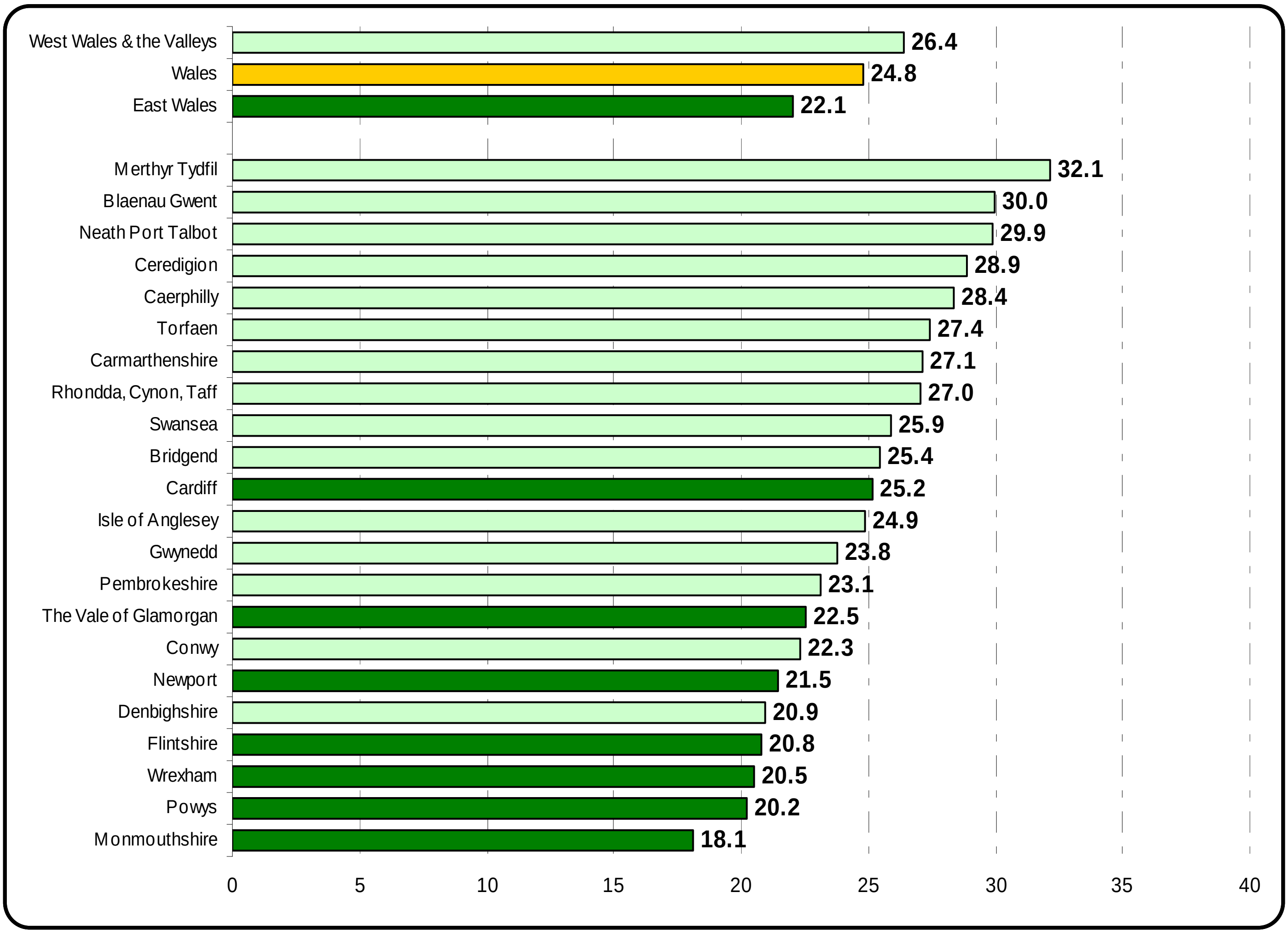
In 2005,

- The percentage of the inactive wanting to work in each region varied between 15 per cent in Northern Ireland and 31 per cent in Scotland.
- Although Wales had the 4th lowest percentage wanting to work, there was little variation between the majority of regions.

CHAPTER 3- ECONOMIC INACTIVITY WITHIN WALES

This chapter focuses on the variation in economic inactivity rates within Wales, between local authorities and Assembly constituency areas. **Chart 8** shows the estimated economic inactivity rates for people of working age by local authority in 2005. The Wales average and the rates for West Wales and the Valleys and East Wales are also included.

Chart 8 **Economic inactivity rates for people of working age, by unitary authority, 2005**



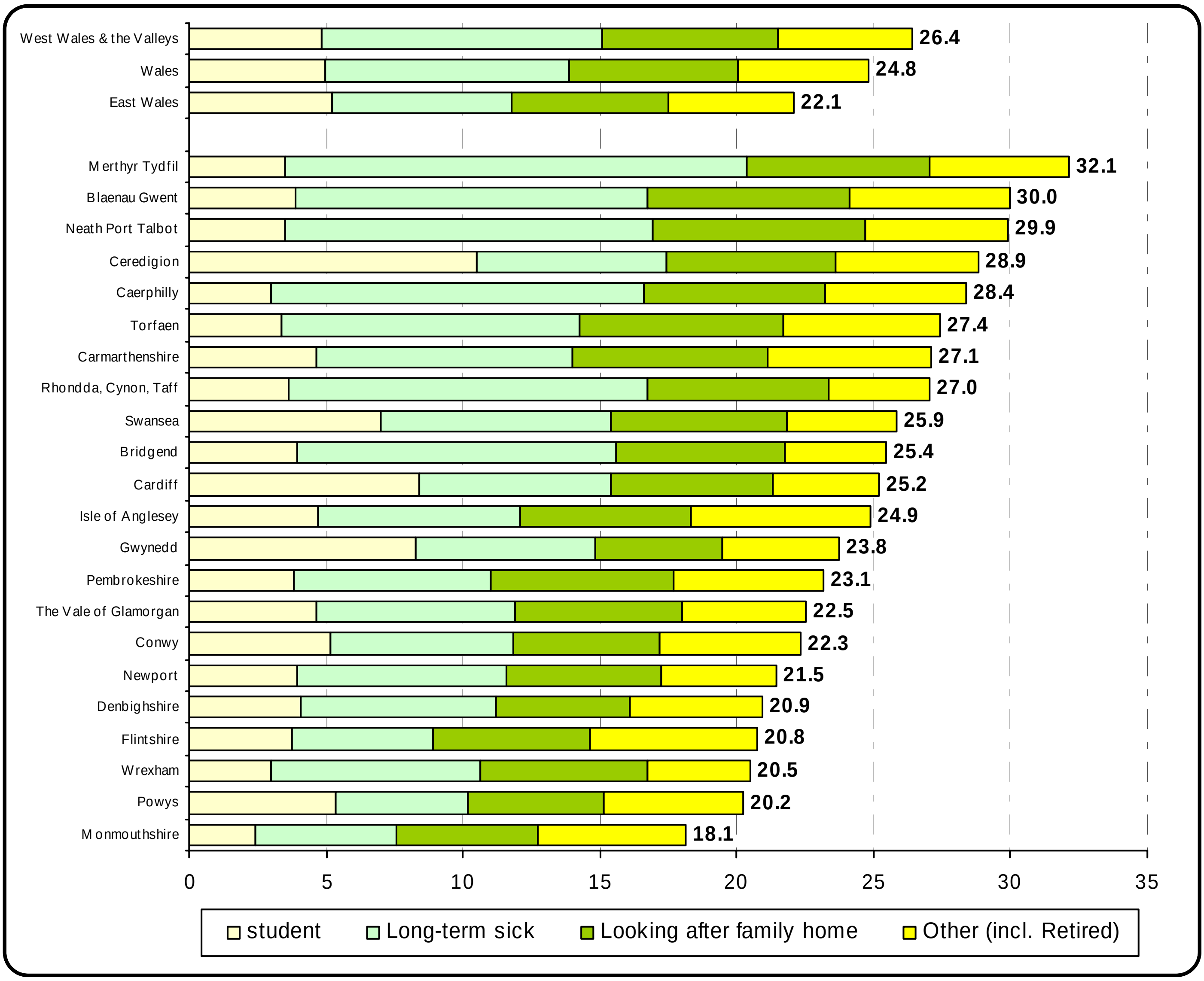
Source: Annual Population Survey, 2005

In 2005:

- The economic inactivity rate for people of working age in West Wales and the Valleys was 26.4 per cent, compared with 22.1 per cent in East Wales and 24.8 per cent for Wales as a whole.
- The **lowest** economic inactivity rates were in Monmouthshire and Powys.
- The **highest** economic inactivity rates were in Merthyr Tydfil and Blaenau Gwent.

Chart 9 shows the main reasons for economic inactivity among people of working age in each local authority.

Chart 9 **Economic inactivity rates for people of working age, by reason and unitary authority, 2005**



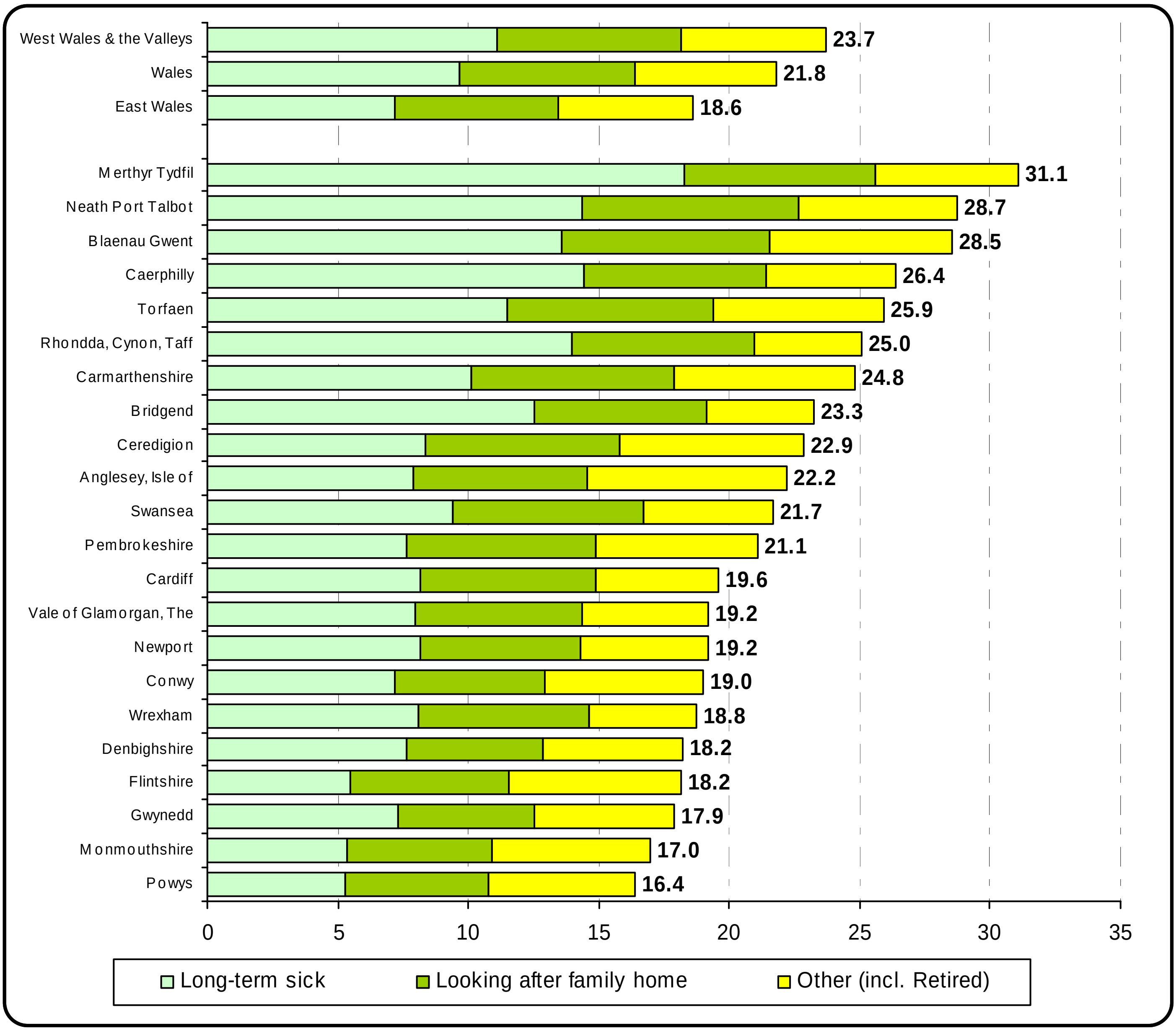
Source: Annual Population Survey, 2005

In 2005,

- For most authorities, the main reasons given for economic inactivity were long-term sickness and looking after the family home.
- A higher incidence of long-term sickness was the main difference between authorities with a high overall inactivity rate and those with the lower rates.
- The main reason given for inactivity in Ceredigion was being a student, a far higher proportion than in any other authority. Although not so pronounced, the percentage of the working age population giving student as the reason for inactivity was also well above average in Cardiff, Gwynedd and Swansea. These differences reflect the presence of universities in the three authorities.

Chart 9 showed that some authorities, notably Ceredigion, had a much higher incidence of inactivity where the reason given was being a student. Those in full-time education are not generally economically active and where there are differences in student populations there can be distortions in the comparisons between areas. **Chart 10** shows economic inactivity, by reason, for those not in full-time education.

