

Enterprise, Innovation and Networks Committee

EIN(2) 05-06 (p.1)

Date: 5 July 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: Report from the Minister for Enterprise, Innovation and Networks

Economic Data

1. Labour Market Statistics: The Office of National Statistics published new labour market statistics for Wales and the UK on 15th June. The new data provides a improved set of statistics for Wales than those of recent months, with year on year increases in the employment level and rate and a reduction in economic inactivity. Amongst the key findings were: -

- Employment in Wales was up 15,000 over the last year and up 5,000 over the last quarter.
- The employment rate amongst the working age in February to April was 71.7%, up 0.3% on the previous year but down 0.1% on the previous quarter. For the UK as a whole the employment rate was 74.7%, down 0.1% on the previous year but up 0.2% on the previous quarter.
- The unemployment rate in Wales was 4.9%, up 0.5% on the previous year but below the UK average of 5.3%.
- The claimant count level in Wales in May was down 0.2% on April. All other parts of the UK saw increases in May, with an overall increase of 0.6% for the UK.

2. Regional Exports by Value for Quarter 1 2006: New statistics showing UK regional exports by value for the first quarter of 2006 were released on June 8th by HM Revenue and Customs.

The key results were: -

- The value of exports for Wales for the four quarters up to and including quarter 1 2006 rose by £195 million (2.3%) 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 14.1%.
- A major factor in the lower recent increases in Wales relative to elsewhere in the UK is that comparisons are now being made with a period when Welsh exports had just grown particularly significantly. Looking longer term, between 1999 and the latest four quarters, the increase in Welsh exports has been 37.0%, higher than that across for the total of all UK countries and English regions (32.8%).

- The increase for Wales was made up of an increase of £519 million in exports to non-EU countries (up 17.8%) partly offset by a decrease of £324 million in exports to EU countries (down 5.7%).
- Looking at quarter 1 2006 in isolation, total exports (by value) for Wales increased on the corresponding quarter in 2005, by £125 million (up 5.7%), to £2,317 million. This represents the highest value ever for a single quarter. The value of exports for the total of all UK countries and English regions increased by 22.0% over the same period.
- Welsh exports for quarter 1 2006 were higher in value than in the previous quarter (up £167 million or 7.8%), compared to a 0.9% rise for the total of all UK countries and English regions.

3. Purchasing Managers Index (PMI): Latest figures from the Royal Bank of Scotland's PMI index show business activity continues to grow robustly. Activity in the 2 months of the 2nd quarter of 2006 suggests output growth for the period will be stronger than that registered in the 1st Quarter. At 56.6, the seasonally adjusted business activity index is broadly unchanged from April's 18 month high of 56.7, and remains well above the 50.0, no change level. Firms continued to report strong demand for their products and services. Manufacturing output increased at a faster pace than service activity during the month, maintaining the trend of recent months.

Supporting Enterprise

4. 'Heads of the Valleys' Programme: On 15 June I launched 'Turning Heads... A Strategy for the Heads of the Valleys 2020', which sets out the shared vision and objectives of the partnership between the public, private and voluntary/community sector organisations. It is accompanied by a three year Action Plan, showing how we will spend £30m of the special funding package of £140m over 15 years. The EIN Committee has been invited to respond formally to the consultation on the Strategy, which ends in September.

5. Procurement: On 8th June I launched 'Opening Doors - The Charter for SME Friendly Procurement'. The Charter document has been produced through the Business Procurement Taskforce that I Chair. Over 90 attended the launch and over 900 have registered their interest in attending the 10 regional events in June and July where local businesses can sign up to the national procurement website, sell2wales and receive access advice and support on best practice in tendering for public sector contracts through the Local Supplier Development project.

6. B2B Wales Event: On 13th June I opened the B2B Wales Event held at the Millennium Stadium. This highly successful occasion formed part of a series of events being held across the UK designed especially for those running SMEs as well as decision-makers from larger organisations. It highlighted the very broad and diverse range of businesses that are competing and winning for Wales across a variety of sectors. In opening the event I highlighted that even though we are just two months into the life of the new Department for Enterprise, Innovation and Networks a tremendous difference is already being made in the delivery of more focussed business support.

