

Y PWYLLGOR DATBLYGU ECONOMAIDD A THRAFNIDIAETH

Dyddiad: 8 Rhagfyr 2005
Amser: 9.00 - 12.20
Lleoliad: Ystafell Bwyllgora 2, Cynulliad Cenedlaethol Cymru, Bae Caerdydd
Teitl: Adroddiad Hanner Blwyddyn Awdurdod Datblygu Cymru 2005-2006

Diben

Nodi Adroddiad Hanner Blwyddyn Awdurdod Datblygu Cymru (Atodiad A)

Yn bresennol

Bydd Gareth Hall, Prif Weithredwr Awdurdod Datblygu Cymru, a Tracy Burke Cyfarwyddwr Cynllunio'r Awdurdod yn dod i'r cyfarfod i gyflwyno'r Adroddiad Hanner Blwyddyn ac ateb cwestiynau.

Y Cefndir

Mae'r adroddiad hanner blwyddyn yn gyfle i'r Awdurdod ddisgrifio ei berfformiad yn erbyn ei Gynllun Busnes 2005-08 ar gyfer y chwe mis cyntaf hyd at 30 Medi 2005, a hefyd nodi'r alldro a ddisgwylir ar gyfer blwyddyn adrodd 2005-06.

Goblygiadau Ariannol

Nid oes goblygiadau ariannol ychwanegol i'r Cynulliad.

Gweithredu

Gwahoddir y Pwyllgor i nodi Adroddiad Hanner Blwyddyn yr Awdurdod.

Andrew Davies

Y Gweinidog Datblygu Economaidd a Thrafnidiaeth

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**WDA Business Plan
2005 – 2006
Half Year Review of Performance
September 2005**

1 Introduction

2 Strategic Targets

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1 Introduction

This report sets out the performance against the Business Plan 2005–8 for the six months to the 30th September 2005, and the expected out-turn for the 2005–6 reporting year. Our aim is to achieve 30,000 new and safeguarded jobs, and 6,000 new business start ups. The forecast out-turn for 2005–2006 is expected to be just under 30,000 jobs created and safeguarded, and some 5,800 new businesses assisted to start.

Within these figures are a number of areas where we forecast to exceed our annual targets, and others where we project reduced out-turns. Of the latter, a number may be explained by the impact of new and stricter definitions for the scoring and timing of outputs which we introduced this year. For example, jobs created were previously all scored on practical completion of projects. Now, for projects creating over 50 employees, we phase the jobs as they are taken up. In some cases, such as some inward investment projects, this phasing means that the majority of jobs will be filled, and therefore scored, in later financial years.

The new guidelines call for increased discipline on the part of project/account managers in estimating the quantity and timing of outputs and their validation. Whilst there has been considerable accuracy in forecasting the level of outputs, there has been less accuracy in forecasting when these outputs will be scored. The impact and extent of this phasing was not fully anticipated at the time of business planning (November 2004) nor was the scale of the one off effect in the first year. So whilst the total jobs and private sector investment are at a similar level to the original forecast figures, it is clear that some of these will now be scored in future years.

Also there have been some delays and difficulties in securing the new evidence requirements. This is because this is a change in practice, which is new for both our clients and project managers alike. As has been the case for the last two years' results, the reported half year outputs will be subject to validation through independent audit.

Finally, over these six months we have been pursuing our overriding objectives of maintaining business as usual and best positioning our customers and people going into the merger with the Assembly Government. The detailed structures for the new organisation have been announced, with the majority of senior posts filled. It is anticipated that the majority of the remaining positions will be filled via a matching exercise currently underway with the balance subject to a 'closed pool' recruitment or deployment process.

2 Strategic Targets

This section outlines performance against the four headline strategic targets. The analysis can be considered against two criteria, the year to date position and the revised forecasts against the original targets.