Chart 10 **Economic inactivity rates for people of working age, not in full-time education, by reason and unitary authority, 2005**



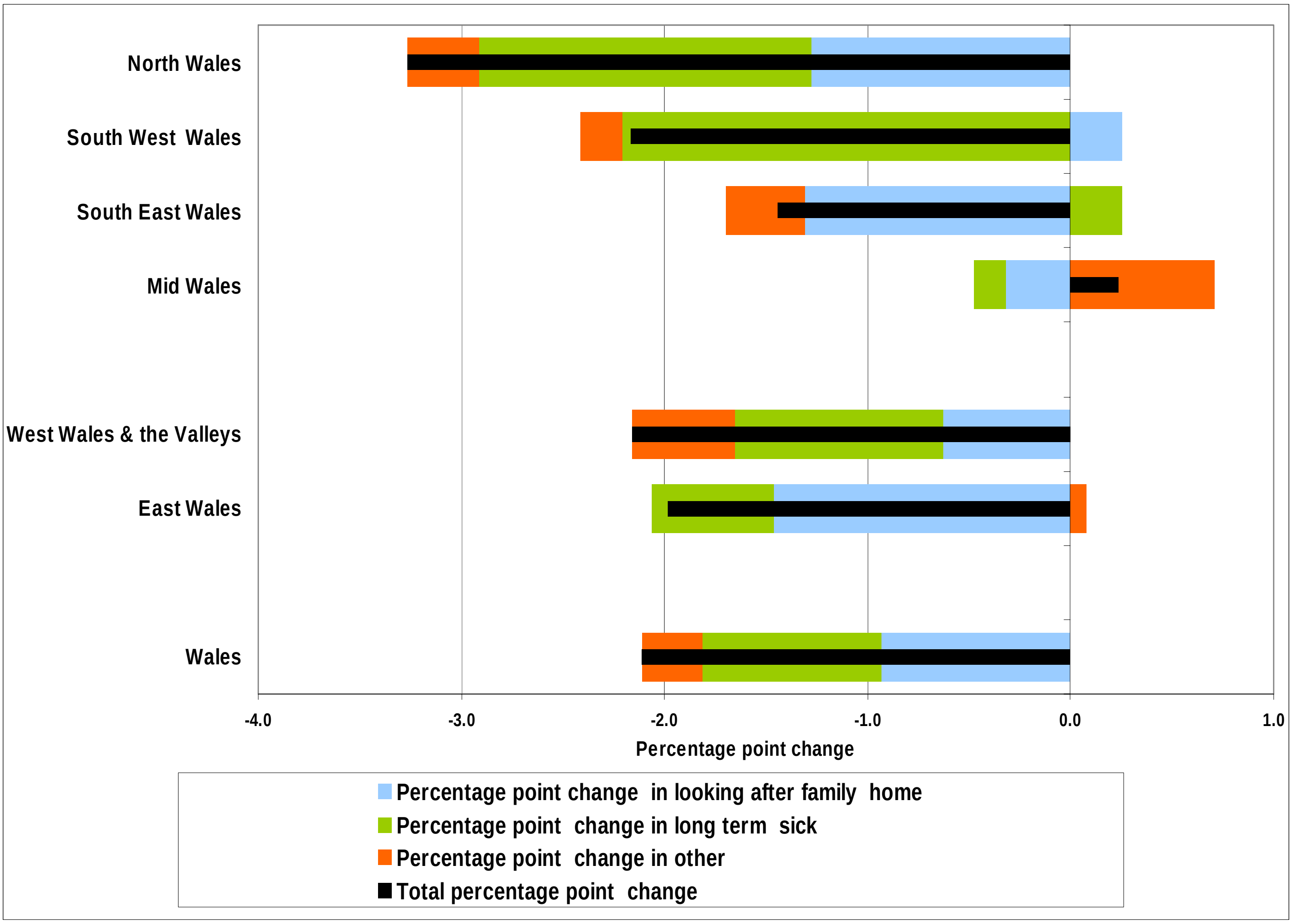
Source: Annual Population Survey, 2005

- With those in full-time education excluded, Gwynedd had the 3rd lowest inactivity rate in 2005 compared to the 10th lowest rate when those in full-time education are included (**Chart 10**).

- Also with full-time education excluded, Ceredigion moves from having the 4th to the 9th highest inactivity rate. The rankings also changed for Cardiff and Swansea.

Chart 11 shows the percentage point change in the inactivity rate (excluding those in full-time education) by major reason (individual colours) and the total percentage point change in inactivity rate (black bar), for Wales, the four Welsh economic regions and the two Welsh NUTS 2 areas between 2001 and 2005.

Chart 11 **Percentage point change in the inactivity rate by reason, for the Welsh economic regions 2001-2005**



Source – Annual Population Survey, 2005

- Between 2001 and 2005, there was a reduction of around 2 percentage points in the inactivity rate in Wales with a slightly bigger reduction in West Wales and the Valleys than East Wales.

- There was also a reduction in 3 of the 4 economic regions, with the biggest reduction in North Wales. The exception was Mid Wales which saw a small increase (but at 18.8 per cent still has the joint lowest inactivity rate with North Wales).

- Nearly half of the reduction in the inactivity rate in West Wales and the Valleys was due to a drop in long term sickness. By contrast, most of the reduction in East Wales was amongst those looking after the family home.

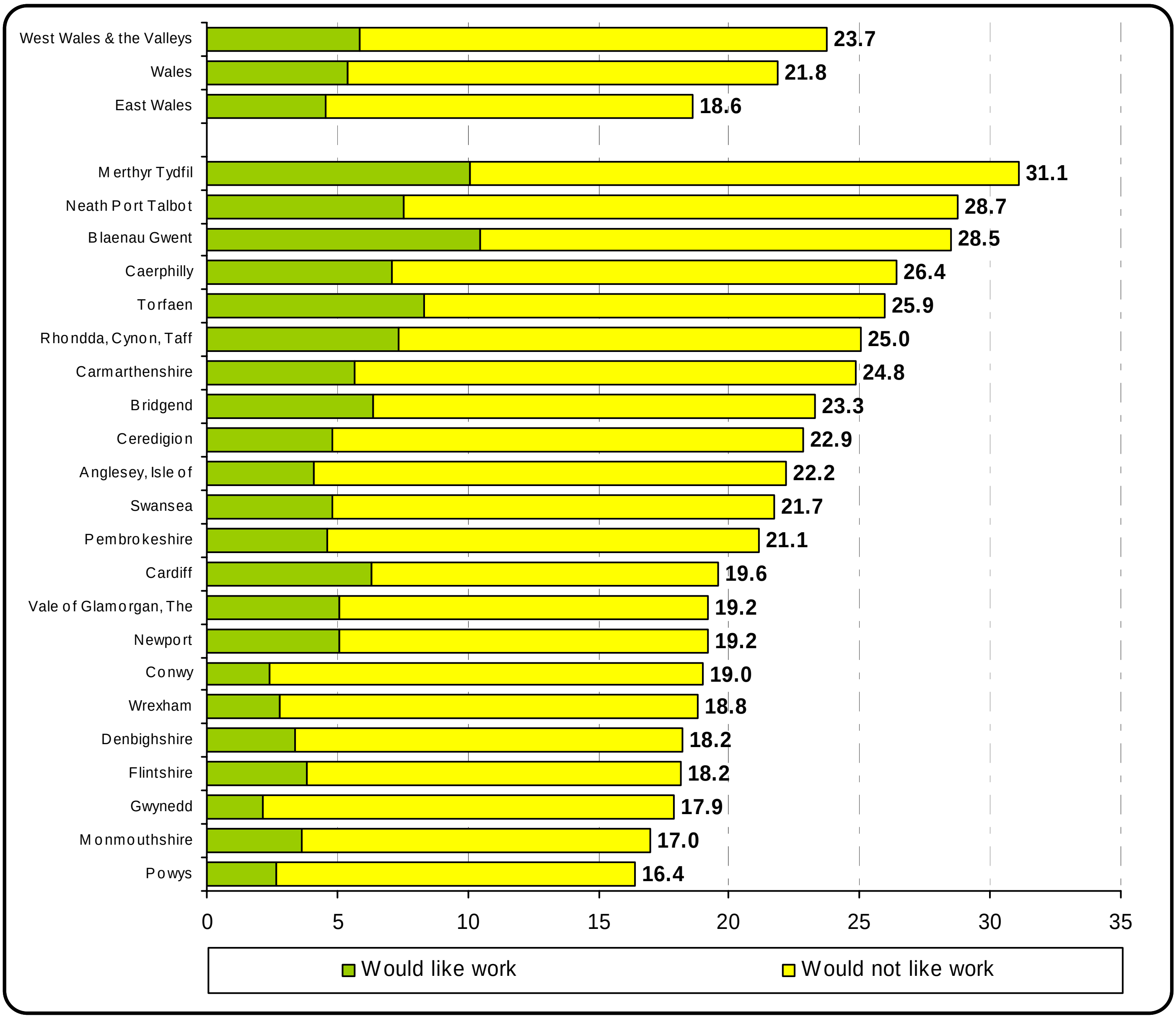
- North Wales was the only economic region to show decreases in inactivity rate in all categories, 1.6 percentage points in long term sickness, 1.3 percentage points looking after the family home and 0.4 percentage points other reasons.

- Both North and South West Wales showed large falls in the inactivity rate due to long term sickness 1.6 and 2.2 percentage points respectively. North and South East Wales showed substantial falls in inactivity rates due to looking after the family home, both 1.3 percentage points.

Respondents to the LFS who report themselves as inactive are asked if they would like to work. People who *would like to work* are those people who are seeking work but currently unavailable to work (for various reasons) plus those who are not currently seeking work but would still like work.

Chart 12 shows economic inactivity by willingness to work by local authority, for those not in full-time education.

Chart 12 **Economic inactivity rates for people of working age, not in full-time education, by willingness to work and unitary authority, 2005**



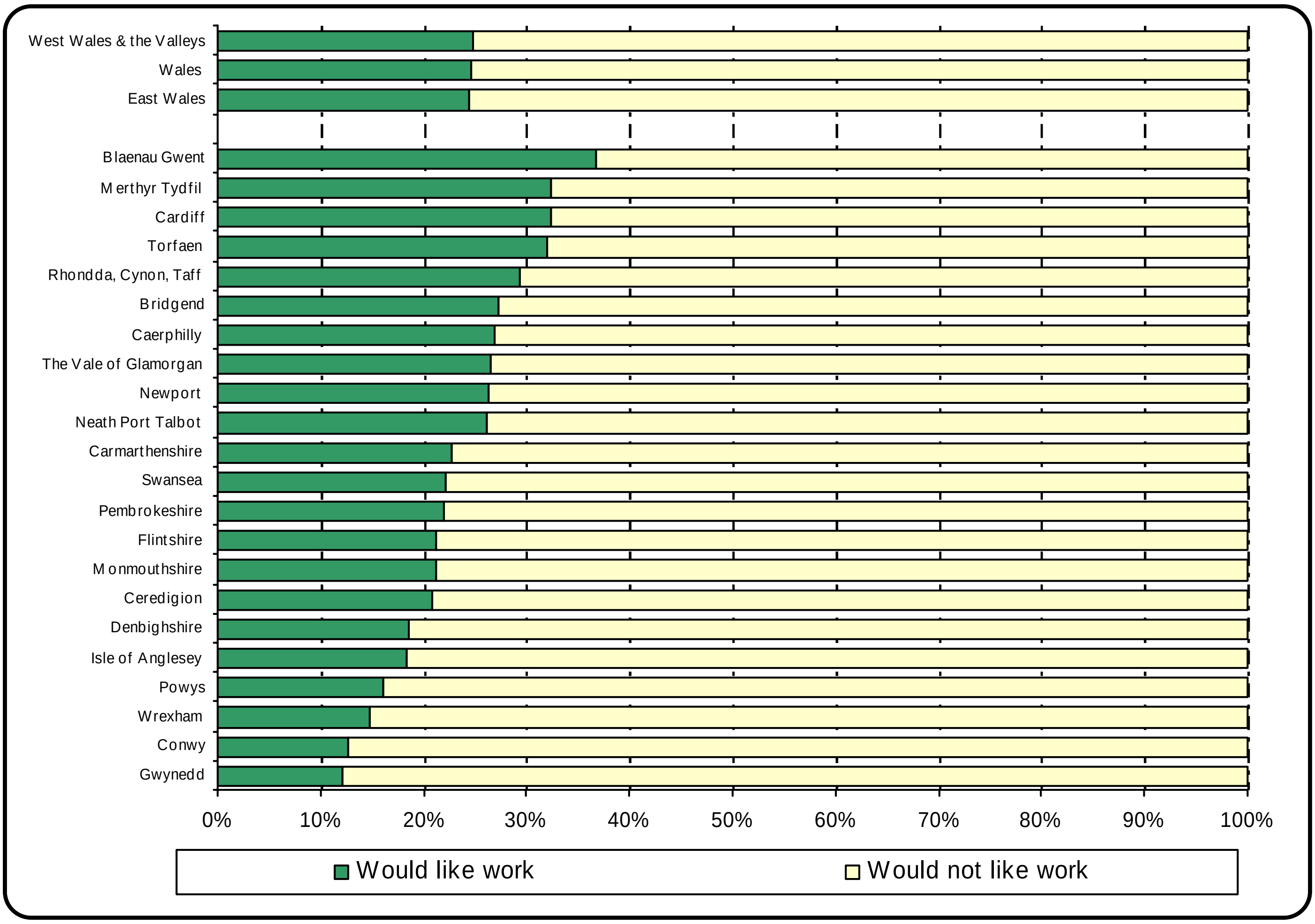
Source: Annual Population Survey, 2005

In 2005,

- Generally, the authorities with the highest overall inactivity rates had a greater percentage of the working age population that were inactive but wanting to work. However, the percentage that were inactive and not wanting to work was also higher. A clearer picture of the differences between authorities is given by the share of the inactive who want to work (**Chart 13**).

Focussing just on the inactive, **Chart 13** shows the percentage of the inactive in each local authority that would or would not like to work.

