

**Welsh Development Agency 2001/2002 Strategic Targets and Performance  
Half Year Review for the National Assembly: September 2001**

**Overview**

- This report outlines progress to date against both Strategic and Operational Targets set in the Agency's 2001/2002 Business Plan.
- Achievements during the year to date (y.t.d.) through Agency activities in supporting businesses in and into Wales and communities are also highlighted.
- The forecast out-turns for the second half of the year show that targets will be broadly met. Nevertheless, from the detailed outputs recorded for the first half of the year a number of key lessons can be learned.
- For example, there are tangible outputs from Agency specialist support for existing businesses across Wales to become more competitive in both global and niche markets. The challenge is to complement this success with a greater increase in the number of new business start-ups.
- The important linkages between large, often foreign owned, companies and Welsh SMEs are also reinforced through the outputs from supply chains and networks in generating new business. Investment in R&D by these companies, together with increased collaboration with the higher education sector continues to bear fruit.
- New investment projects from overseas and expansions by existing investors secured, or about to be secured, will exceed this year's targets. However, the impact of the events of 11 September are yet not fully understood, and there are already indications of a slowdown in enquiries in the pipeline.
- It is now evident that in a number of instances ambitious targets were set last year. These did not properly reflect the long term nature of certain support activities for which hard outputs take some time to deliver.
- Also, the later than anticipated approval of a number of Objective 1 projects/ programmes, and delays on account of the Business Support Review, will lead to outputs falling into the next Financial Year.

**Summary of overall achievements over 6 months to 30 September 2001**

**TABLE 1**

<b>Strategic outcomes</b>	<b>Target</b>	<b>Actual</b>	<b>Forecast</b>
		<b>y.t.d.</b>	<b>out-turn</b>
Jobs Created/Safeguarded ** (1)	24,300	12,603	26,249
Private Sector Investment	£538.6 m	£246.8 m	£556 m
New business starts * (2)	4,236	1,244	3,600
<b>Performance measurements/</b>	<b>Target</b>	<b>Actual</b>	<b>Forecast</b>
		<b>y.t.d.</b>	<b>out-turn</b>
Businesses given advice and support (gross) * (3)	34,113	9,422	23,200
Diagnostic/technical reviews carried out * (4)	4,900	5,263	7,400
Industry/academic collaborations set up * (5)	745	515	770
New products/processes under development * (6)	1,800	852	1,000
Value of new business opportunities identified * (7)	£169 m	£330 m	£526 m
Value of new business secured * (8)	£51.5 m	£33 m	£81 m
New funding/investment secured * (9)	£6.3 m	£8.9 m	£15 m
New business floorspace created sq.m	95,900	60,305	114,800
Land reclaimed and land disposals ( ha ) * (10)	185	13.3	150

**Note:**\*\*Of which 6,073 new; 6,530 safeguarded (excludes potential jobs generated by the Land Division – see below).

### **\*Variations**

- Jobs created/safeguarded - forecast outturn includes a number of major projects which have been brought forward and were not included in the original targets.
- New business starts – forecast outturn is 14% less than target due mainly to optimistic targets set for Competitive Development and the late start of a number of Objective One projects.
- Businesses given advice and support – original target incorrectly included 10,000 initial enquiries or referrals which are now excluded in the forecast outturn.
- Diagnostic/technical reviews – target exceeded at half year. This includes the Enterprise function from former TECs for which the target was set prior to transfer to WDA.
- Industry/academic collaborations – 70% of target reached by half-year. Technology and Innovation Programmes – Centres of Excellence managers recruited earlier than anticipated.
- The development of products and processes is a long-term activity, resulting from activities such as links with academia.
- Value of new business opportunities identified - well exceeds target at half year. This is mainly due to the successful introduction of the Accelerate Wales Programme.
- Value of new business secured – reached 64% by half year. Again, due mainly to the introduction of the Accelerate Wales Programme.
- New funding/investment secured – exceeded target by half year. Technology and Innovation Programmes – R&D collaborative projects are generally larger than previously.
- Land reclaimed – only small area scored at half year. This is due to profiling against the trend of larger projects being completed towards the year end.

## Performance within Objective One West Wales and Valleys area.

**TABLE 2**

<b>Strategic outcomes: Objective One (WW&amp;V)</b>	<b>Target</b>	<b>Actual y.t.d.</b>	<b>Forecast out-turn</b>
Jobs created/safeguarded * (1)	16,300	7,880	18,400
Private sector investment	£264.5 m	£112.0 m	£374 m
New business starts * (2)	3,061	883	2,400
<b>Performance measurements/Operational outputs</b>	<b>Target</b>	<b>Actual y.t.d.</b>	<b>Forecast out-turn</b>
Businesses given advice and support (gross) * (3)	24,943	4,663	15,500
Diagnostic/technical reviews carried out * (4)	3,400	3,526	4,900
Industry/academic collaborations set up * (5)	529	218	510
New products/processes under development * (6)	1,300	378	680
Value of new business opportunities identified * (7)	£128.9 m	£221.3	£352
Value of new business secured * (8)	£38.1 m	£22.9 m	£54 m
New funding/investment secured * (9)	£4.7 m	£5.2 m	£10 m
New business floorspace created (sq.m)	86,000	14,800	77,000
Land reclaimed and land disposals (ha) * (10)	130	3.4	103