7. Partnership between DEIN and Careers Wales: Following a 2 year partnership between the EIN capacity building team and Careers Wales, a training package for careers advisers in the needs of students considering self-employment or business start up has been developed and piloted. It is now being delivered to all 520 careers advisers in Wales through 25 workshops over June and July 2006. The partnership has also provided a "start your own business" section for students on careerswales.com. At any one time about 1 in 8 of the working population is self-employed so the proportion requiring the skills to be successfully self-employed at some time in their working life is likely to be considerably higher.

8. Improving Service Delivery: My new Enterprise, Innovation and Networks department is continuing to drive forward the benefits of the merger to improve service delivery across a number of areas including: -

- Customer Service: - working with the key business representative groups, including CBI, FSB, Chambers, IoD and the Professions, the Assembly Government, through the Enterprise team, has agreed an ongoing system for customer service monitoring. Key Performance Indicators have been agreed across all DEIN and DELL business-facing services and a successful pilot of customer service testing has been completed. I will be reporting this to the EIN committee in due course.
- Shared Data: - across all the customer facing elements of DEIN and DELLS, agreement has been reached on recording the same core information on clients. This gives the Assembly Government the potential to radically improve the integrated customer service it offers, allowing a comprehensive understanding of clients at both an individual and cross-Assembly Government level.
- Business Advice: - The drive to continually improve the quality of our advice to business has seen a significant step taken this month. A bespoke Development Centre, potentially offering all business-facing staff a unique personal development opportunity, is now in full operation. The Centre, developed to meet the specific competencies required by businesses, provides a template and development plan for advisers. The Assembly Government's Account Managers are already experiencing the benefits of this initiative.

9. Business Eye: Latest figures indicate that 'Business Eye' is maintaining client satisfaction with ratings continuing to impress. In May over 94% of all clients have described the service as 'good' or 'excellent', with almost two thirds rating the service in the highest possible category. Year on year enquiry levels rose by 18% for May. These are an encouraging set of figures showing that the business community remains positive about the options provided via Business Eye.

10. Assembly Government Building, Llandudno Junction: A meeting was arranged between my staff in the region and the project management team for the new North Wales building to discuss utilising local suppliers for the construction work. A "Meet the Buyer" event, in conjunction with HBG, the successful developer, will be held in September, and the Local Supplier Development project will be ensuring appropriate local suppliers are invited to the event and made aware of the opportunities.

11. Enterprise Nation Conference: On 13th June I delivered a keynote speech at the Enterprise Nation Home Enterprise Conference held at the St David's Hotel in Cardiff. The focus of my speech, in keeping with the Conference theme, was the important role the development of home-based enterprises play in increasing levels of entrepreneurship and enhancing the overall health of the economy.

12. Paramount Office Interiors: The Cardiff-based company with clients including Corus, Barclays, Centrica and the Ministry of Defence has claimed its membership of the Assembly Government's Knowledge Bank for Business programme will help boost turnover from £9 million to £40 million by 2010. The company's Managing Director Nigel Roberts has been quoted as saying "The Assembly's Knowledge Bank for Business is playing a key role in helping us grow the company into new markets. Less than five years ago, we were a small company of 20 employees, but we have already taken on that number of new staff since last November. We now directly employ 64 staff and hope to continue to grow. I am confident our turnover in 2006 will be over £14m, which is 50% above the £9m we achieved in 2005."

13. SA1 Swansea Waterfront: Detailed expressions of interest are being sought for the development of a multi-storey car park on the £200 million SA1 Waterfront regeneration project. This is an excellent potential investment opportunity to serve the current demand for parking at SA1. Expressions of interest need to be returned by 14th July.

14. Ebbw Vale Multi-Storey Car Park: The Assembly Government provided funding support to Blaenau Gwent County Borough Council, which recently completed a £1.6 million contract to update one of Ebbw Vale's largest car parks. The refurbishment project is the focal point for regeneration of the town and is coupled with a future scheme to refurbish existing shops and develop the Market Street site for retail and office use.