Chart 13 **Percentage of economically inactive people of working age, not in full-time education, wanting to work by unitary authority, 2005**



Source: Annual Population Survey, 2005

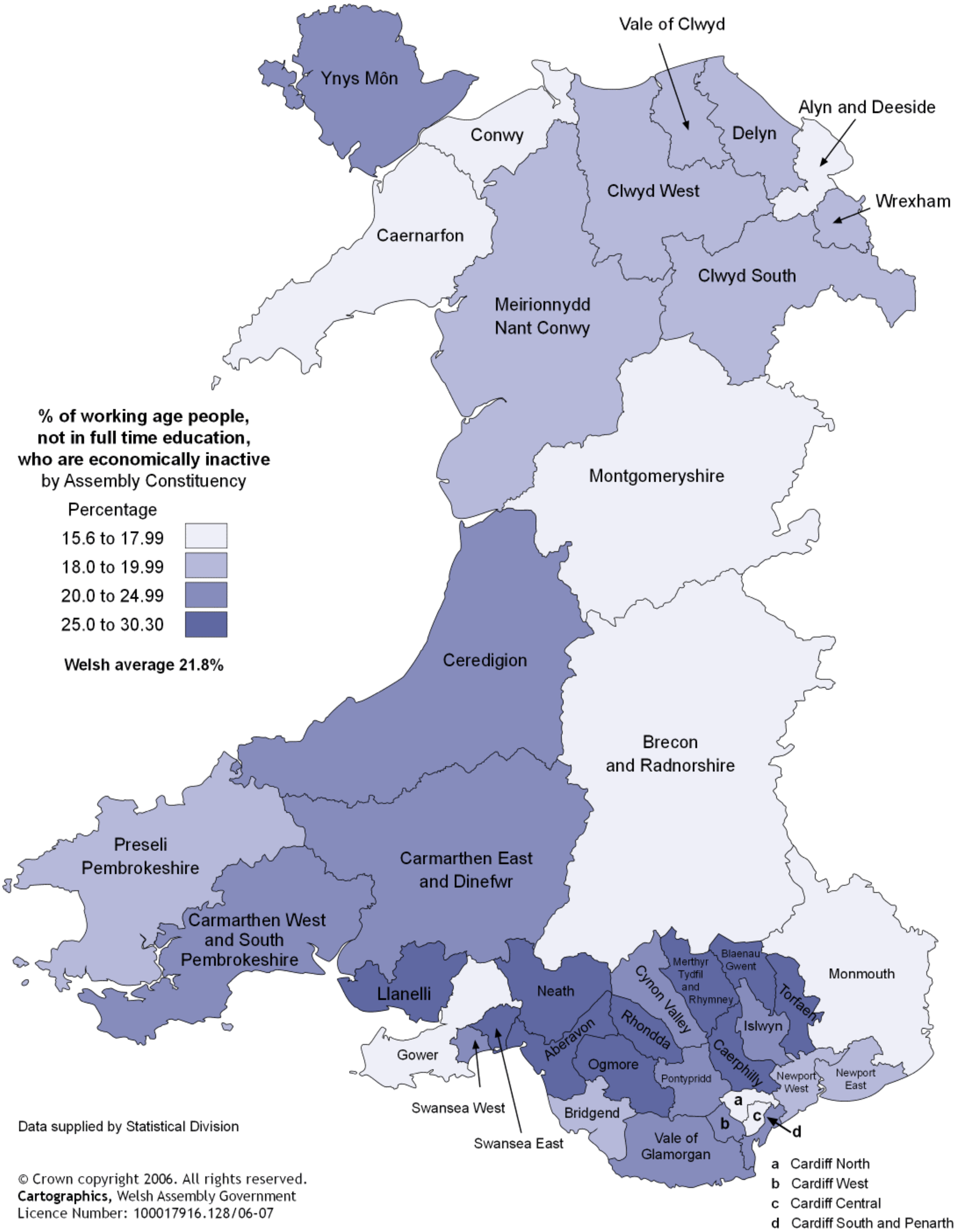
In 2005,

- The percentage of the inactive wanting to work in each authority varied between 12 per cent in Gwynedd and 37 per cent in Blaenau Gwent.

- At between 32-37 per cent, Blaenau Gwent, Merthyr Tydfil, Cardiff and Torfaen were the authorities with the highest percentage of the inactive wanting to work – a higher percentage than any of the UK regions.

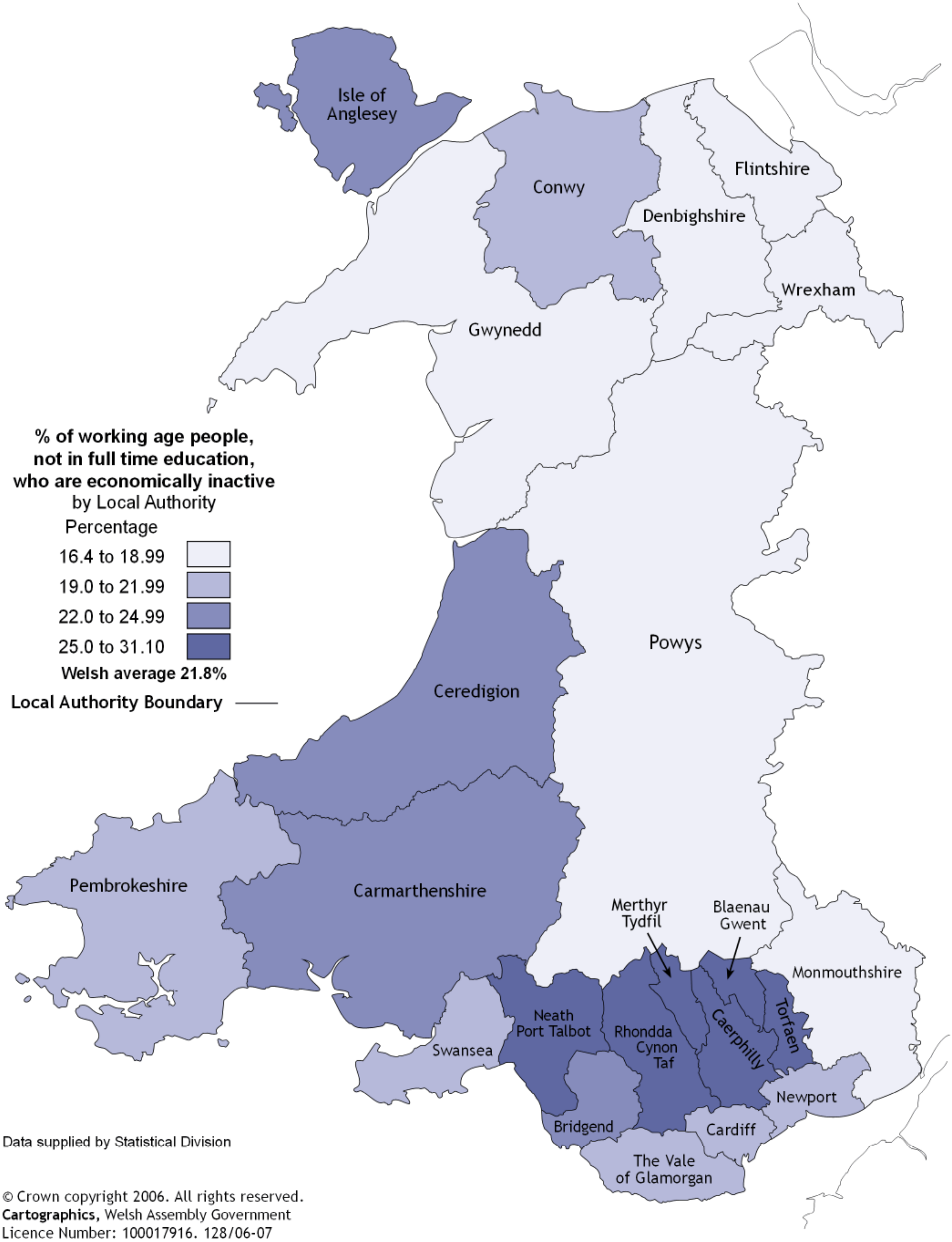
The Annual Population Survey sample size is sufficient to allow analysis below local authority level. **Map 1** (page 21) shows economic inactivity rates for people of working age, who are not in full-time education, by Assembly constituency for 2005, while **Map 2** (page 22) shows inactivity rates for those not in full-time education, by local authority. The constituency map shows that there was considerable variation within local authority areas. For example, the inactivity rates in the constituency areas of Cardiff South & Penarth and Cardiff West were much higher than those in Cardiff North and Cardiff Central.

Map 1 **Economic inactivity rates for people of working age, not in full-time education, by Assembly constituency, 2005**



Data supplied by Statistical Division

Map 2 **Economic inactivity rates for people of working age, not in full-time education, by Local Authority, 2005**



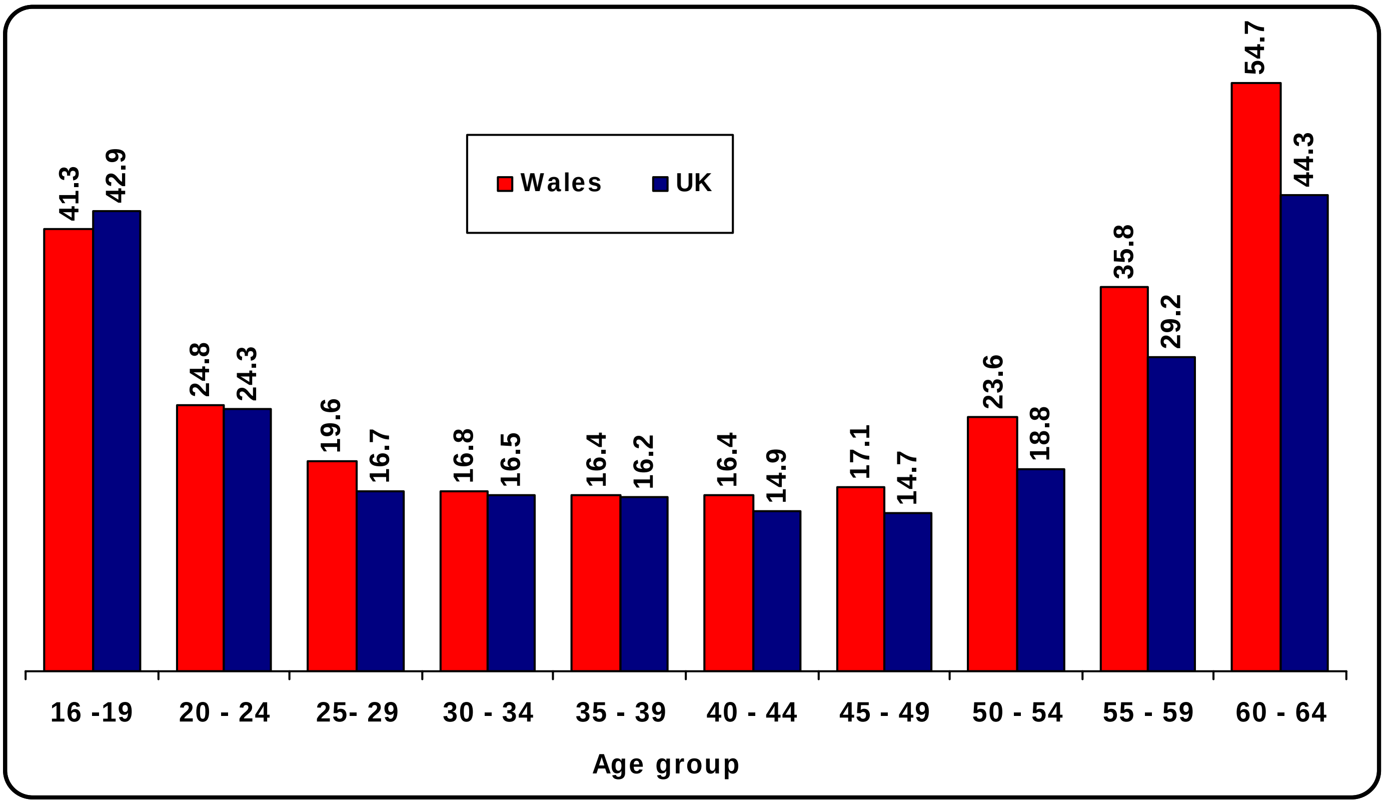
Data supplied by Statistical Division

CHAPTER 4- AGE, GENDER, ETHNICITY AND DISABILITY

This chapter examines economic inactivity in Wales and the UK in 2005 by various issues linked to equal opportunities, age, gender, ethnic background and disability.

Chart 14 shows the estimated economic inactivity rates by age group, for Wales and the UK as a whole.

Chart 14 **Economic inactivity rates for people of working age, by age group, 2005**



Source: Annual Population Survey, 2005

In 2005:

- The economic inactivity rate in Wales was higher than the UK for every age group except 16-19 year olds. However, the differences were relatively small for groups below 50. The differences ranged from around 0.2 percentage points for the 35-39 age group to over 10 percentage points for those aged 60-64 (men only).

