

Enterprise Innovation and Networks Committee

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Date: Wednesday 21 March 2007

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: The Department for Enterprise Innovation & Networks Going Forward

Background

1. Following the announcement of the mergers of the Welsh Development Agency and the Wales Tourist Board with the Economic Development & Transport Department of the Welsh Assembly Government in July 2004, I undertook a series of over eighty meetings with businesses and their representative organizations on the mergers process across Wales. At the same time a formal public consultation exercise was undertaken. The overriding conclusions drawn from both of these exercises was that the business community sought greater customer focus, removal of duplication, increased flexibility and speed of decision making, and a single point of contact not just with the new EIN Department, but across the wider Assembly Government.

2. The mergers date of 3 April 2006 saw the bringing together of the Wales Trade International export promotion activities with the former WDA International Division responsible for inward investment, to create International Business Wales, under the leadership of Ian Williams, previously MD of the Shell Lubricants subsidiary. At the same time, the various marketing activities in EIN were subsumed into a new Tourism & Marketing business area led by Jonathan Jones, the former WTB Chief Executive.

3. Vanessa Griffiths, who had previously held positions in Mars, BBC Radio marketing and Business in the Community in London was recruited as Regional Director North Wales, and also given responsibility for the Enterprise function. Along with the other Regional Directors, who have also taken on all-Wales roles, this group forms the new, streamlined EIN Operations Leadership Team headed by Sharon Linnard, an ex-KPMG Partner, who also leads the Invest Wales team which handles RSA, Assembly Investment Grant and the financial appraisal and due diligence of all capital grant applications.

4. In establishing my new Department I saw it as essential that future policy was evidence based with a strong challenge function. To these ends, I established a Ministerial Advisory Group (MAG) under the Chairmanship of Richard Parry-Jones, Chief Technology Officer, Ford Motor Company worldwide. The EIN MAG will be presenting its first report next month and is represented on, and informing the work of, the Joint Skills Advisory Panel which presents policy proposals to the Education Minister and myself. A Policy & Strategy Group was also set up within the Department with James Price as Director, returning to Wales following two years as a Senior Manager with the

Current Proposals

5. From the outset I had stressed that the mergers was an ongoing change process, with 3 April 2006 as a major milestone. Further change is now being set in train following a period of consolidation, staff relocations and operation of common processes and systems such as IT, procurement and payments. Going forward the role of EIN Department can be described as follows:

a. Better planning and delivery of investment in competitive infrastructure and environment for the citizens and businesses of Wales.

b. More targeted support to customers through flexible solutions which meet their needs and secure more and better jobs for Wales.

6. More integrated planning and delivery can be achieved through joined up working within EIN on investment in transport, ICT, telecoms, property and energy infrastructure and with other Assembly Government Departments and partners, e.g. on skills, regeneration and pursuing priorities in the Wales Spatial Plan areas. Also, our plans for the next round of European Structural Funds are designed to ensure that these operate in support of the Assembly Government's strategic objectives.

7. For improved service to customers a new operating model is being introduced. This moves support to businesses from being product and programme driven to customer led. In future, our customer base will be more targeted through segmentation and priority sectors, whose primary point of contact will be through EIN Relationship Managers, both generalist and specialist. These Relationship Managers will undertake diagnostic reviews of client businesses to determine their specific needs and the nature of the support required to increase their competitiveness and to achieve sustainable growth. In the spirit of joined up working, my colleague Jane Davidson AM, Minister for Education has agreed that EIN Relationship Managers will act as the point of contact with businesses on skills training and management development support, calling on the DELLS specialist Human Resource Development (HRD) advisors as part of a 'total' package. In the same vein the terms of reference for the independent Welsh Industrial Development Advisory Board (WIDAB) have been widened to consider packages of grant support to businesses, including Business Premises Improvement Grant, Section 4 Tourism Grant and skills support, as well as Regional Selective Assistance.

8. Rather than a package of specific grants (as described in the above paragraph) and products, support for businesses will in the future be tailored to their exact needs, drawing on a flexible funding pot through approved schemes which will be state aid compliant. Customers will have choices in the procurement of support, with provision by EIN only when there is market failure, capacity or capability issues.

9. As a consequence the number of products and programmes will be reduced from around two hundred to a target core of around ten. The number of Relationship Managers will be increased significantly with appropriate up-skilling and with far fewer people managing and promoting programmes. The operational model will be underpinned by a new single Customer Relationship

Management System (CRM). There will be implications for providers who in future will respond to customers demands for their services as opposed to promoting specific services to businesses from an allocated budget with activity targets.

10. Over the last six weeks Gareth Hall, Director EIN, and his Corporate Leadership Team have held nine Roadshows throughout Wales involving a thousand people in the Department. These sessions reviewed the proposals for the new infrastructure planning and operating models providing very constructive feedback from staff directly involved in these activities. This will now be fed into workstreams drawn from across the organization to work up the practical detail which will be piloted during the latter part of 2007-08. We will consult with our customer base on the final proposals before implementation across the EIN business areas.

11. Given the planned reduction in the number of programmes and products I have instigated a full review of non-tourism marketing with a view to identifying significant budget savings which can be utilized to secure greater synergies and brand cohesion than was previously the case.

12. During the 2007-08 financial year, the intention is to create a 'Single Investment Fund' bringing together Regional Selective Assistance, Assembly Investment Grant, Section 4 Tourism Grant, Environmental Goods & Services, Property Development Grant for bespoke premises and SMART Cymru. This will be underpinned by a long term strategy of moving businesses away from grant support to an investment culture with the introduction of more repayable loans and grants with upside equity stakes etc. Single financial appraisals and due diligence will be carried out by the Invest Wales Team and to ensure compliance and value for money. At the same time some £4m has been allocated in the EIN budget to pilot consolidation of 'revenue' support products and programmes.

13. David Warrender has been recruited from Accenture as the new Director Knowledge Bank (KB4B) for Business and the Relationship Management function, taking up his post at the beginning of April. As well as reviewing eligibility criteria for KB4B businesses he will be specifying core competencies and training for Relationship Managers and introducing the new CRM system.

Conclusion

14. As well as making the former Quangos directly accountable, the mergers has presented the opportunity, which I am seeking to exploit to the full, to create a Department, and the investment and support it provides, to be fully integrated and benchmarked against the best in class in Europe in terms of evidenced based policies, customer focus, service delivery and performance.

Andrew Davies AM
Minister for Enterprise, Innovation & Networks
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