15. Victoria Dock, Caernarfon: The Regeneration Investment Grant agreement has now been signed in respect of this substantial mixed-use redevelopment in Caernarfon, with works expected to commence during August 2006.

16. Department of Work and Pensions: Practical completion has now taken place on 30,000 ft², 3,000 m² of offices in Phase III, Parc Menai, Bangor. This now leaves only 1 acre of land available on Phase III. 300 are employed at the site.

17. North Wales Business Park, Abergele: Phase 2 of this project is now well under way with hoped for completion by January 07. A DEIN/Conwy County Borough Council open day was held on 1st June to promote the scheme and to explain the flexibility on sizes and terms for occupiers.

18. European Structural Fund Progress at 30 May 2006: Structural Funds have committed £1.54 billion to 2,750 projects, representing some £3.73 billion of total project investment in Wales. Objective 1 has committed some £1.31 billion grant to 1,683 projects, representing around £3.16 billion of total project investment in West Wales and the Valleys. As well as the creation and safeguarding of thousands of jobs, almost 375,000 beneficiaries have been assisted and over 10,000 SMEs created.

19. Forge Fach Resource Building: The First Minister launched the Forge Fach resource building in Graigfelen, Clydach, on 22 June. £1.48m of Assembly Government funds including Objective 1 of £1 million, has contributed to the building, which will regenerate the area and promote economic activity within it, by providing space for a range of services and support. Activities include training courses provided by Swansea and Gorseinon Colleges and the University of Wales.

20. Tredomen Gateway Centre: On 27 June I opened the distinctive Tredomen Gateway Centre, situated in a prime location at the entrance to Tredomen Business Park, Ystrad Mynach. This 'gateway' feature comprises 2015 sq m of quality space to suit modern business needs, and completes Phase 3 of the Business Park. The building, divided into self-contained units, will create exciting employment opportunities in technology based businesses. £3.06m Objective 1 has contributed to the 3 Phases of the Park.

Promoting Innovation

21. Knowledge Exploitation Programme (KEF): £930,000 has been allocated to support six technology transfer networks that will aim to link academic research centres with industry. These networks include the Burns and Tissue Network (Ffenics) which had its official launch on the 7 June. Funding was also given to the Wales Energy Research Network led by Swansea University to provide network support for the developing Wales Energy Research Centre. Furthermore, £1.3 million has been given to support 5 consortia for industrial training. The Consortia will provide high level skills training for key industry sectors in Wales.

22. These consortia include the e-training consortium led by University of Glamorgan which has developed an innovative on line e-commerce foundation degree to meet the needs of Welsh SMEs, and the consortium for sustainable constructed environment led by the Welsh College of Horticulture and Cardiff university meeting the high level skills needs of the construction industry in the 21st century. Finally, £408,000 from the SME development grant fund for further education colleges to provide high level skills training in science engineering and technology for SMEs in Wales was allocated. This included an innovative training programme for New Technologies in Technical Textiles jointly developed by The Welding Institute, University of Wales Newport and led by Coleg Sir Gar also an innovation culture change programme for Valley SMEs led by Merthyr College.

23. Technology Exploitation Programme (TEP): Has now been integrated into the Smart Cymru scheme as part of the commitment within the 'Wales for Innovation Action Plan' for a single innovation grant scheme.

24. Biomass: Work is scheduled to begin shortly on what will be the first commercial scale biomass plant in Wales. Construction of the £33 million plant in Port Talbot will burn clean wood from sustainable forestry sources and could generate 13.8 megawatts of electricity, equivalent to the power consumption of 31,000 homes. The project is led by a joint venture of Cardiff based renewable energy company Eco2 and Western Log Group.

25. ICT Roadshow: The ICT Roadshow, organised in partnership with Carmarthenshire County

Council is to take place on 19th July at Trinity college, Carmarthen. The event will provide a series of sessions and workshops that will help businesses learn how to harness the benefits of ICT. ICT is critical to the growth of any business and it is appropriate that this event is to take place in Carmarthen, which as a result of an Assembly Government initiative was one of the 1st towns in the UK to be switched on to receive broadband 5 years ago.