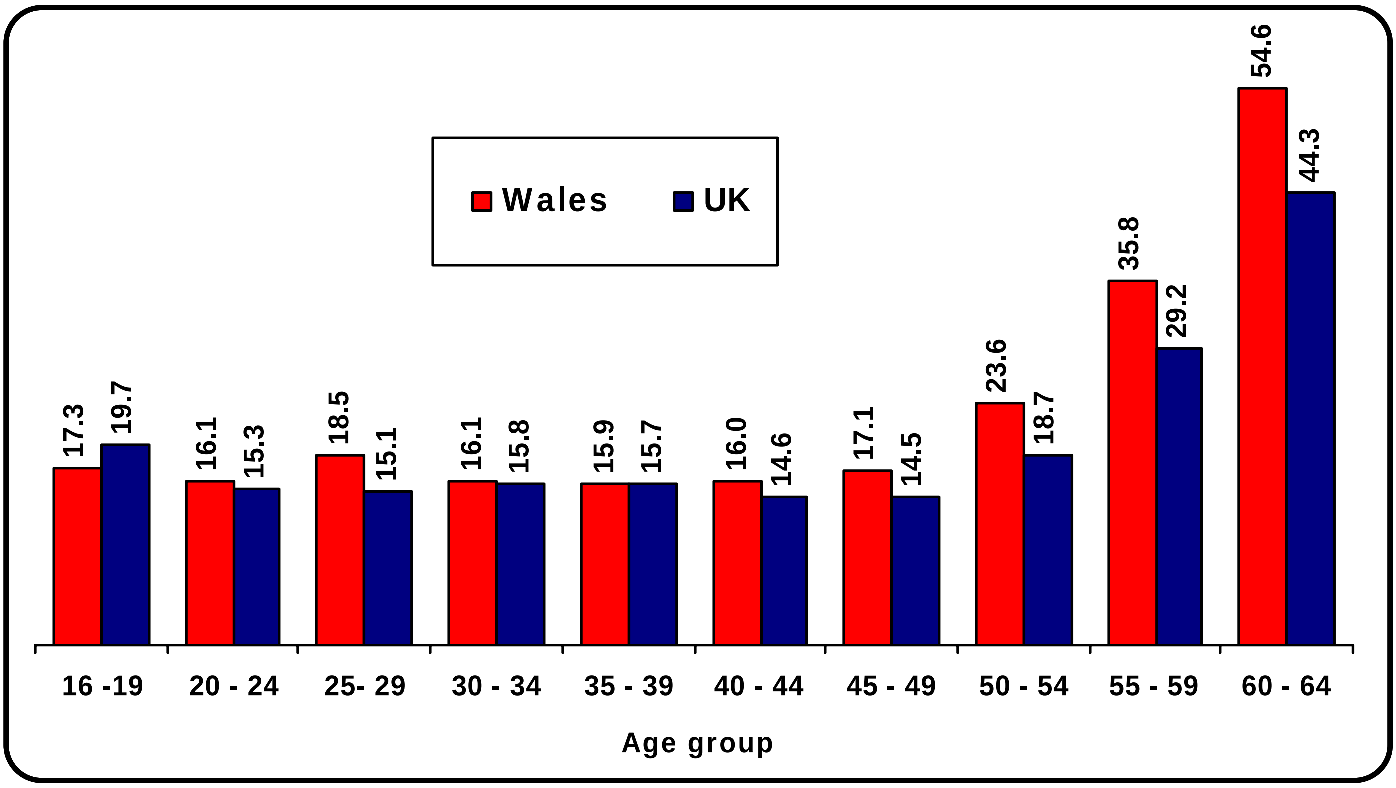
- The inactivity rates for those aged between 16 and 24 were relatively high, but this was mainly because of students. As was demonstrated in Chapter 1, removing students made very little difference to the gap between Wales and the UK.

- Inactivity rates for those aged between 25 and 49 were the lowest. The inactivity rate in Wales starts to increase in Wales in the 45-49 age group, whereas it only really starts in the 50-54 age group in the UK.

- For those aged 50 and above the inactivity rate and the gap between Wales and the UK, rose sharply. For those aged 55-59, 36 per cent were inactive in Wales (29 per cent for the UK) and 55 per cent of men aged 60-64 were inactive (44 per cent for the UK).

Chart 15 shows the estimated economic inactivity rates by age group, for Wales and the UK as a whole (excluding students).

Chart 15 **Economic inactivity rates for people of working age, by age group, 2005 (excluding students).**



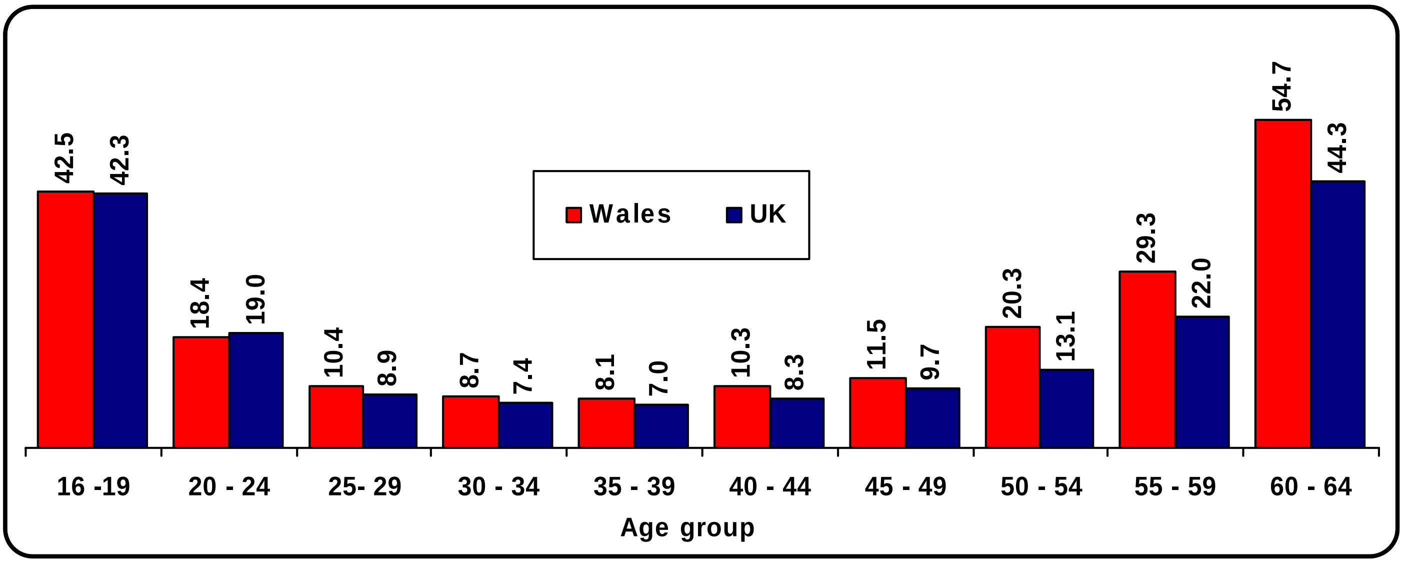
Source: Annual Population Survey, 2005

In 2005:

- The economic inactivity rate in Wales was higher than the UK for every age group except 16-19 year olds. The differences ranging from around 0.2 percentage points for the 35-39 age group to 10.3 percentage points for those aged 60-64 (men only).
- The inactivity rates for those under the age of 50, are fairly uniform when students are excluded, for both Wales and the UK. The Wales inactivity rates varied by 2.6 percentage points and the UK rates by 5.2 across the age groups from 16 to 49 year olds.
- For those aged 50 and above the inactivity rate rose sharply and the gap between Wales and the UK was also at its widest. For those aged 55-59, 36 per cent were inactive in Wales (29 per cent for the UK) and 55 per cent of men aged 60-64 were inactive (44 per cent for the UK).

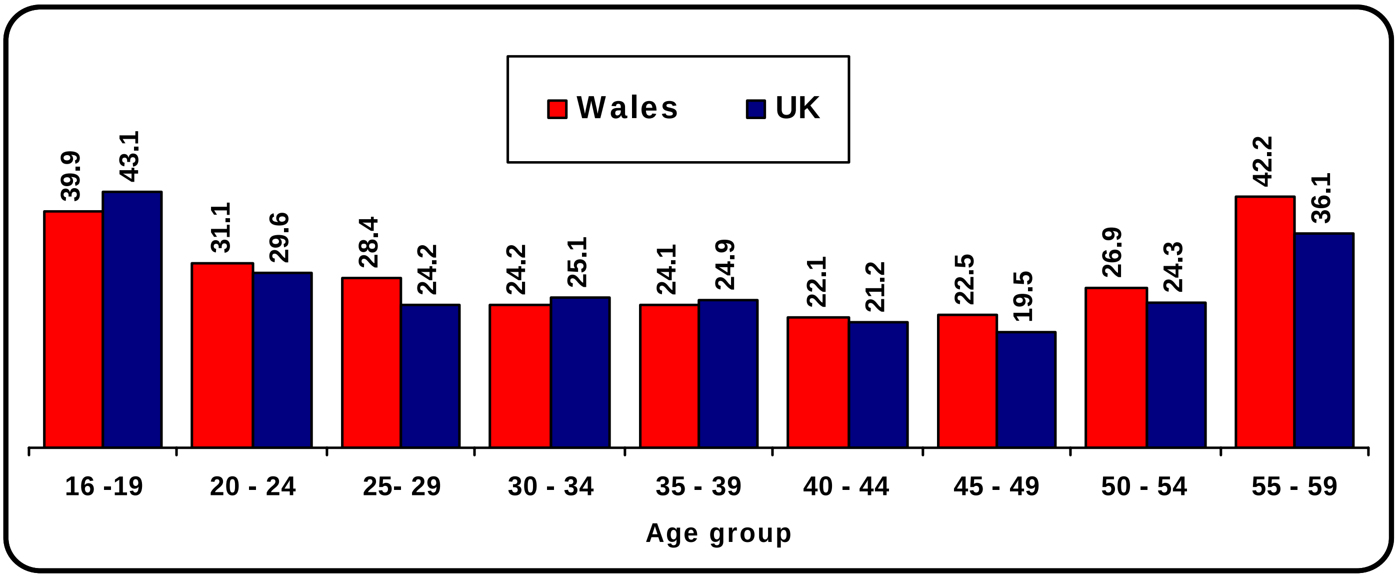
Charts 16 and 17 show estimated economic inactivity rates for men and women in Wales and the UK by age group.

Chart 16 **Economic inactivity rates for men of working age, by age group, 2005**



Source: Annual Population Survey, 2005

Chart 17 **Economic inactivity rates for women of working age, by age group, 2005**



Source: Annual Population Survey, 2005

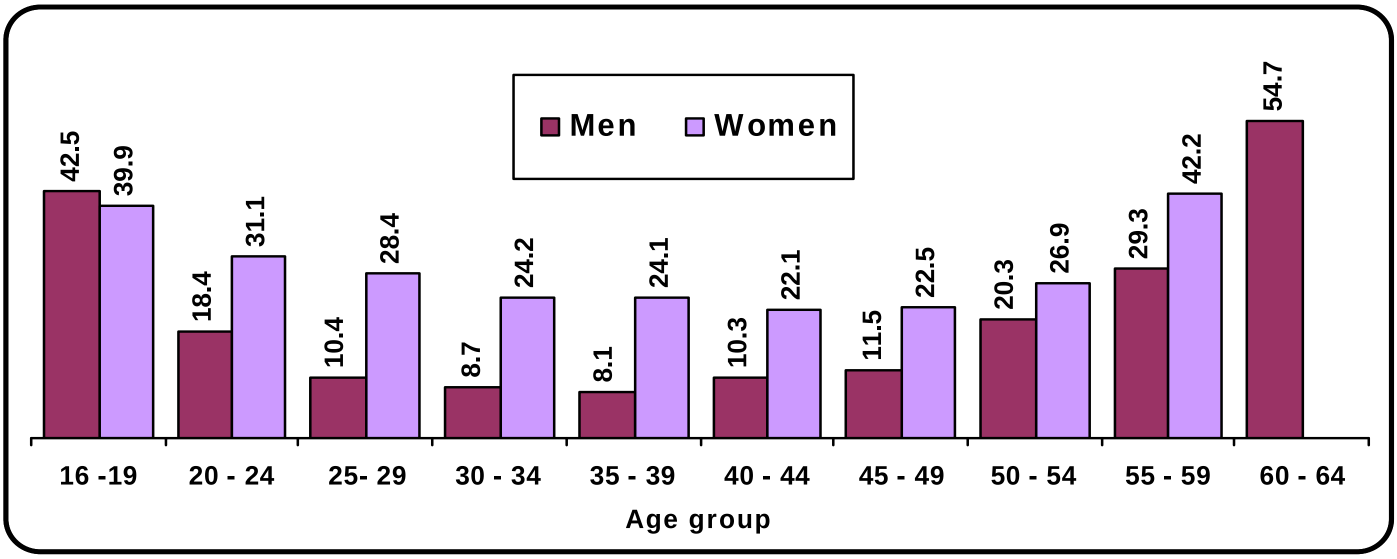
In 2005:

- Inactivity rates for men fell sharply at age 25 and remained in single figures for those between 25 and 39 before rising steeply in the older age groups. The inactivity rates rose more sharply for men in Wales than in the UK. In contrast, inactivity rates for women varied less with age, declining gently through the age groups before picking up amongst the over 50's.

- For men, the gap between the inactivity rates in Wales and the UK was smaller amongst the under 50's. For women, the inactivity rate is below that for the UK for those aged 16-19 and 30-39, however the Welsh rates are higher than the UK for 20-29 year olds and those aged 45 or more.