The year to date position is not unusual. As reported in previous years, the typical pattern for scoring outputs tends to show a sharp uplift in the last quarter of the year. Typically, a range of between 30 and 60% of outputs are delivered at half-year, depending on the range of activities. This tends to be due to:

- Capital projects where outputs are scored upon practical completion.
- Projects with local authorities and community group where claims and evidence is usually received in the last quarter of the year.
- Revenue activities which are delivered through third party contractors who report quarterly or half-yearly and often in arrears.

Consequently, delays can occur between actual delivery and output reporting.

Set out below are the most significant factors which influence the variances in the Strategic Targets:

- **Jobs Created out-turn for 2005-6** is forecast to be 18,400 compared to the target of 21,800. Of this c2,800 is related to the original Inward Investment forecast being phased into the following year – for which a detailed explanation is given later in this report. The balance can be accounted for by slippage on the Local Development Contract Shop programme and so a shift in the timing of when benefits will actually arise, and a reduction in the Bespoke Premises out-turn due to a deferral of some capital projects.

- **Jobs Safeguarded** out-turn is forecast to be up by some 1,200 jobs. This overall increase relates primarily to an under-estimation in the original forecast for the Technology Exploitation Programme. There are other minor fluctuations across projects and programmes due to better than forecast performance or slippage.
- **Private Sector Investment** overall is forecast to be down some 23%, i.e. £138m. The majority of this, some £100m, is associated with the above mentioned phasing of outputs (see later). A further £15m relates to the Bluestone project in Pembrokeshire which has been delayed due to legal appeals.
- **New Business Starts** forecast out-turn variance is minimal (less than 1%) and is a consequence of small fluctuations across the New Business Starts support activities.

2 Strategic Targets

Measure	Annual Target	YTD Actual	Forecast Out-turn
Jobs Created	21,800-24,000	5,090	18,416
Jobs Safeguarded	10,100-11,100	3,910	11,339
PSI £000's	596,500-656,000	57,286	458,204
New Business Starts	5,850-6,450	2,372	5,828

3 Comparison of Performance with Business Plan Targets

Our Business Plan is structured around the Assembly Government's Spending Programme Areas. The same format has, therefore, been used for this Half Year Performance Report.

3.1 Spending Programme Area – Innovation and Competitiveness

Innovation & Technology

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Jobs Created	2,135	540	2,066	-69
New Products and Processes	1,269	856	1,527	+258
Private Sector Investment £000s	26,252	10,231	23,464	-2,788
Funding Secured £000s	11,141	3,805	13,754	+2,613

Highlights

Technium

- Sustainable Technologies Technium has been completed and has accepted its first tenant (a spin out from Glasgow University).
- Biotechnium is currently being completed and is due to open in the 2nd quarter of 2006. There are five companies waiting to move into the facility when it is completed. These will be housed at Swansea University in the interim period.
- Technium Performance Engineering – construction continues and completion is due in the 2nd quarter of 2006.

- In Summer 2005, the Aberystwyth Technium reached 50% capacity by the time of the official opening – which is significant progress in the first 12 months of operation.

Centres of Excellence for Technology & Industrial Collaboration (CETICs)

- There has been significant activity in collaboration with businesses (Wales, UK and International). CETICs are increasingly looking for new markets and are working with existing initiatives e.g. Wales Trade International and Wales Relay to promote their commercial expertise in sector specific events. Recent examples include CETICs promoting their technologies to businesses at Paris Air Show and Medica (Dusseldorf) 2005. Moreover, collaborative presentations are being given to large companies to describe the wealth of relevant near-market commercial opportunities. A recent example has seen relevant R&D opportunities from Thales Research (Reading) being matched with excellence in IT and telecoms (especially wireless) at CETICs. This has led to an ongoing exchange of opportunities and visits between CETICS and Thales.

Knowledge Exploitation Fund (KEF)

- Patent and Proof of Concept (PPOC) – KEF has delivered a further round of funding for PPOC projects. The total number of funded projects is now 46 and the first five commercial opportunities of these are now being realised.
- Collaborative Industrial Research Project (CIRP) has delivered funding for 16 projects which have introduced 84 Welsh companies to R&D. These CIRP projects are leveraging in £3.5m of private sector investment into industrial R&D in Wales.
- Consortia for Industrial Training – The eight Consortia are supporting Micro and Nanotechnology, high-performance engineering, interactive media, lean and sustainable manufacturing, print, digital design, sustainable constructed environment and waste management.

