

Y Pwyllgor Menter, Arloesi a Rhwydweithiau

EIN(2) 04-07(p.6)

Dyddiad: 21 Mawrth 2007

Lleoliad: Ystafell Bwyllgora 2, Y Senedd, Bae Caerdydd

Teitl: Dadansoddiad o'r ymatebion i'r ymgynghori

Ymgynghori: crynodeb o'r ymatebion

Yn sgil uno Awdurdod Datblygu Cymru (WDA) a Bwrdd Croeso Cymru (WTB) â Llywodraeth y Cynulliad, mae'r Gweinidog dros Fenter, arloesi a Rhwydweithiau wedi nodi'r angen i MARh barhau ymlaen â dau faes arall o newid ymhellach.

- Buddsoddi mewn isadeiledd a'r amgylchedd – cynllunio a chyflwyno hyn yn well.
- Targedu'n weithredol y cwsmeriaid hynny fydd yn elwa ar gefnogaeth.

I hyrwyddo hyn, mae'r Adran Menter, Arloesi a Rhwydweithiau (DEIN) yn datblygu model gweithredu newydd, fel y'i gosodwyd allan yn Adroddiad y Gweinidog i Bwyllgor MARh ar 17 Ionawr 2007. Ym mis Chwefror, gwahoddodd y Pwyllgor sefydliadau yng Nghymru sydd â diddordeb yn y maes i gyfrannu'u barn ynghylch prif agweddau'r model newydd yn ysgrifenedig.

Derbyniwyd cyfanswm o 9 ymateb i'r ymgynghori. Defnyddir y talfyriadau canlynol wrth gyfeirio at yr ymatebwyr :

Cyngor Rheolaeth Cymru	WMC
Cymdeithas Hostelau Ieuencid Cymru	YHA
Fforwm Economaidd Gorllewin De Cymru	SWWEF
Siambr Fasnach Caerdydd	CoC
Athrofa Addysg Uwch Gogledd Ddwyrain Cymru	NEWI
Athrofa Prifysgol Cymru, Caerdydd	UWIC
Prifysgol Cymru Bangor	UWB
Prifysgol Cymru, Casnewydd	UWN
Prifysgol Cymru, Abertawe	UWS

Mae Atodiad A yn rhoi crynodeb o'r sylwadau a gafwyd.

Argymhelliad

Bod y Pwyllgor yn nodi'r sylwadau a fynegwyd ar y model gweithredol.

ANNEX A

2. Key issues

Some of the key issues emerging from the consultation exercise are:

- There was broad support in principle for the proposals for the new operating model.
- A number of respondents look forward to receiving further detail on the proposed operating model and would welcome the opportunity to comment more fully as and when the detail becomes available.
- Well-trained and skilled relationship managers will be vital for the credibility of DEIN.
- The services offered by DEIN and DELLS should be integrated as much as possible (relationship managers and sources of financial support).
- The changes present an opportunity to evaluate the effectiveness of the both the individual aspects and the new operating model as a whole.

3. Summary of responses

Respondents were asked to comment on the key aspects of the new operating model. Some respondents only commented on a few of these or provided general views on DEIN instead.

General

YHA was encouraged by the changes outlined.

WMC stated that among the key issues to be addressed to achieve Wales' economic and skills development objectives are

- engagement with small businesses
- break dependency culture
- respond to Leitch Review of Skills
- integration with Sector Skills Councils
- collaboration between DEIN and DELLS, to give single, or obvious, point of access for all services.

However, it is not clear to WMC how the operating model addresses many of these. WMC also requested a clearer statement of how DEIN's activities will achieve the objectives set out in Wales: A Vibrant Economy.

- SWWEF welcomed this announcement by the Minister but stated that there is a great deal of

work to be done to implement it successfully.

- UWIC broadly supported the key elements of the model.
- CoC stated that a rationalisation of business support arrangements is overdue and it concurs with the thrust of the Assembly Government's proposed way forward.

A strong relationship management function, where relationship managers are at the heart of the EIN operating model;

- Eight out of the nine respondents expressed their support for a strong relationship management function. (UWN did not comment specifically on this aspect)
- YHA suggested that although the relationship managers require a broad area of expertise there would be a need for specific specialisms within the team, to focus on tourism businesses for example.
- WMC expressed some confusion as the multiple levels of segmentation suggested would appear to require numerous relationship managers, whose client responsibilities will inevitably overlap.
- WMC also considered that relationship managers should not solely "belong" to DEIN, but should be seen and developed as an integrated service across both DEIN and DELLS. WMC questioned how DEIN would achieve this and form a trusted and sustainable relationship with its clients.
- UWS also drew attention to the use of relationship managers in DELLS and the lessons that could be learned and applied to the new structure in DEIN.
- SWWEF drew attention to the body of experience and best practice that exists in the banking industry where relationship management has been used for many years.
- SWWEF also highlighted the need for relationship managers to be well trained and have the appropriate skills and knowledge if they are to gain the respect of their clients and to add value to their operations. Key questions, according to SWWEF, will be the number of accounts held by each manager and their level of authority to make decisions.
- CoC stated that there is an urgent need to move away from the traditional "mentoring" support towards an arrangement whereby the support is real, constructive and delivers actual outcomes.

A segmented approach to target customers, allocating EIN resources to where they can make greatest impact. For business clients they will segment into four broad levels (Knowledge Bank for Business; Relationship Managed; General & Specialist Support and Information & Signposting). They will also segment by sector and the other specialisations e.g. technology and finance. Therefore, through all levels of support they will have specialist relationship managers for key sectors;

- Four respondents (YHA, CoC, NEWI, UWB) agreed with the proposed segmented approach.
- WMC were unclear about the precise nature of the four business segments and were concerned that they could lead to further confusion in the marketplace.
- WMC wanted to see statistics for the number of businesses that the total cohort of relationship managers will engage with and the percentage of businesses in Wales that will be supported in this way.
- NEWI described this approach as forward-thinking and highly innovative, and suggested that

it provides an opportunity for evaluating a major public sector change management programme.