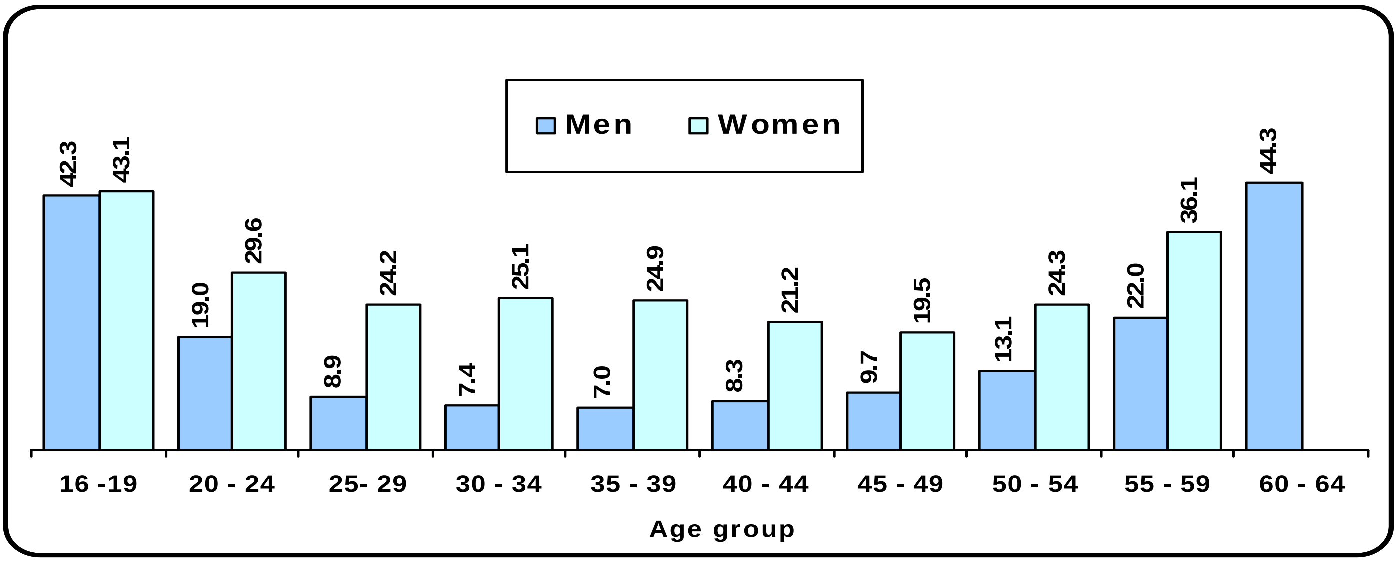
Charts 18 and 19 show estimated economic inactivity rates for men and women in Wales and the UK respectively, by age group.

Chart 18 **Economic inactivity rates for people of working age in Wales, by gender and age group, 2005**



Source: Annual Population Survey, 2005

Chart 19 **Economic inactivity rates for people of working age in UK, by gender and age group, 2005**



Source: Annual Population Survey, 2005

In 2005:

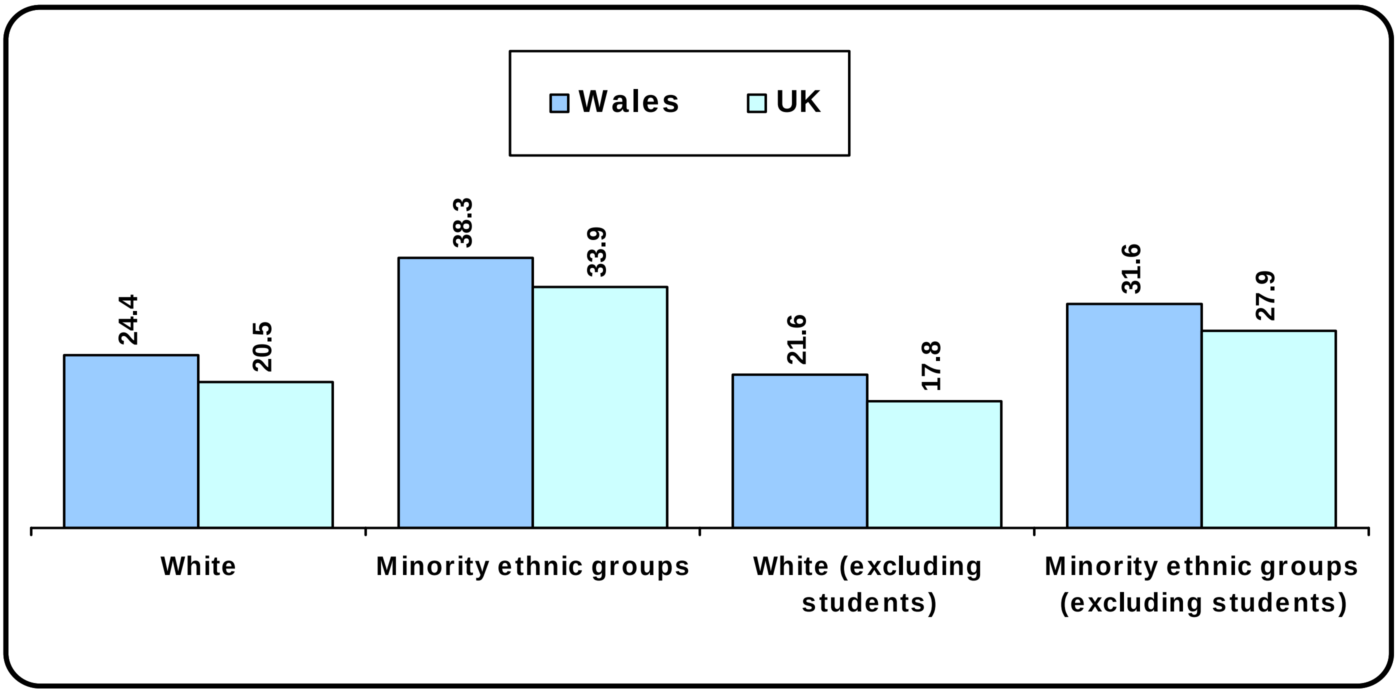
- In Wales and the UK, economic inactivity rates for women were higher than those for men in all age groups, with the exception of 16-19 year-olds in Wales.
- The gap between the inactivity rates for men and women was at its highest in the 25-29, 30-34 and 35-39 age groups, both for Wales and the UK.
- For the younger age groups, up to 25-29, the gap between men and women was greater in Wales than in the UK.

Chart 20 shows estimated economic inactivity rates by ethnic group in Wales and the UK. Due to the size of the minority ethnic population in Wales, it is not possible to show any further breakdown using the Labour Force Survey.

A more detailed analysis based on Census data was published in A Statistical Focus on Ethnicity in July 2004. (http://www.wales.gov.uk/statistics)

This shows that there are differences between the activity rates for different minority ethnic groups and gender.

Chart 20 **Economic inactivity rates for people of working age by ethnic group, 2005**



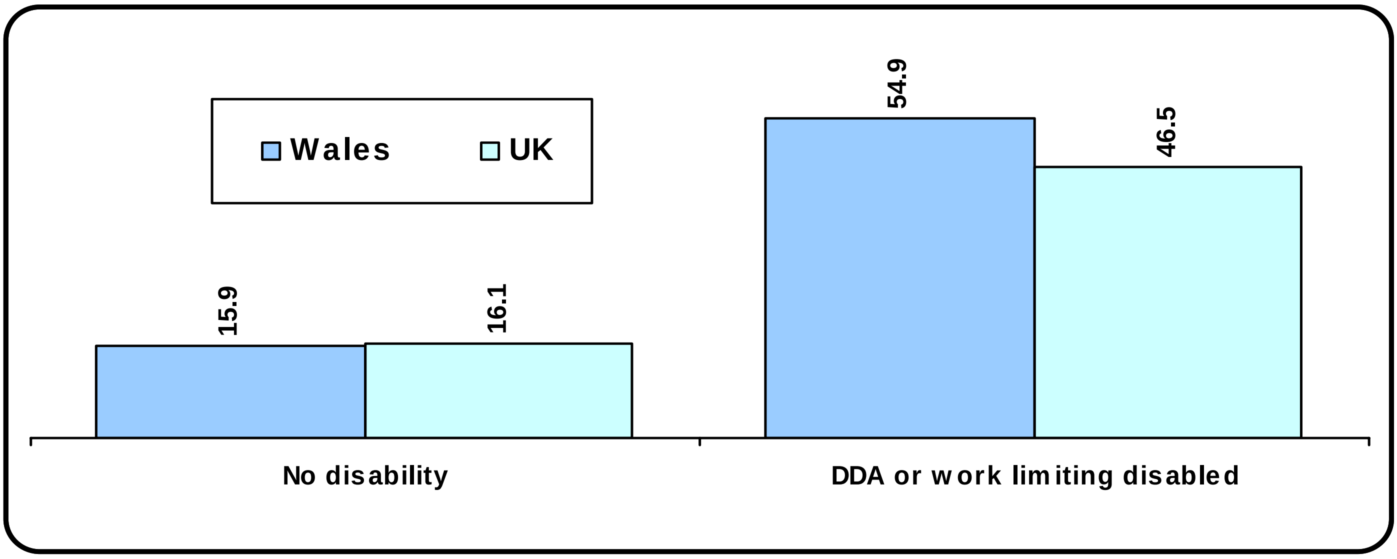
Source: Annual Population Survey, 2005

In 2005:

- The inactivity rates for whites and minority ethnic groups, both including and excluding students were higher in Wales than the UK average.
- Inactivity rates for ethnic minorities were more than 50 per cent higher than for the white population, in both Wales and the UK.
- Excluding students, the gap between the rates for white and minority ethnic groups was smaller, with a similar impact in both Wales and the UK as a whole.

Chart 21 shows estimated economic inactivity rates for those with a disability (either disabled according to the Disability Discrimination Act (DDA) definition or with a work limiting disability) and those with no disability. The level of disability from the LFS is self-reported; that is, respondents to the survey make their own assessment of their level of disability.

Chart 21 **Economic inactivity rates for people of working age by level of disability, 2005**



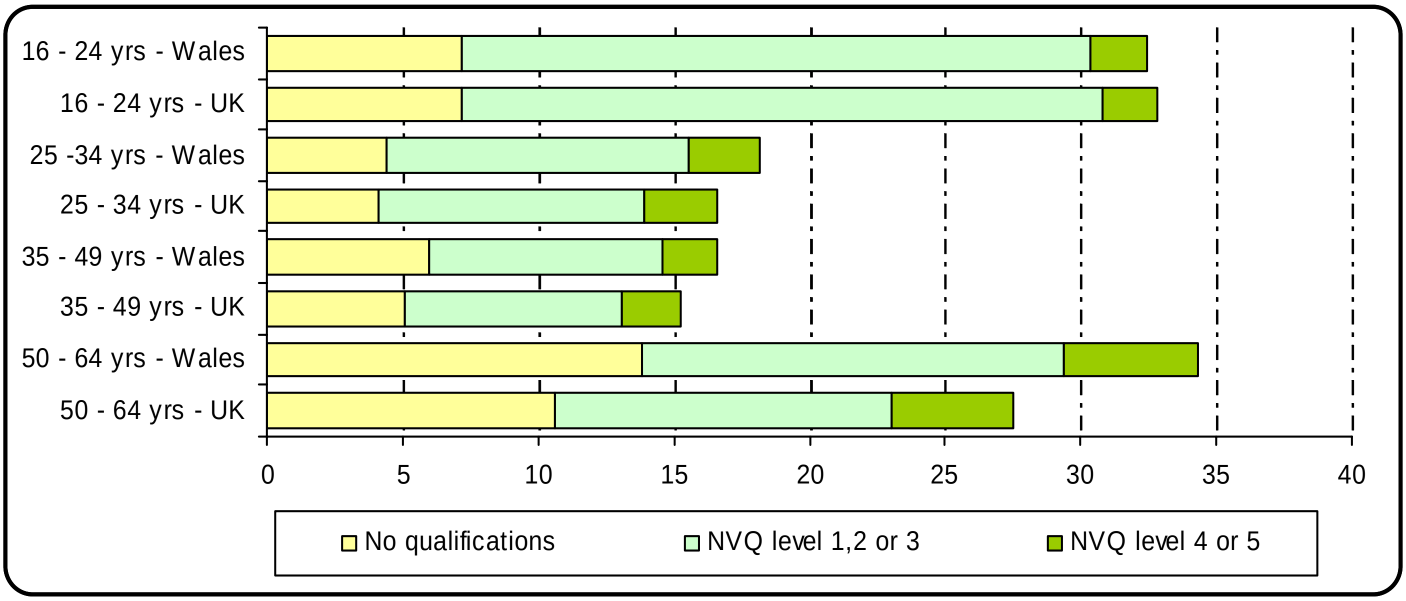
Source: Annual Population Survey, 2005

In 2005:

- In both Wales and the UK, inactivity rates for those with a disability were around 3 times as high as for those with no disability.
- Inactivity rates in Wales were higher than for the UK for those with a disability, but slightly lower for those without.
- In Wales, 55 per cent of those with a disability were inactive compared to 47 per cent in the UK.

Chart 22 shows estimated economic inactivity rates by highest level of qualification and age group for Wales and the UK.

Chart 22 **Economic inactivity rates for people of working age by highest qualification and age group, 2005**



Source: Annual Population Survey, 2005

In 2005:

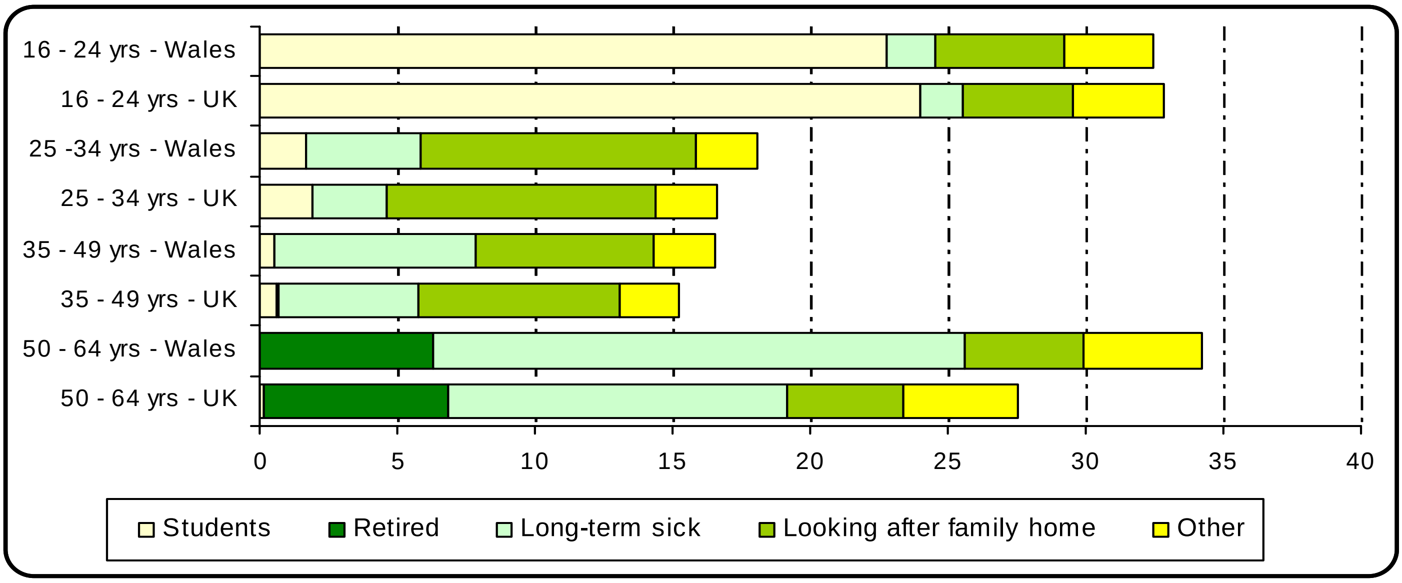
- In 3 out of 4 age groups, Wales had a higher percentage of the age group who were inactive and had no qualifications for UK, with the same for rate for 16-24 year olds.
- The biggest differences between Wales and the UK, for those with no qualifications, were in the two older age groups.
- The proportion of the inactive with no qualifications increased for each successive age group. For the 50-64 age group, 40 per cent of the inactive in Wales had no qualifications, compared to 24 per cent in the 25-34 age group.