- Non-destructive testing (NDT) network and the capital investment in the NDT Validation Centre, based at ECM², have contributed to the development of a major new resource for Welsh industry.

Other highlights

- Wales Energy Research Centre launched at ECM² with initial funding from the KEF programme.
- So far this year, more than 40 firms in Wales have invested nearly £2m to cut their 'Greenhouse Gas' emissions and their energy bills with the Low Carbon Partnership. This equates to a reduction of 8,581 tonnes of CO₂.

Commentary on Significant Target vs Forecast Out-turn Variances

- **New Products and Processes** – an increased forecast out-turn of 245 for the Centres of Expertise for Technology & Industrial Collaboration (CETICs).
- **Private Sector Investment** – the reduction is due to delays in the commencement of three projects including the Micro Nano-Technology Capital programme which was the subject of DTI final approval.

Information and Communication Technology and Telecommunications Infrastructure

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Consultancy, Diagnostic and Technical Reviews	6,600	2,426	5,726	-874
Individuals Given Advice and Information	955	572	1,048	+93
Private Sector Investment £000's	960	3,134	4,094	+3,134

Highlights

- The Corus ICT programme is drawing to a close in the Five Counties. The eBusiness Support programme in Blaenau Gwent has yielded very positive results with 84 companies participating in the support available. This has resulted in approximately £480k being invested in ICT by the companies themselves. Of the 27 companies whose results have already been evaluated, the following outcomes have been achieved:
 - 21% average turnover increase per company.
 - 34% average wage bill increase per company.
 - 13% average staff number increase per company.
- The Ryder Cup ICT project has received approval and will commence provision of ICT support and guidance to golf clubs in the coming months.
- In June 2005, the 1,000th organisation was approved to receive a subsidy to support a broadband connection under the combined Satellite Subsidy Scheme and Broadband Support Scheme – already achieving the target set for 2005–2007 Broadband Wales Strategy. This has been supported by the Try–Before–You–Buy facility

delivered through the ICT Support Centres. All applicant companies are obliged to make use of this facility before their subsidy application can be approved.

Commentary on Target vs Forecast Out-turn

- **Consultancy, Diagnostic and Technical Reviews** – the reduction in expectation is mostly related to the ICT Support Centres activity which has reduced its' expectations by 1,004 – new contractual arrangements came into place from May 05 resulting in a lower throughput of companies targeted but a higher quality support provision.
- **Individuals given Advice and Assistance** – the variance at the corporate level is immaterial being less than 10% and arises from small fluctuations across a number of programmes and projects.
- **Private Sector Investment** – the Wales Screen Commission activity was not originally included in the Business Planning process. This activity is forecasting achievement of £3m which accounts for most of the variance.

Promotion and Support for Agri-business

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Jobs Safeguarded	1,345	229	1,267	-78
Profit Benefit £000s	1,200	0	1,300	+100
Businesses Assisted	1,359	445	1,150	-209
Businesses Given Advice and Information	2,620	1,336	2,191	-429

Highlights

- True Taste Brand – The 2005 True Taste Awards competition was successfully launched and record entry numbers were generated. Two high profile promotions of award winning products were conducted through Blas at the Hay Book Festival and the National Eisteddfod. A survey was commissioned and results received showing positive movement in awareness of the True Taste brand and Welsh food and drink products in general.
- Harrods Store ‘Truly British’ promotion was launched on 6th September 2005 with 20 new Welsh suppliers.
- July 2005 saw the official launch of the new meat processing plant and abattoir for Cig Calon Cymru based at Crosshands.
- Trade Development Initiatives – A new range of support measures has been introduced for food companies to access a broad range of market channels, including multiple retailers. ‘Going for Growth’ has been well received by the industry with strong take up of the support.