### **\*Variations**

**As can be seen from the following notes the impact in the Objective One area is in proportion to the all-Wales figures.**

1. Jobs supported – created/safeguarded outturn includes a number of major projects which have been brought forward and were not included in the original targets.
2. New business starts – forecast outturn 23% less than target. This is mainly due to some optimistic targets set within Competitive Development and also attributable to the late start of a number of Objective One projects.
3. Businesses given advice and support – total target incorrectly included 10,000 enquiries or referrals which are now excluded in the forecast outturn.
4. Diagnostic/technical reviews – target exceeded at half year. This includes "e" from former TECs for which the target was set prior to transfer.
5. Industry/academic collaborations – targets remain realistic for year end.
6. The development of products and processes is a long-term activity, resulting from activities such as links with academia. It is difficult to account for this in the same financial year.
7. Value of new business opportunities identified - well exceeds target at half year. This is mainly due to the introduction of the Accelerate Wales Programme.
8. Value of new business secured – reached 60% by half year. Again, due mainly to the introduction of the Accelerate Wales Programme.
9. New funding/investment secured – exceeded target by half year. Technology and Innovation Programmes – R&D collaborative projects are generally larger than previously.
10. Land reclaimed – only small amount scored at half year. This is due to profiling against the

trend that a larger amount of projects are normally scored towards the year end.

The figures in Table 1 are broken down as follows:

- **Support for Business in Wales**

These activities include: **Competitive Development** - general advice and support through account management and Business Connect, and specialist services such as Supply chains/Source Wales, Technology & Innovation programmes, Wales Information Society and Food programmes. Sectorally focussed services include Centres of Excellence and advance technology units such as the Technium facilities; **Participation and Enterprise** – the Entrepreneurship Action Plan; **Finance Wales** - venture capital and other financial investment; **TEC Transfer** – enterprise support transferred from the former TECs.

**TABLE 3**

<b>Strategic outcomes</b>	<b>Target</b>	<b>Actual y.t.d.</b>	<b>Forecast Out-turn</b>
<b>Competitive Development</b> * (1)			
Jobs created/safeguarded	6,800	5,670	9,027
Private Sector Investment	£194 m	£23 m	£41.5 m
New business starts	640	25	28
<b>Participation &amp; Enterprise</b> * (2)			
Jobs created/safeguarded	4,200	933	2,581
Private Sector Investment	£3.7 m	£8.5 m	£14.2 m
New business starts*	2,107	240	2,517
<b>Finance Wales</b> * (3)			
Jobs created/safeguarded *	1,200	1,039	2,237
Private Sector Investment*	£9.2 m	£8.5 m	£24.7
New business starts*	118	5	25
<b>TEC Transfer</b> * (4)			
Jobs created/safeguarded	300	445	445
Private Sector Investment	£5 m	£4.6 m	£4.6 m
New business starts	1,363	966	1,363

**\*Variations**

1. **Competitive Development** –

**Jobs created/safeguarded** – Programmes more successful resulting in higher jobs.

**PSI** - £88m has been transferred from the target for Enterprise to the target for Competitive Development as it was incorrectly categorised in the Business Plan. Target included £60m for a

project which had been previously claimed.

**New business starts** – forecast outturn 96% less than target due mainly to optimistic targets for programmes affected by the significant down turn in the e-business and telecoms sector.

## 2. **Participation and Enterprise** –

**Jobs created/safeguarded** – shortfall due to late start of some programmes.

**New business starts** - only small amount scored at half year. This is mainly due to the late start of Objective One projects.

## 3. **Finance Wales** –

**Jobs created/safeguarded** – Small Loan Fund more successful than originally envisaged.

**PSI** – forecast outturn almost 3 times more than target. Overall, programmes more successful.

**New business starts** – forecast outturn is less than target. This is due to a specific start-up programme rolling into next year.

## 4. **TEC Transfer – Jobs created/safeguarded** – This includes "e" from former TECs for which the target was set prior to transfer.

## Highlights

Competitive development:

- Direct support to companies resulted in Welsh firms securing new business opportunities worth over £300 million exceeding target by 50% which can be attributed to the success of the Accelerate Wales and Agri-food programmes.
- The launch of the 20 new Centres of Excellence across Wales will support the network of Technium centres.
- Showcasing of the emerging Welsh biotechnology sector at Aberystwyth.
- The Ryder Cup successfully secured for Wales.
  