CHAPTER 5- DETAILED ANALYSIS OF REASONS FOR INACTIVITY

This chapter examines the differences in the reasons given for inactivity between Wales and the UK by age group. Throughout the chapter, when the numbers in a particular category are too small to be published, the individuals in that category have been included within the 'Other' category. Therefore, if a particular category does not appear in a chart for a given age group this is either because the number in that category are actually zero or they are small and have been included in 'Other'.

Chart 23 shows estimated economic inactivity rates by reason for inactivity and age group for Wales and the UK.

Chart 23 Economic inactivity rates for people of working age by reason and age group, 2005



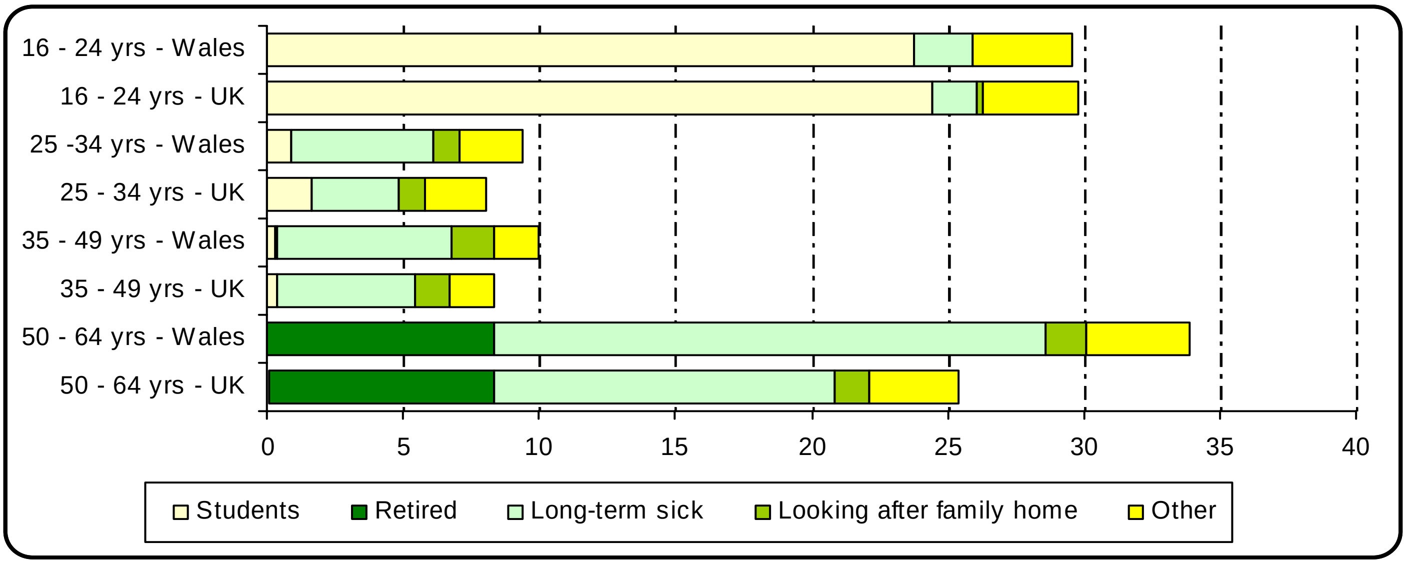
Source: Annual Population Survey, 2005

In 2005:

- For the 16-24 age group the main reason for inactivity was studying, in both Wales and the UK, with Wales having a slightly lower inactivity rate than the UK.
- For the 25-34 age group looking after the family home was by far the biggest reason for inactivity in both Wales and the UK.
- Long-term sickness was a major reason for inactivity in the 35-49 and 50-64 age groups. In these age groups the proportions of people who were long-term sick in Wales were considerably higher than in the UK.

Chart 24 shows estimated economic inactivity rates for men by reason for inactivity and age group for Wales and the UK.

Chart 24 Economic inactivity rates for men of working age by reason and age group, 2005



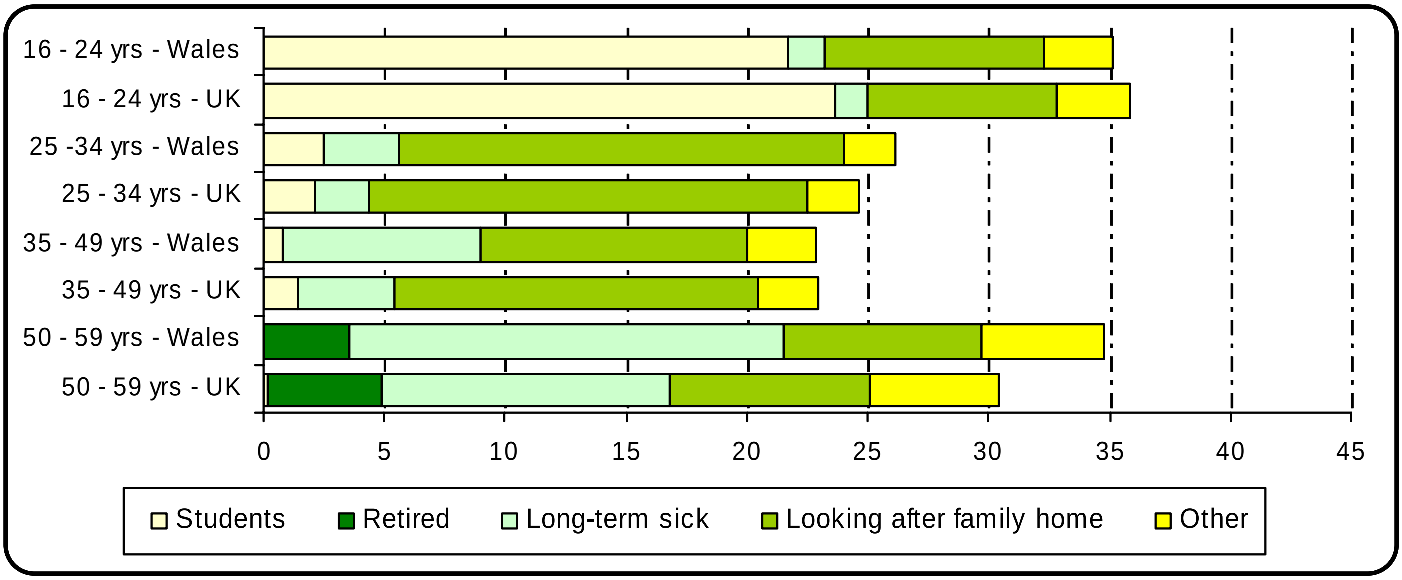
Source: Annual Population Survey, 2005

In 2005:

- Both Wales and the UK had a similarly high inactivity rate among 16-24 year old men, this was accounted for by the percentage of inactive students.
- Long-term sickness was the major reason for inactivity for the 25-34, 35-49 and 50-64 age groups in both Wales and the UK.
- Inactivity due to long-term sickness was noticeably higher in Wales than the UK for men aged over 25.

Chart 25 shows estimated economic inactivity rates for women by reason for inactivity and age group for Wales and the UK.

Chart 25 Economic inactivity rates for women of working age by reason and age group, 2005



Source: Annual Population Survey, 2005

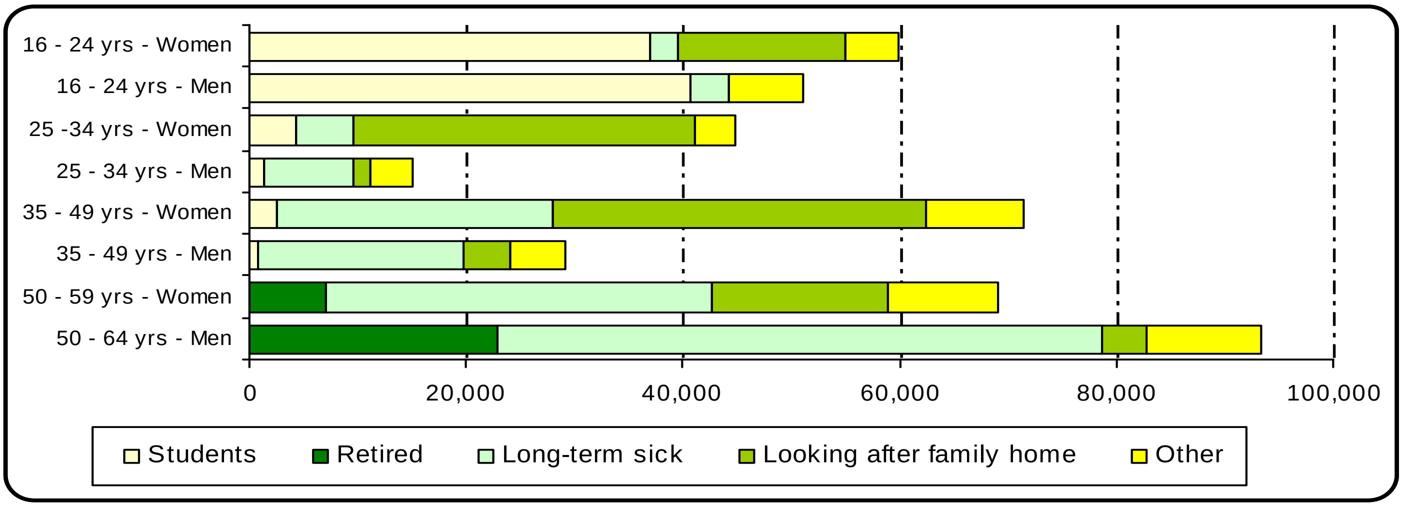
In 2005:

- The slightly lower inactivity rate among 16-24 year old women in Wales compared to the UK was due to a lower percentage of inactive students.
- Looking after the family home was the main reason for inactivity among women aged between 25 and 49, in both Wales and the UK.
- Inactivity due to long-term sickness was noticeably higher in Wales for the 35-49 and 50-59 age groups. On the other hand there were fewer women inactive because they were looking after the family home in the 35-49 age group in Wales.

Charts 23 to 25 showed in which age groups and for which reasons inactivity in Wales was higher than the UK average. It is possible to quantify this difference by comparing what the inactivity levels in Wales would be given UK rates (i.e. multiplying the Welsh population in each age group by the corresponding inactivity rate for the UK) with actual numbers inactive in Wales.

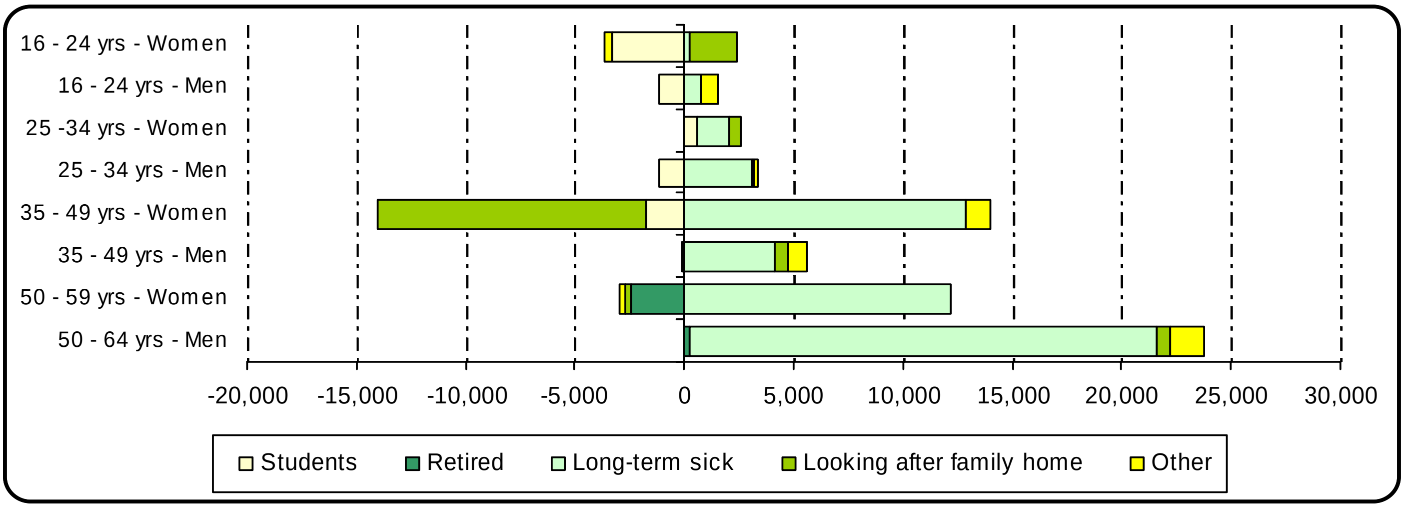
Chart 26 shows the actual number inactive in Wales by reason and age group for men and women, and **Chart 27** shows how many more inactive there were in each of these categories than would have been the case if Wales had the same inactivity rates, by age, gender and reason, as the UK.