- Farming Connect – The Farm Business Development Plans have been redeveloped to provide more choice and flexibility for farmers accessing the service.
- Agri-Food Strategy – Work has been on-going to refresh the work of the Network of Food Centres in providing a more focused service for food companies seeking to innovate products and processes. The Network, led by three centres in Cardiff, Llandysul and Llangefni, will be working to promote the service and to deliver a stronger product into the food industry, with the aim of helping the industry become more innovative and move up the value chain.

Commentary on Significant Target vs Forecast Out-turn Variances

- The majority of the variances noted are due to difficulties encountered with obtaining suitable verification data from partners and providers, rather than performance issues on the Trade Development and Partnership Development activities. Whilst it is hoped that these will be rectified throughout the second half of the year, the forecast out-turn is based on a conservative estimate.

Supply Chains and Networks

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Profit Benefit £000s	12,200	6,354	15,834	+3,634
Funding Secured £000s	12,905	598	13,503	+598
Value of Opportunities Created £000s	741,007	49,753	747,037	+6,030
Value of Deals £000s	67,822	26,649	51,750	-16,072

Highlights

- The Local Supplier Development EU funded project was launched in June 2005, which aims to help Welsh SMEs become a more effective inter-trading community.
- Supply chain development initiatives for major private sector capital investment projects in the South West Region are progressing well. For example, SA1 Swansea has seen 250 businesses given advice and information with £2.5m confirmed deals arising.
- The supply chain development for the LNG project in Pembrokeshire has reported £50m of confirmed deals with 48 companies covering civil, mechanical, and electrical engineering. Of these, the largest recorded individual deal has been £16m. Note that these outputs were not included in our original business plan targets and are being tracked separately.
- BAW Precision Engineering Pontardawe successfully tendered for a project to design and build Borg Warner an assembly line. The Agency assisted the company in implementing new Project Management Processes including the Design Failure Mode Effect

Analysis (DFMEA) to provide evidence of both the design and project capability.

- In the first six months of this year, £9m of opportunities were identified, 36 jobs safeguarded, 44 created and £23.9m of new contracts secured through the Accelerate Wales programme.
- Accelerate Clusters are being established to transfer and commercialise technologies in Hydrogen and low emissions, the End of Vehicle Life Directive related technologies, Motorsport and Process and Design.
- A new contract has been secured with DTI for the next three years for the delivery of the Manufacturing Advisory Service across Wales.
- Several multi company and supply chain projects are being established in the Heads of the Valleys, to secure relevant accreditations to compete and win business in new markets.
- The SE Wales Stakeholder Incubation Group, with over 50 members, has been established to share best practice.
- @ Wales the Digital Incubator has relocated to new, larger premises to accommodate Digital Media start up business.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Profit Benefit** exceeds target performance due to the Cost Down Programme (+ £1.8m) and Network Development Programme (+ £1.9m) performing above expectations.
- **Value of Opportunities** has increased due, in the main, to £4m supply opportunities being generated through the Construct Wales programme.

- **Value of Deals** is down £17m due to a larger than anticipated time lag in the conversion of opportunities into deals won in the Local Supplier Development Contract Shop. Accordingly, forecasts have been phased into later years. However, the overall targets for the programme have not reduced.

3.2 Spending Programme Area – Entrepreneurship

Enterprise Development Programmes

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Jobs Created	8,592	2,501	8,610	+18
New Business Starts	4,469	1,726	4,420	-49
Private Sector Investment £000s	32,995	12,823	40,692	+7,697
Businesses Assisted and Businesses Given Advice and Information	14,957	2,351	11,465	-3,492
Individuals Assisted and Individuals Given Advice and Information	12,626	1,868	14,164	+1,538

Highlights

- Both the **New Business Starts (NBS)** and **General Business Advisory Service (GBAS)** delivery models are now embedded and are working well. To build on the success of both, and to continue the rationalisation agenda, work is underway to amalgamate the two services into one – General Support for Business (GSB). This focus on simplicity and improved customer service will provide an integrated support mechanism, allowing clients to access support when required from pre-start right throughout the lifecycle of the business. Significant progress has been made in the implementation of continual professional development for Advisers under GBAS, with the delivery of a successful assessment centre pilot. This development will be continued under GSB.