26. International Conference: The 7th International Symposium on Display Holography will take place at Technium OpTIC in St Asaph from July 10th -14th. Alongside the conference will be a major holographic exhibition, open to the public and staged at nearby Bodelwyddan Castle. Holography provides significant opportunities across a wide range of business sectors. I am delighted that Technium OpTIC, as a centre for expertise on opto-electronics and where opportunities for holography are being researched and developed has been key to attracting this conference to Wales.

27. Wales Relay Centre: The Wales Innovation Relay Centre took five Welsh profiles to the Berlin ILA 2006 Airshow. Two transnational agreements were signed; one between Envirogene Ltd (Ystrad Mynach) and Nottingham University and the other with Zarlink Semiconductor (Caldicot) and Neurotech (Belgium).

28. Patent Office Innovation Support Strategy Consultation: The Patent Office is undertaking a review of the current Patent processes via the Patent Office Innovation Support Strategy Consultation document. The Treasury has also commissioned a review - Gowers Review. The review will look at the current operation of the Patent Office and the UK's current policies on patenting. My officials in the Technology and Innovation team have responded to both documents.

29. Ubiquity Software: The Cardiff-based company has secured an important deal with global giant Microsoft. The two companies have signed an agreement to jointly develop, market and sell converged solutions to communications providers worldwide. As part of the agreement, Ubiquity becomes the latest company to join Microsoft's Communications Sector Partner Alliance Program. This offers sales, marketing and product support from Microsoft to network equipment providers, systems integrators and independent software vendors. In addition, partners are provided with development and production environments for testing real customer solutions.

30. ECM2: An agreement has been reached between South West Regional Office of DEIN and Corus covering the purchase of land and the TWI extension. Work will commence in late June/July on the new entrance. A draft design of the new ECM2 building has been produced and costed. A decision is due imminently.

Investing In Networks

31. North / South Air Links: Anglesey County Council has approved the proposed terminal to be located at the edge of the RAF base at Valley. The terminal is expected to cater for at least four flights a day between RAF Valley and Cardiff. The Assembly Government is supporting these proposals following a consultation exercise in 2004 that found there was a significant demand for the service.

32. A5 Ty Nant to Dinmael: The old A5 between Ty Nant and Dinmael re-opened to traffic with temporary traffic signals on 16th June. Furthermore, following competition, the contract for the works on the cutting of the new A5 has been awarded to contractors Jones Bros. of Ruthin. Detailed design, planning and advance preparation works have begun. Main construction work will start this month and will take 6 months or more depending on site conditions. The Assembly Government will continue to work with Local Authorities, business and tourist representatives to minimise adverse effects.

33. Aberthaw Power Station: On 21st June I planted a tree to signify the start of construction of the flue gas de-sulphurisation (FGD) project at Aberthaw. This £150 million project received approval under the Electricity Act by DTI in June 2004, and the work is being carried by a consortium formed between engineering companies Alstom and Amec who will provide as many as 500 workers on site at the peak of construction. The Assembly Government's vision for energy supply sees an important role for cleaner fossil fuel technologies and so the investment in the FGD project at Aberthaw is a welcome development.

34. Microgeneration: The Consultation on the Microgeneration Action Plan closed on 25 June. We will draw up a final action plan in light of the comments received and will work with all key stakeholder and outside organisations on the recommendation and update the facilitation of microgeneration in Wales. I will bring this to EIN committee in due course.

35. Oil and Gas Exploration: I have issued a written Cabinet statement on the Department of Trade and Industry (DTI) 24th Offshore Licensing Round. As you will be aware, this is a single application from one company, whose name cannot be disclosed, for a license for three blocks in the Cardigan Bay area.

36. Telecommunications: As part of its programme to upgrade phone lines across the country, BT has recruited an additional 100 engineers, with their focus primarily being on North and Mid Wales. Furthermore, several telecommunication companies including BT, Carphone Warehouse and Orange, have recently announced plans to launch new products combining telephone and broadband services. This demonstrates the current moves in the market-place towards integration, or convergence, of media/telecommunications products.