Chart 26 Numbers of working age men and women economically inactive in Wales, by reason and age group, 2005



Source: Annual Population Survey, 2005

Chart 27 **Number of economically inactive in Wales in excess of UK average inactivity rates, by age group, gender and reason, 2005**



Source: Annual Population Survey, 2005

In 2005:

- There were 434,00 people of working age economically inactive in Wales. If Wales had had the same inactivity rates as the UK, by age group, gender and reason, the figure would have been around 390,000 or 40,000 less. This excess of economically inactive has fallen in recent years from 55,000 in 2003 and 80,000 in 2001.

- These 40,000 in excess of the UK average rates were principally in the older age groups (35 and over) and, ignoring students, were almost entirely a result of long-term sickness.

- In addition, Wales would have had more women looking after the family home in the 35-49, more students in the 16-24 and more retired in the 50-59 age groups if it had the same rates as the UK.

Notes

This bulletin analyses the information on economic inactivity available from the Annual Population Survey (APS) and the quarterly Labour Force Survey (LFS). It makes comparisons for Wales both with the rest of the UK and within Wales. Detailed analyses for 2005 are made using the APS for 2005 to take advantage of the much larger sample. The trend analyses are made using the quarterly LFS as detailed time series data for the APS are only available back to 2001. The bulletin is updated every two years.

Key quality information: Labour Force Survey and Annual Population Survey

The main LFS is a quarterly sample survey of around 60,000 households living at private addresses in the UK. Each quarter's LFS sample of 60,000 private households is made up of 5 'waves', each of approximately 12,000 households. Each wave is interviewed in 5 successive quarters, such that in any one quarter, one wave will be receiving their first interview, one wave their second, and so on, with one wave receiving their fifth and final interview. As a result, there is an 80% overlap in the samples for successive quarters. Households are interviewed face-to-face when first included in the survey and by telephone thereafter. For the first wave in Wales the response rate in the main LFS is around 80%, with around 80% of these remaining by the fifth wave. The total sample for Wales is usually about 3,500 households in each quarter.

The main LFS is based on a detailed questionnaire and hence provides for a large dataset, although there are some limitations to its use, particularly at a sub-regional level due to sample size constraints. Its primary use is to provide labour market information for the UK, including levels and rates for employment, unemployment and economic activity / inactivity.

The Annual Population Survey (APS) (which includes the Welsh Local Labour Force Survey (WLLFS) in Wales) is an annual sample survey of households living at private addresses in the UK. The annual survey uses results from those sampled for the main quarterly LFS and since 2001 additional persons have been sampled on an annual basis to provide a more robust (boosted) annual dataset across the UK, with estimates subject to much lower sampling variability. For Wales, the data are now based on an enhanced sample (around 350 per cent larger) compared to earlier years. These data are used to produce the sub-regional estimates for Wales and the detailed breakdowns of economic inactivity.

The additional persons sampled in the APS are based on four waves, over four years of the survey. For the first wave, the response rate in Wales is around 75%, with around 80% of these remaining by the fourth wave. In total, approaching 20,000 households are sampled each year for the APS in Wales.

There are some differences between the results from the APS datasets and the main LFS datasets over and above the relatively minor effects due to the different sampling structures employed in each element. Most notably, the headline measure derived from the main LFS has been rescaled to account for the latest population estimates, which is not yet the case with the APS datasets. The ONS do have plans to account for the latest population estimates in the annual APS datasets in due course.

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

CABINET WRITTEN STATEMENT

TITLE: THE LEITCH REPORT

DATE: 6 DECEMBER 2006

BY: JANE DAVIDSON, MINISTER FOR EDUCATION, LIFELONG LEARNING AND SKILLS

On behalf of the Welsh Assembly Government I would like to welcome warmly the final report by Lord Leitch on the current skills profile and future needs of the UK workforce published yesterday. I am particularly grateful to Lord Leitch for the way in which he has involved the Welsh Assembly Government in the preparation of his report and for his recognition that devolved administrations will need to give their own consideration to its recommendations.

I intend to consult closely with employers, trades unions and others over coming months to see how we can use his vision to further develop our exciting skills agenda here in Wales. In particular we will want to ensure that our employers through the Sector Skills Councils have a major role in the future development of vocational qualifications and work based learning. We also look forward to the outcomes of the review of the further education sector in Wales led by Sir Adrian Webb, which will be able to consider the Leitch recommendations within its remit.

Many of the Leitch recommendations support what we are already doing in Wales. We already have, through the *Skills and Employment Action Plan*, an integrated approach to raising the level of both skills and employment. We have a long way to go but we have recognised the importance of that policy integration. Our approach also supports the demand-led message that has been emphasised by Lord Leitch. Employers need to be more in the driving seat when it comes to up-skilling the workforce. We have gone a long way to achieve that through Future Skills Wales research, which identifies the skills employers need, our strong support for the Sector Skills Councils in Wales and through the new National Planning and Funding System for post-16 learning. Our new Workforce Development Programme provides tailored packages of training support to meet the needs of individual employers.

Other recommendations of the Leitch report resonate closely with our policies and programmes such as his support for a good quality careers service, an Employer Pledge programme, as we already have for basic skills in Wales, and Individual Learning Accounts.

I believe Wales has begun a revolution in learning. That is a clear devolution dividend for Wales. The vision is clear. Our approach is learner and employer-focused, community-orientated and founded upon the collaborative principles, which underpin our whole approach to public service improvement.

Since 1999 we in Wales have more than played our part in taking forward the skills agenda. It is pleasing that Lord Leitch has recognised this in his report. I now look forward to facing the challenges which lie ahead in this area and to using this important report as a guide for how we can accelerate the progress we have already made.

ANNEX D

Public Services Board

Item 2: Transforming citizen access to public services

Introduction

This paper proposes a vision of transformed access to public services in Wales. It highlights what might be possible through exploiting rapidly developing information and communication technology (ICT), while ensuring that no citizen is left behind as a result. It sets out how we seek to align interests around this vision, and build an approach which has buy-in from the public and public services, minimises the risk of failure, and is based on evidence of which methods of access work best for citizens. It invites the Public Services Board to indicate whether it is content for the vision to be used for this purpose.

Background

1 The Assembly Government is committed to delivering citizen centred public services accessible by all of our citizens and targeting in particular the hard to reach, vulnerable and excluded, so that Wales is an exemplar inclusive and participative society. However, it is widely recognised that Wales faces particular challenges which call for distinctive Welsh solutions. These do stretch our available resources and our ability to achieve these goals consistently across Wales. Nevertheless they must be addressed, particularly in regard to:

- areas of high social deprivation and lower economic activity;
- areas of sparse population;
- specific challenges requiring continued attention by public services, such as chronic health conditions or care requirements;
- public services with complex structures; and
- limited resources for investment.

2 In Wales and beyond, it is accepted that effective use of ICT, along with changed processes, staff development and organisational 'behavioural' change, should have a substantial impact on addressing the challenges of delivering high quality public services while making effective use of finite resources. Consequently, there is particular interest and action in exploring ICT to improve public service access and delivery through, for example, websites, contact centres, or videoconferencing.

Issues

3 Despite many examples of innovative use of ICT, there are clear challenges in relation to:

- fears that moves towards greater use of technology will exclude those who cannot or will not use ICT;
- high cost and complex lengthy implementation;
- uncertainty over whether such investment yields benefits;
- uncertainty over the 'shelf life' of a project as technology itself changes;

- numerous stories in the UK media about failed public sector IT projects; and
- concerns over the security and use of information and data, public safety when ‘online’, and online fraud.

5 To offset these challenges, we have proposed a vision of Wales with transformed access to public services **(Annex 1)**. e-enabled access is at its heart but citizens are not forced down a path they do not like. It spells out that citizens can choose a method of access with which they are most comfortable, but the quality of service will be consistent. It offers a vivid picture of the benefits for all citizens, of having more accessible, responsive and joined up services, and the role technology can play in achieving this. Our aim is to use this to align purpose in different public services around a common goal and direction of travel, and foster a collective approach to planning and delivery.

6 A further important aim of the vision is to make the criteria for success be expressed as better outcomes for citizens, better experiences of public services, overcoming isolation and exclusion, and making the Welsh pound go further. Clever use of simple technologies can help achieve this, with proper trialling and testing, along with other actions around strategic planning and goals, organisational change, communication, collaboration, and workforce development.

Basis for the vision

7 It is recognised that trying to predict the future carries great risks, and there are many examples throughout the world of well intentioned large scale IT projects failing through poor planning, or weak hard evidence of benefit. Nevertheless, there are clear trends and developments, on which the vision is based, which are already establishing a direction of travel in the evolution of citizen access and service delivery. Public services need to align with these. They include:

- **the rapid evolution of technology in the last 15 years**, which has already transformed how we communicate and operate, through personal computers, the internet, e-mail, instant messaging, texting, digital TV;
- **lessons learned from the last decade**, that technology alone brings little change in the quality of service, but when combined with reorganised processes the effect can be transformational;
- **the pace of current technological development**, which is widely recognised as accelerating, as ICT applications become simpler, and more capable. Commentators globally suggest that we are entering a new phase of exploiting the internet (commonly referred to ‘Internet 2.0’). A key feature of this new phase is a greater smartness in exploiting existing technology, alongside development of new technology;
- **rapid growth in access to the internet**. The Assembly Government’s own research has shown that two households in five in Wales had a broadband connection in January 2006 – a 14% growth in one year;
- **shifts in behaviour regarding the internet and technology across the population**: young people in particular are drawn to social networking websites, and web based leisure activities such as music downloading. In 2005 the over 55s were among the fastest growing group of online consumers; Market analysts Verdict identified that 14 million UK consumers bought £8.2

billion of goods online in 2005 (compared with spending £9.4 billion in department stores);

- **the scenarios provided**, which are all possible with existing technology, and a number are already being developed and tested in Wales. To be realised they need to be combined with strategic intent (focusing on improving access and service delivery) and service reorganisation; and
- **recognition that there will almost certainly continue to be a proportion of the population** (some estimates are as high as 20-30%) without personal access to the internet. Such individuals will also need to access services with as high a degree of confidence in its availability and quality.

Action

8 We seek to work with providers and stakeholders to translate the vision into an action plan that would be produced by mid 2007. The action plan would set out:

- how we measure up now – the baseline against which we can demonstrate improved delivery;
- the improvements we want to achieve with the resources at our disposal and how success will be measured;
- how in this context we demonstrate key Assembly Government commitments (such as the customer service core principles, and public engagement developed as part of *Delivering the Connections*, as well as methods of encouraging collaboration proposed through *Delivering Beyond Boundaries*);
- how we will ensure that this approach will not inadvertently create a ‘digital divide’ between those citizens who are comfortable today with new technologies, and those who are not;
- how different types of technology might deliver the improvements sought;
- the key actions needed in the short and longer term at a local and national level, cost and benefits; and
- targets and milestones for measuring progress and success.

9 The strength of this approach would lie in:

- having a widely communicated and supported direction of travel, so that the relevance of priorities and actions can be understood;
- testing and proving what methods work best through small scale pilots, so that the case for wider rollout can be on firm ground;
- having a number of tightly defined pilots, so that a managed risk approach can be encouraged, where failure of one method to yield benefits will not jeopardise overall progress;
- achieving ownership and delivery by stakeholders, with benefits defined in terms of improved access, performance improvement, and use of resources;
- building partnerships to join up services, reduce delays and duplication, and enable services to be more tailored to the needs of individuals;
- communicating with staff and citizens to ensure any changes of approach are relevant to their needs and understood;
- enabling resources released through lower transaction costs to be re-invested in improving front line, face to face, and community based services which can

target the hard to reach and most vulnerable, and increase take up of services by these groups.

10 To reinforce the messages contained in the vision, we have a number of ‘building blocks’ in mind which we can progress:

- **promoting and learning from exemplars:** an early priority is to tap into the experience and expertise that exists, take targeted steps to deliver wider benefits and visibility in the short term, and inform strategy in the longer term. This will help move the agenda forward with limited resources. There are lessons and good practice to be shared from existing development programmes such as *Informing Healthcare*. There are also opportunities to engage stakeholders in helping pilot new approaches. One means being explored for doing this in early 2007 is to utilise part of the ***Making the Connections Improvement Fund*** to target gaps, pilot new methods, or expand existing proven pilots, including through partnerships. Principally the funding would be directed at preparatory work and small scale delivery;

- **infrastructure:** the ***Public Sector Broadband Aggregation*** programme is already acting as a catalyst for public service stakeholders to identify benefits and opportunities from a common broadband network, over and above the immediate cost savings of procurement. This significant procurement will provide an underpinning infrastructure on which key public services can build collaboration;

- **e-procurement programme:** this Value Wales programme is currently at the planning stage and seeks to build on the success of the Buy4Wales and Sell2Wales websites, engaging with public services across Wales over a common approach to e-procurement;

- **information sharing and user authentication:** as part of the UK ***Transformational Government*** strategy, with which Welsh officials are engaged, work has begun to explore protocols and methods for the storage and sharing of personal information between government bodies and public services, authenticating the online user of services, protecting personal information and allowing citizen control over its use. Such protocols could significantly boost collaboration and online services. This work is at an early stage and is expected to achieve the long term goal of consistency throughout the UK and European Union. Ministers will be briefed separately on these matters;

- **exploitation of existing initiatives:** Assembly officials will be exploring how high profile developments outside Wales might contribute to the Welsh direction of travel. This includes ‘**Government Connect’,** being developed by Tameside Metropolitan Borough Council in England, under sponsorship by the Department of Communities and Local Government, as a means of cost effectively and securely sharing information between citizens, local and national government, and which aims to be live in England from 2008. Similar dialogue is intended over ‘**Directgov’**, a single online entry point to a range of government departments and public services, which is managed by the Central Office of Information;

- **public service contact centres:** a number exist in Wales to enable easier contact by citizens with local services by telephone, although the models developed differ widely. There are many lessons to be learned about the costs and benefits of the different approaches taken, and where opportunities might exist for sharing such services more effectively. Building on the ***101*** (single non-emergency number) pilot in South Wales in 2006, local authorities, the police forces in Wales and Assembly Government officials are keen to explore what lessons can be learned to help inform future development.