- UWIC advised that care should be taken to ensure that the segmentation methods used do not disadvantage those organisations that fall outside pre-defined categories.
- UWN was of the opinion that the need for the development of a segmented approach is not obvious from a client perspective and perhaps more closely reflects EIN resources rather than external need.
- UWS anticipated that the input of Sector Skills Councils will be fully incorporated within this model.
- A flexible resource: To achieve more flexibility in its approach EIN will over time move to a position where they access one single pot of investment finance that can be used as flexibly as possible;
- Most respondents (YHA, WMC, SWWEF, CoC, NEWI, UWN, UWS) expressed support (to varying degrees) for the single pot of investment finance.
- WMC urged for the "single pot of money" to include resources from both DEIN and DELLS, and other government departments as appropriate; and questioned whether Finance Wales and other sources of finance across DEIN and DELLS would be included.
- SWWEF expressed its support along with two caveats. Firstly, that there is no overall reduction in funding levels and secondly, that there is no lower limit to investment levels; very low levels of support can often produce better returns in terms of cost per job created or safeguarded than high levels of investment.
- CoC supports the proposal if the intention is to avoid the current arrangements whereby qualification for financial support is often unclear and subject to meeting such strict criteria that all too often results in businesses "falling at the final hurdle" - despite having made a significant investment in preparing the application.
- Whilst recognising the benefits of the move to a single pot of investment finance, UWIC would welcome continued support for recognised mechanisms that facilitate the interaction between business and the Higher Education sector (for example the Knowledge Transfer Partnerships and the now completed HELP Wales initiative).
- UWN supported the proposal but advised that the use of this resource will need to be linked to robust planning mechanisms.
- UWS welcomed this approach which should enable a rapid response to opportunities to develop the knowledge economy in Wales.

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 best value for money and are in proportion to the levels of investment and outputs sought by the customer;

- Nearly all respondents supported this approach and made generally positive comments (UWB was the only respondent not to comment on this section).
- YHA supported the need for a clearer ROI to be applied by relationship managers.
- WMC supported this in principle, but were mindful that the measurement of ROI is the 'holy grail' of public funding in general, and funding for skills development in particular. WMC commented that it reserves final judgement on this until more details on the ROI test itself are

known and that the operating model itself should be subject to the same, rigorous ROI analysis - starting with the number of businesses receiving support from relationship managers.

- SWWEF expressed the hope that the focus on a clear return on investment does not herald changes in the grant aid regimes in favour of loan funding.
- CoC supported the need to ensure a clear return on the investment and to ensure the most positive impact on Wales as a whole. However, the Chamber thought that this would be best achieved if DEIN recognised the city region concept in this context and acknowledged this as a key driver of local, regional and national growth.
- NEWI wondered if there is another opportunity here for rigorous evaluation of a major change, in relation to the application of this particular model to public sector finance.
- UWS welcomed this approach and commented that it is important for the methodology to be shared with potential partners, to enable open and fair competition for funds, thus maximising the Return on Investment for Wales. UWS also made the same point in relation to the approved scheme gateway.
- 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;
- There was a mixed response from the respondents who commented on this section (WMC, CoC, NEWI, UWS).
- WMC expressed difficulty in understanding what this means. WMC was not clear whether the approval is related to the customers who are targeted as being eligible for support; or to the support that is available in that it complies with State Aid rules.
- CoC supported an approved scheme gateway and suggested this could be extended to overcome some of the current difficulties often faced by businesses when applying for financial support (for example where qualification for financial support is often unclear and subject to meeting such strict criteria that often results in businesses "falling at the final hurdle" despite having made a significant investment in preparing the application).
- NEWI described the gateway as 'perfectly sensible'.
- UWS welcomed this approach and commented that it is important for the methodology to be shared with potential partners, to enable open and fair competition for funds.
- A 'Complex' solutions capability. To test effectively, develop and deliver appropriate solutions EIN will require a strong integrated delivery/project management capability going forward.
- All 5 respondents who commented on this section expressed their support for a 'complex' solutions capability. (WMC, CoC, NEWI, UWN, UWS)
- WMC questioned how DEIN is going to develop this capability. WMC also suggested that for many small businesses, the complexity lies not in the solutions that they require, but in the routes to these solutions via government support.
- NEWI wondered whether DEIN might consider running a pilot scheme, perhaps encompassing the whole package, and to engage selected stakeholders in this part of the change process specifically. NEWI suggested this would formatively evaluate the change(s) and provide the desired rigour as part of the design.
- UWS commented that there is a clear need for this capability and noted that all of the recent successes in attracting significant private investment paired with European monies to Wales have been based on these complex solutions. With the call for Convergence Funding projects to be larger and more strategic this is even more prescient.

Other comments

- SWWEF urged that the impact of these proposals on enterprise agency clients be very carefully considered by the Minister and the Department; and queried how local authorities would be involved in business support in future.
- A number of respondents (UWN, UWB) look forward to receiving further detail on the proposed operating model and would welcome the opportunity to comment more fully as and when the detail becomes available.
- UWN welcomed the intention to adopt a more customer-focussed approach but commented that it is not clear how far the elements of the new operating model have been led by external demand at this stage.
- WMC concluded that the key principles that must underpin the DEIN operating model are clarity, simplification and ease of access.

**Christine Gwyther,
Chair, Enterprise, Innovation and Networks Committee**