37. CBI Transport Dinner: On 20th June I attended and spoke at the CBI Transport Dinner held at the Hilton Hotel Cardiff. A number of issues were raised during the roundtable discussion including, freight and air travel and progress concerning the new M4 around Newport.

38. Network Rail: I met Robbie Burns, Network Rail's Route Director on 20th June. I raised a number of issues of mutual interest with him including Arriva Trains Wales punctuality performance; progress on enhancement upgrades and level crossing safety.

39. South West Wales Integrated Transport Consortium (SWITCH): On 9th June I attended the SWITCH Joint Committee held at the Liberty Stadium, Swansea. I took the opportunity to outline how the newly focussed Department for Enterprise, Innovation, and, Networks will take forward the integrated transport agenda, most specifically with regard to the Wales Transport strategy. I also

fielded questions from SWITCH representatives on the development of the Regional Transport Plan and the linking of the Regional Transport plan to the Wales Transport Strategy and the Wales Spatial Plan.

40. Ports Policy Review: I recently attended the first Ports Policy Review roadshow in Cardiff, organised by the Department for Transport. This provided an opportunity to discuss, in an open forum, the main issues of the Review, with those with an interest in the future of the ports industry.

41. South Wales Trunk Road Agency (SWTRA): The new South Wales Trunk Road Agency (SWTRA) commenced operations at the start of April 2006, enabling the Assembly Government to maintain a more efficient, effective and sustainable trunk road maintenance and improvement service across south Wales.

Visit Wales

42. Ynys Môn Coastal Path: The First Minister officially opened the 125-mile coastal path route around Anglesey. In the region of £1.4 million, including £0.67m of Objective 1 funding, has been spent on the route that runs almost entirely within an Area of Outstanding Natural Beauty and over a third of the island. It is hoped tourism will be boosted from the walk, which already brings in an extra £12 million to the local economy.

43. Wales Motorsport Initiative: Is providing part funding for a £350,000 Pit Lane improvement at Pembrey. The investment will assist the Circuit to be capable of hosting British Super Bike and British Touring Car Championships in future. These works, to be completed this year, will also help to generate increased demand for hotel and other services from the local community resulting from increased activity at the Circuit.

44. Dunbrody Tall Ship: On 24 June I boarded the Dunbrody tall ship in Milford Haven; the ship is part of the Celtic Maritime Connections Interreg IIIa project, and was participating in the SeaFair Haven event. Grant of £0.29m had been committed to upgrade the Dunbrody to coastal sailing capability, involving Pembrokeshire College's Marine Engineering Facility, to enable it to sail it between New Ross and Milford Haven to promote tourism and marketing events.

Jobs Gains / Safeguarded

45. Sony, Pencoed: On 15th June I welcomed Sir Howard Stringer, Sony's Chairman and Chief Executive Officer and other senior executives of the Sony Corporation to Wales. Sir Howard and his colleagues were at Pencoed to formally confirm Sony's investment at the Pencoed site which will lead to Sony Pencoed being the home to the manufacture of high definition cameras and other high value added products. This marks a new and exciting phase in the development of the plant and illustrates Sony's continued commitment to Wales. It is a major vote of confidence in the local workforce and in the ability of Wales to sustain and grow companies at the cutting edge of high tech development.

46. Mardon Properties: A new £20 million light industry and office development at Baglan Energy Park and supported by a £4.65 million Assembly Government property development grant is to

provide up to 475 jobs. The development will provide some 228,000 sq. ft of accommodation for SMEs with 90% of the space for light industry and the remainder for offices. Baglan Energy Park is an ongoing success story. Having already successfully attracted leading companies such as GE and HI-Lex, the development is already a key employment site in the region. This latest development will not only meet growing demand from small business for top quality premises but will also prove attractive in the future for technology based companies expanding from the Technium Sustainable Technologies centre.

47. Admiral Group: The company has now completed the relocation of its entire Swansea workforce into phase one of its purpose-built waterfront offices. The 40,000 sq. ft building on the SA1 development overlooks the Prince of Wales Dock, and provides three floors of air-conditioned office accommodation. Work continues on phase two of the building, which will provide a further 28,000 sq. ft of space when completed later this year.