Recommendations

11 The Public Services Board is invited to indicate whether it is content for the vision to be used to build a programme of e-enabled access transformation.

Wales in 2020: A vision of transformed public service access

The Context

1 By 2020, the perception of the 'online world' has shifted substantially away from what it was in the early years of the twenty first century because:

- applications and devices which help us communicate, and give or receive information, are simple to use and are far more accessible to a wider population;
- the 'online' environment no longer requires high skill levels. We communicate in more 'normal' ways on devices that combine the facilities of a personal computer with the look, feel and ease of use of a television – we can see those we communicate with; we give and receive information through simplified processes, with help and assistance available when needed, in person, in the community, or online, according to our preferences;
- to an increasing proportion of the population the online environment is a normal and comfortable means of communication, contact and networking. Public services have evolved to match these expectations and behaviours;
- Wales has avoided a 'digital divide': public services exploit technology where it clearly enhances access, and improves delivery. However, they recognise where face to face contact and other conventional methods of access are still important to citizens. These too have been enhanced in quality. Reinvested cost efficiencies from online services target the vulnerable and hard to reach, offer better quality face-to-face service and support; and
- Wales is also seen as an exemplar in sustainability, through its effective use of low energy technologies, and the impact that redesigned and online services have had on carbon emissions. There is less need for travel to access services, and less travel needed by the public service workforce.

2 As a result, Wales in 2020 is seen as a leader within Europe on using technology to deliver efficient bilingual public services that meet citizen need in ways with which they feel comfortable. There has been a complete transformation in the appearance, quality, accessibility and responsiveness of public services, through combining the principles of citizen centred services with technology. This has been achieved through close engagement with citizens to demonstrate benefits of new methods of access, while ensuring that no citizen is left behind if they need or prefer a different method.

Examples of future e-enabled access to services

3 As citizens, we can see this transformation in a number of ways:

As we grow old, more of us can live safely and independently in our own homes and communities for longer. Personal and home based applications keep us in touch with health, care and social services easily, and enable discreet monitoring of our well being. This enables less intrusive but more effective care regimes, while allowing rapid detection and response by services, either when called upon or when they detect a sudden unusual pattern of activity in the home (eg a fall or sudden illness). This has had a substantial impact on the dignity and well being of the elderly and vulnerable, and has enabled resources to be targeted more effectively on those who need greater levels of care.

Chronic health conditions are routinely monitored from home by easy-to-use appliances, and the readings transmitted electronically to the health services. Our GP is alerted for anything out of the ordinary, and we get timely feedback. Telehealth, and high quality imaging, is widely used to obtaining expert advice remotely and readily.

We can find out how best to travel between areas, and what public transport options are available. Where they are not available, or are inconvenient, we can easily log our own transport needs as a means of helping transport planners identify future patterns and trends in demand for public transport routes, to inform their service development.

Opportunities to learn (and how, what and when to learn) are enhanced by high quality online delivery. This helps overcomes the barrier of distance and inconvenience. Teaching and mentoring work alongside streamed or downloaded teaching sessions / lectures / tutorials, or information. Such mentoring can itself either be practical experience or face to face coaching at a designated local venue, or online sessions booked with a provider and possibly even videocast – either as a group activity or on an individual basis. Providers collaborate to offer consistent and complementary support, with full knowledge of our progress through shared information. The effect is that learning is better tailored to suit our needs and preferences. More resources can be focused on intervening with help and support where necessary to maintain progress and motivation, and on targeting those with specific needs, or lacking basic skills.

From an early age children learn how to exploit technology safely and effectively as a normal part of education. Using information wisely is a key skill, and ICT enhances the tools available to teachers and school lessons to make the learning environment stimulating, exciting and high quality. The management and tracking of pupils' progress is enhanced and made less burdensome for teachers.

Communities have tools to help them work together to share interests, information, or action (such as lobbying for local improvements, responding to planning proposals, agree local service needs and priorities, advocating specific issues for communities of interest such as people with disabilities). This also helps community members overcome barriers such as time, immobility or physical distance.

Adaptive technologies enable those of us with disabilities to access services in ways to suit our circumstances. The perception of such adaptive technologies has also been transformed, helped by close work between disability advocates and manufacturers. This has also demonstrated where applications once considered to be only for minority groups could bring wider benefits by making access easier. This has stimulated investment in design and capability greater availability. The result has been to reduce their cost and increase their availability and usefulness to all.

There is greater participation in society in Wales as a whole. It is easier for us to find out how to help, inform and influence issues that are important to us. This might be in terms of becoming practically involved in action groups, support work and voluntary work, or how to lobby for reform and change in areas where we identify injustice or need.

The voice of the citizen, enabled by technology, plays a key role in maintaining openness, transparency and confidence in the relationship between us and government. If we feel strongly about an issue we need not feel isolated and frustrated by not knowing where we should take our concerns. An ideas culture is welcomed, backed up by a structure and process which enables our ideas for change and improvement to achieve visibility and move through well managed but simple to understand processes to timely and open consideration and resolution by service providers and politicians. This wider culture of participation underpins the formal democratic process, and access to our elected representatives, and enhances Wales's reputation as an inclusive society.

Government and service providers are more transparent. More visible and up to date information on performance enables us to hold Government to account and enables public service providers to identify and learn from best practice. On line redress, and the ability to track queries, demonstrates speedier responsiveness.

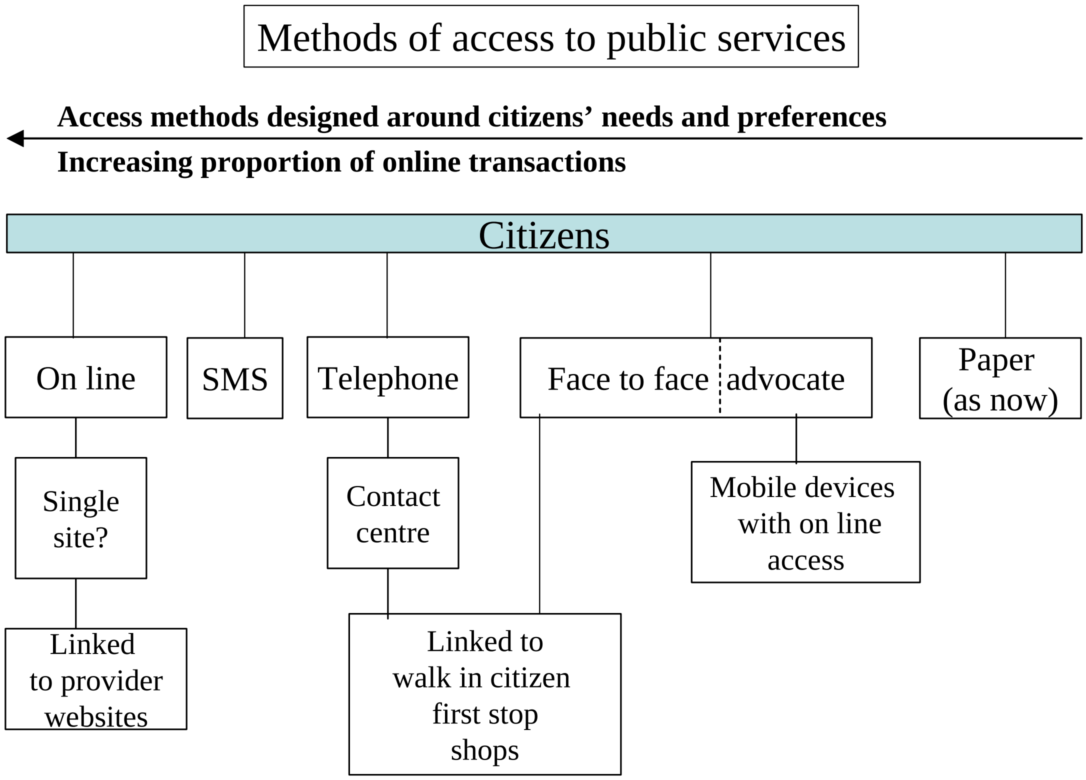
Better fact based geographical management information for policy makers at a national and local level helps targeted action meet evidence based need.

All our dealings with different public services and government departments are easily managed by a form of online personal portfolio, which becomes our own space for essential business information such as local and national tax and benefits, alongside other transactions with public services, and records of information provided to public services.

4 Underpinning our experience are different ways to access public services, so we can choose according to which is most convenient and comfortable for us. These methods are:

- **on line,** using a personal or home-based ICT application, or a community access point (at a library for example) to access a single 'Wales Serving You' website;
- **telephone** (including message alerts such as SMS) or **in person** through one of the network of one stop shops which offer help and support with a range of services;
- through an **advocate** in the community who has on line access but who is based in the community to help those who are hard to reach; and

- **paper based** (this is expected to disappear by 2040 and may disappear as standard from some services before this date as it is replaced by demand for alternative means of communication)**.**



5 Citizens, advocates, and one stop shop staff access the 'Wales serving you' website. They enter the citizen's postcode or their unique personal number. Details of the services in the citizen's area are provided in ways which make it easy to identify location and availability (eg through geographic information). This includes:

- service availability;
- national standards: what the citizen can expect as a minimum entitlement;
- what services are available locally over and above the minimum;
- on line access to some services and access to information on progress with individual cases (using secure means of citizen access); and
- on line reporting where services are needed or have not delivered.

6 The 'Wales Serving You' website also enables businesses and tourists and others to access publicly held information that enables them to make the most of what is available in Wales. Some examples:

- a person wishing to set up a B&B can access information on travel routes, other accommodation providers and tourist attractions to decide the future location of their business
- a tourist can find out the history of the area, the tourist sites, transport links and find themselves a bed for the night.

7 A key development will be convergence of the different channels of access: web, telephone, personal advocate so that we have a simple means of blending these to suit our needs and preferences. For example:

A citizen is filling out an on-screen form and gets stuck; they push an on-screen button and a call centre operative answers. They see the partly filled form and talk the caller through the area of difficulty, or pass them on to somebody else able to offer the specific advice and assistance needed. By the end of the engagement the transaction is completed or all are clear on the additional information needed to complete the transaction and how it is to be completed.

8 Through this form of 'online triage' people would not have to choose between one medium or another but start with the medium they would be most comfortable with and move, accompanied if necessary, through the transaction process. Support would be there when needed but the blend of technologies mean the online element could be used to make the transaction speedy and efficient, while still being comfortable for the user.

Underpinning action which would make this approach possible

9 Public service access has evolved in a direction and at a pace which has maintained the **trust and confidence of citizens**, through communication with citizens, testing of different methods of accessing services, and transparency over the implications and benefits. In the years before 2020 the Government had been proactive in ensuring that no citizen would be left behind as a greater proportion of transactions became e-enabled. This was been accomplished through education and confidence building programmes, and identifying how processes could be simplified to encourage use with confidence. Also, resources had been reinvested in targeting the hardest to reach and ensure that, whatever channel citizens preferred to use, the quality of their experience was consistent.

10 Major **workforce development** programmes in public services have embedded a passion for citizen focused service, and the entire workforce is encouraged to feel on the 'frontline', and equipped with the skills and capacity to embody responsiveness and responsibility. Close communication over the aims and direction of transformation have helped see it successfully through a major period of transition, and there are clear signs that staff value knowing what difference they can make to people's lives, while finding that re-engineered operations, and stronger information and knowledge management have cut out large portions of bureaucracy which had previously occupied much of their time. It is easier and more cost effective for employees to be based in the communities they serve, or work more flexibly from home or on the move, without feeling isolated.

11 Whilst citizens have a choice of how they access services, the clear and stated direction of travel has been **on line access** ether by the citizen or through an advocate. This is because it is cheaper (enabling government to contain running costs); quicker (saving citizens time) and it enables resources to be moved from back office functions to front line delivery to the vulnerable and hard to reach groups – such as those who need one to one advocacy services.

12 Public services will have evolved a consistent means of **collecting, storing and using information and data**, about people, places and events. This in turn would have enabled them, in consultation with citizens, to identify for themselves where joint work and sharing approaches enhances service quality, scope and responsiveness to citizens, in ways which make effective use of resources and improve resource efficiency.

13 To prevent fraud and protect citizens, every citizen accessing a public service has a unique citizen number and their own means of **secure access**, which is input either through a PC, mobile, palmtop, touchtone phone or hand held key pad (like those found in retail outlets) when they access a service [(1)]. This enables citizens to securely access public services, whichever delivery route they choose.

14 With the individual's consent, linked to their unique citizen number is key information about them which enables public services to track the usage of services by individuals, the potential need for related services, and the required language of communication. This will enable more **joined up delivery** between services and **signposting of services** to meet the individual's needs. Public services can be proactive in letting citizens know about entitlements.

15 The **citizen is in control** over what other information is shared, and this is held and controlled by them, on their digital 'portfolio' and possibly carried with them, for example, on a smartcard. This could prove to be beneficial for quick authentication and information sharing when they travel outside their area, to other parts of Wales, the UK or Europe.

[(1)] To be replaced by finger/palm/iris print recognition in due course.