- Welsh Gold visitor centre creates 15 new jobs and boosts tourism in Tregarron
- Xenos Business Angels invest in growth plans at Syen Ltd. helping to create 20 additional jobs at Llanfyllin.
- £1.6 million expansion of Beacon Foods at Brecon Enterprise Park creates 50 new jobs

and a further 30 over the next twelve months.

- Innovation company Magstim, world market leader in magnetic nerve stimulation, invests in £1 million, 13,000 sq. ft facility at Whitland.
  - 500 jobs safeguarded at the Revlon plant in Maesteg after the Agency facilitates the sale of the plant to CW Cosmetics.
  - Borg Warner secures major contract to supply Kia Motor Company of Korea with four wheel drive transfer case systems.
  - New Food Centre Wales research and development facility opened.
  - Expansion of Radnor Hills Mineral Water Company
- Services in rural Wales expanded through the receipt of £20 million Rural Recovery fund from the National Assembly.

#### Participation and Enterprise:

- Partnership with Chwarae Teg and funded by Objective One, the Women's Enterprise Wales programme is launched
- Graduate Wales successfully created 270 jobs before transfer to NAFW.

#### Inward Investment

New investment from overseas and expansions of existing inward investors in Wales.

**TABLE 4**

<b>Strategic outcomes 2001/2002</b>	<b>Target</b>	<b>Actual y.t.d.</b>	<b>Forecast out-turn</b>
<b>Private Sector Investment: All Wales</b>	<b>£250 m</b>	<b>£152.3 m</b>	<b>£385.6 m</b>
<b>West Wales &amp; Valleys</b>	<b>£100m</b>	<b>£83.5 m</b>	<b>£197.6m</b>
<b>Jobs created/safeguarded: All Wales</b>	<b>8,500</b>	<b>3,996</b>	<b>10,500</b>
<b>West Wales &amp; Valleys</b>	<b>5,000</b>	<b>2,494</b>	<b>8,000</b>

#### Variations

The forecast outturn will exceed the target due to the scheduled completion of several projects within the current financial year.

#### Highlights

- The European headquarters of SPX Contech, Welshpool was completed creating 175 jobs and securing £18.5 million private sector investment.
- Pure Wafer has secured £24 million venture capital funding and is set to create 110 high tech jobs. The company is named as one of the top 25 private technology companies in Europe.
- Wireless Systems, Cwmbran, has established a European HQ for the manufacture of 3<sup>rd</sup> generation amplifiers. The project creates 355 new jobs.
- Lloyds TSB have further expanded their operations and have developed a call centre operation at Sony Technology Park, Pencoed. The project creates 410 new jobs.

## Strategic Area Development

Investment in infrastructure creates favourable conditions for future economic growth especially in areas where there is market failure. Activities include urban, rural and environmental improvements, land reclamation and the development of strategic sites. The role of the Agency's Land Division is to maximise the opportunities for cross subsidising development in more disadvantaged areas of Wales through self generated funds.

**TABLE 5**

<b>Strategic outcomes 2001/2002</b>	<b>Target</b>	<b>Actual y.t.d.</b>	<b>Forecast out-turn</b>
<b>Business Infrastructure (1)</b>			
Jobs created/safeguarded	2,300	278	840
Private Sector Investment	£3.5 m	£3.4 m	£7.2 m
<b>Regeneration (2)</b>			
Jobs created/safeguarded	600	242	619
Private Sector Investment	£18.2 m	£2.9 m	£8.06 m
<b>Land (3)</b>			
Potential jobs	500	1,060	1,300
Private Sector Investment	£60 m	£43 m	£70 m

### \*Variations

#### 1. Business infrastructure –

**Jobs created/safeguarded** – forecast outturn 63% less than target. A number of anticipated projects have been put on hold until next financial year.

**PSI** - forecast outturn almost double target. 3 major capital intensive projects, which were not included in the original target, are ahead of schedule.

#### 2. Regeneration –

**PSI** – only 16% of original target achieved to date. This is due to straight line profiling of projects when in practice the majority are normally completed towards the year end.

### 3. Land –

**Potential jobs supported** – target exceeded at half year. A major opportunistic acquisition which was not included in the original target will create the opportunity for 1,000 jobs in the medium term..

## Highlights

- Acquisition of the former Hotpoint site at Llandudno Junction. Redevelopment will bring a potential 400 jobs.
- Acquisition and regeneration of the former Idem mill Ely Bridge site in Cardiff. Forecast potential 1,000 jobs.
- Active involvement in the Defence Aviation Repair Agency project at St. Athan to secure future operations and the safeguarding of up to 2,000 jobs.
- Four areas in North, Mid and West Wales have been purchased by the Agency for Community use, including the Talley Woodlands which will be handed over to the Community Association under licence to manage and to generate sustainable income for 'green tourism'.