48. Rel Acoustics: The Bridgend based audio specialists have been purchased by US company Sumiko. The new owners hope to exploit expanding international markets and the 20 jobs in Bridgend have been safeguarded. Rel Acoustics are an important employer in the Bridgend area, who have benefited from Assembly Government financial support in the past via Regional Selective Assistance. The Bridgend operation now stands to benefit from the ambitious expansion plans of its new owners.

49. Creative Print & Design (CPD): The company that currently employs 60 people at its Ebbw Vale operation has been acquired by Danish-owned Norhaven Group, one of Europe's leading book manufacturers. As part of the acquisition Norhaven will invest in new technology to broaden CPD's portfolio and services. CPD will move to a brand new 55,000 sq. ft building, on Blaina's Rising Sun Industrial Estate, in a move which could create some 70 jobs. Furthermore, Norhaven has been supported by International Business Wales, the overseas arm of the Assembly Government, along with the Department of Enterprise, Innovation and Networks in South East Wales which helped on the property side of the investment.

50. Imperial Park, Newport: The 1st Floor at Unit 1, The Courtyard, Imperial Park, Newport has been let by my department's SouthEast Wales Regional Office on a 5 year lease to the Europa Group Ltd. Europa Group are internet insurance providers originating from Bristol and this is their first expansion into Wales. The company currently has 6 permanent employees who will be based at Imperial Park and this is expected to grow to 10 by the end of the year.

51. Intertissue, Baglan: Work is proceeding to complete construction of a 900,000 sq. ft paper mill facility at Baglan. Staff are currently being engaged, the plan being to have 300 employees in place, with the first paper being produced by the end of the current year.

52. Pure Mobile: The business-to-business mobile phone provider is investing in a new regional headquarters in South Wales at Barry's Priority Business Park. Pure Mobile will become the 1st tenant at the Park's new £1.3 million Business Centre office development. The company is looking to expand its customer base and hopes to increase the staffing levels in its Welsh division by 50% over the next 3 months.

53. FSG Tool & Die, Llantwit Fardre, Pontypridd: The company has announced its relocation from Llantwit Fardre to Llantrisant Business Park and will occupy a unit previously leased by Electronic Harnesses UK. The transfer will safeguard 78 jobs and provides the company with the space for future expansion.

54. PontyFelin: The sale of a development site to Evron Foods Ltd has been completed by my department's South East Wales Regional Office. The company has constructed a new circa 36,000 sq. ft unit and is currently testing product line procedures. At present the facility is employing 3 full time staff and 20 part time staff, but will employ circa 50 full time staff when up and running at full capacity.

55. Lets XL: The letting agent service provider based in Conwy, has accepted a £130,000 RSA grant on a £318,000 capital expansion project creating 32 jobs.

Job Losses

56. Dura: Has announced the planned closure of its factory in Llanelli, with the consequential loss of 270 jobs in December 2006. This forms part of a wider restructuring exercise by the global business. A statutory 90-day consultation period is now underway.

Annex 1 - Action Outstanding

EIN(2) 03-06, 7 June, 2006-05-16

A detailed bulletin on economic inactivity would be prepared later in the year and would be provided to the Committee on completion (Item 3).

- We are planning to publish the updated Economic Inactivity Bulletin in November, using information relating to 2005 and earlier years. The last version was published in March 2005, based largely on 2003 data. This is available on the Statistics Wales website:

http://new.wales.gov.uk/legacy_en/keypubstatisticsforwales/content/publication/economy/2005/sb16-2005/sb16-2005.pdf

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to provide a breakdown showing how many of the 10,000 SMEs reported as having been created with the assistance of Objective 1 funds are still in existence (Item 3).

- WEFO does not collect information on the number of businesses that received assistance that are still in existence. However, if we assume that the business survival rate is similar to the economy as a whole* then approximately 70% (i.e. 7000) of those assisted would still be in existence three years after starting up.

* defined as VAT-based business survival rates - Statistical Bulletin Feb 2006."

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to write to Carl Sargeant and make the letter available to other members on the points raised about the A494 and A55 in North Wales. Specifically on (i) phase 2 of the A494 development and whether there are any up to date figures on road traffic counts; and (ii) phase 3 of the A55 improvements and what consultation had taken place with those whose homes may be affected by the road scheme (Item 3).

Further, more detailed information has been requested. Once the data has been collated our intention is to include all the requested information in a single letter, which will be circulated to Committee Members.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to provide a written note on the timescale and terms of reference of the review by Hybu Cig Cymru on the current state of abattoirs in Wales (Item 3).

- Following plenary discussions on 16 May concerning the closure of Cig Môn Meats the Minister for Environment, Planning and Countryside asked Hybu Cig Cymru for an analysis of the current state of abattoirs in Wales.
- The EPC Minister has since met with HCC, who have briefed him on this. The EPC Minister does not intend that this matter be the subject of a formal inquiry into the abattoir industry in Wales.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to provide details on who Nypro Wrexham Limited had been supplying and reasons for the loss of the contract (Item 3).

- Nypro lost a significant contract with a Scottish business, which itself has ceased trading due to a consolidation exercise by its parent company, Lexmarc. The contract attributed to 65% of Nypro's turnover, and it was unable to pick up extra customers to make up for the loss.
- Assistance to the 35 affected employees to find alternative employment, in the form of "Rapid Response to Redundancy", has been offered and details on the Assembly Government funded re-training scheme has been provided. At least four workers have already found alternative employment.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to provide details of the demand analysis for fibre speed to business parks (Item

5).

- The following outlines the key findings from the Research Study undertaken by the former WDA in October 2005 in respect of the FibreSpeed Project by independent advisors, Analysys Consulting. The study comprised 237 telephone interviews and 27 face-to-face interviews with businesses based on the 14 identified strategic business parks in North Wales.
- Almost 70% of respondents to the survey said they currently had a broadband connection, with ADSL currently being the most widely-used technology.
- Most respondents reported productivity gains as a result of having broadband.
- Most sites had broadband connections of up to 2Mbps, but most also saw their bandwidth needs increasing over time.
- Between 20% - 30% of companies had already fully utilised their existing broadband connections.
- 20% of businesses responding said they were not able to get as much bandwidth as they needed – this was as high as almost 30% in Deeside
- 14% of companies already had broadband connections in excess of 2Mbps and knew they would need even more bandwidth in the future.
- 60% of total respondents stated they needed to upgrade their connections within the next two years.
- Parc Menai and St Asaph had the largest percentage of companies planning to upgrade their Broadband connections to higher bandwidth.
- Of the businesses that didn't have a broadband connection, more than 50% said they'd take it up if it were more cost-effective.
- 28% of the companies surveyed expected their spend on broadband to increase within the next year, rising to over 40% within the next 3 years
- St Asaph Business Park has the highest percentage of businesses expecting their spend to increase
- The evidence suggests that demand for high-speed Internet services in Wales is set to rise. Of those expressing a clear view on the issue of broadband availability 85% took the view that the infrastructure, although improving is still lagging behind that in other UK regions. There is little competition, and local providers are paying more for back-haul services because of their distance from the backbone network.

- A Wireless Service provider made a comparison with an ISP in Manchester saying it pays 5 times more than its competitor
- 7% of those interviewed face-to-face took the view that there remained no major infrastructure issue for Wales.
- 35% of businesses responding thought Broadband cost more in Wales than elsewhere in the UK
- Companies from different business sectors were unanimous in their view that broadband availability is key to attracting investment to Wales.
- Respondents pointed out that broadband connectivity would be even more of a deterrent to inward investment were it not for Government intervention.
- The Assembly Government will need to clearly communicate all the necessary details about FibreSpeed to interested parties to ensure potential beneficiaries do not miss out as a result of not having a very clear picture of the project.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to seek clarification from the Central Finance Department on whether adjustments would be made to the budget to include indicative match funding (Item 5).

- WEFO have confirmed that the regulations have recently changed to allow us to use private sector resources as match funding. However this will not result in a change to the budget tables within the Assembly Government as these only contain the Assembly Government's contribution.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to circulate copies of the strategy, policy and guidelines used to embed sustainable development in DEIN activities (Item 5).

Introduction

This paper summaries policies and guidance on Sustainable Development prepared and adopted by the WDA, which is now to be brought into DEIN as operating best practice.

Four headings are covered:

1. Learning to Work Differently
2. Creating Sustainable Places/Working Differently
3. Sustainable Businesses

4. A Sustainable Economy

1. Learning to Work Differently

- This was published in the wake of the Assembly's first SD scheme "Learning to Live Differently", and followed extensive public consultation. It determined what SD would mean to the WDA, and made broad commitments to delivery.
- More development work followed, from which it was obvious that success depends on integrating SD into all that we do, rather than treating SD as an add-on. This has led to the following three - pronged strategic approach:

2. "Creating Sustainable Places"

- This policy applies to all our regeneration and development work, and is particularly aimed at the very complex area of engaging the commitment of the private sector developers we work with, give grant to or sell land to.
- It brings together the WDA's two strands of design quality and sustainability, and focuses on the quality and sustainability of the whole place, not just the buildings.
- We place strong emphasis on the need for energy efficiency, by means of ensuring BREEAM ratings, and are now developing a broader set of KPIs to cover carbon reduction targets, and materials efficiency.
- A link to an electronic copy of "Creating Sustainable Places" is presented to the Committee:

http://new.wales.gov.uk/docrepos/40382/40382313/403826/2574_Document_contents_Engl1.pdf?lang=en

- We need consent to re-brand this as a DEIN/Assembly Government document, so that we can continue to use it.
- "Working Differently" is a companion to "Creating Sustainable Places", and provides a CD Rom resource of guidance and appraisal tools. These are structured under the following four stages:
 - Strategies
 - Sites
 - Masterplans
 - Design and Development

This resource is currently being revised and updated.

- The "Creating Sustainable Places" Policy is now being followed in a range of projects, including:
 - The Heads of the Valleys
 - Corus Ebbw Vale
 - Ely Bridge
 - Roath Basin
 - Coed Darcy
 - Aberystwyth
 - Holyhead

and is proving to bring substantial benefits.

3. Sustainable Businesses

- This theme aims to integrate SD into the way we provide support to businesses, so that the businesses themselves can become more sustainable.
- This is also closely interlinked with the provision of specialist support under the Business Environment Action Plan.
- The former WDA:
 - Supported Arena Network and Groundwork Wales in the EU funded programme to provide a network of Business Environment Co-ordinators.
 - Introduced a specialist support programme on hazardous waste.
 - Completed a pilot programme on Eco Design.
 - Co-chaired the Business Environment Action Plan Steering Group.
- BEAP is now being reviewed by the Expert Panel on Resources Management, and recommendations for its future form will be given.

- Proposals are being developed for joined up working between DEIN and EPC's Waste Strategy Unit/Materials Action Programme.

4. A Sustainable Economy

- WDA commenced work on this theme by developing SD Appraisal tools (modelled on Assembly Government's Policy Gateway Tool) and applied these to the SD Appraisal of Regional Business Plans.
- This theme will now be developed in more detail, in collaboration with the Sustainable Development and Spatial Plan Division. A particular focus will be to ensure that the plans and programmes that arise from W:AVE can maximise their contribution to sustainable development.

EIN(2) 03-06, 7 June, 2006-05-16

EIN Minister agreed to provide clarification on the reasons for the major expansion of the improving rail and air services budget expenditure line and how this could be reconciled with the reductions to the budgets for improving integration and delivery of local transport and supporting walking and cycling (Item 5).

- The capital budget for rail and air services increases from £8.1million in 2006-07 to £21.6million in 2007-08.
- The 2006-07 budget figure takes no account of £12million of carry-over (agreement to carry over being sought) allocated to the Ebbw Valley Railway. Allowing for this, the increase in planned capital expenditure on rail and air services between the two financial years is less than £1million.
- Elsewhere, the pattern of year-on-year changes in the budgets for local transport and walking and cycling reflects the normal variations which flow from the detailed annual bidding and assessment processes inherent in taking forward the Transport Grant programme