- Standard delivery mechanisms for **Specialist Support** have been introduced across Wales. The programme has been delivering under this new mechanism since August and so far demand for the service has been extremely high. Work is continuing to implement fully the value for money appraisal systems as part of the shift towards an 'investment culture'.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Private Sector Investment** has increased for the New Business Starts Programme (up £2m) and revised forecasts for the General Business Advisory Service (up £4.8m).
- **Businesses Assisted and Businesses Given Advice and Information / Individuals Assisted Individuals Given Advice and Information** – the reduction in Businesses Assisted/Advised is mainly due to the Enterprise Development Initiatives activity where the forecast has dropped by 2,870. This is offset by a related increase of 2,400 in the Individuals Given Advice and Information. These outputs were misclassified in the business plan and the output forecast reflects the correction. Businesses Assisted have also been affected by the General Advisory Service and Micro Business Support programme (-700) which has seen lower than expected take-up. Marketing and contractor evidence gathering are being reviewed to improve performance.

Business Eye

Business Eye, the information and signposting service for Welsh businesses managed by the WDA, saw its enquiry levels grow by over a quarter in the first six months of this year.

Over the period April to September 2005, Business Eye responded to 12,900 individual enquiries, a rise of 27% over the same period in 2004.

The service also maintained its customer satisfaction ratings whilst handling this increased workload. Over the past year, of those customers who expressed an opinion, over 95.3% described the Business Eye service as 'good' or very good'.

For the period to September 2005:

- **Enquiries to Business Eye** 12,900
(same period 2004 – 10,157)

- **Customer Satisfaction** ¹
 - Very Good** 72.2% (figure for 2004/5 – 67%)
 - Good** 23.1% (figure for 2004/5 – 27.2%)
 - Poor** 2.7% (figure for 2004/5 – 3.2%)
 - Very poor** 1.8% (figure for 2004/5 – 3.2%)

- **Website hits** 942,589
(same period 2004– 1,022,742)

The Business Eye service provides information on, and refers businesses to, non-WDA business support in addition to WDA activities. The subsequent projects and resulting outputs from non-WDA referrals are

¹ (Number of customers returning satisfaction forms over the period was 1619, representing a return of 8%. These figures exclude 4.2% of returns which expressed no opinion in response to the question 'how would you rate the service you received')

not included in the results of the Agency. Only the initial enquiry handled by Business Eye up to the point of referral is tracked as WDA activity.

Participation

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Jobs Created	1,116	582	1,144	+28
New Business Starts	852	514	945	+93
Individuals Assisted	400	0	331	-69
Individuals Given Advice and Information	3,385	1,551	3,244	-141

Highlights

KEF (Entrepreneurship Element)

- The Agency through working closely with the National Council for Graduate Entrepreneurship supported 126 students attended a Flying Start Rally at the Millennium Stadium in May. 18 were awarded places on a Cambridge MIT residential course out of the total of 60 places for the whole of the UK.
- The entrepreneurship team are working closely with the KEF Entrepreneurship Champions to develop an integrated offering to all students starting this academic year consisting of awareness raising (Flying Start Rallies), pre-start support and start-up mentoring (Graduating to Enterprise). 3,800 students have requested the information pack.
- 242 KEF scholarships have been awarded to date this year.

Entrepreneurial Culture Activities

- 5,700 additional requests for the start-up book, *Stop Dreaming Start Living*, were received as a result of the summer Because You Can campaign.
- A handbook for young businesses has been produced, *Grow Your Business*, and distributed initially to 15,000 businesses under three years old.
- By the end of the academic year in July, 54,000 year 9 and 10 students had met with Dynamo role model entrepreneurs in secondary schools across Wales.
- 850 primary school teachers have been trained in the use of Dynamo curriculum materials in the plan year to date.
- 4,900 additional SMEs registered on the National Procurement website, 'sell2wales' in the calendar year to September 2005. The results for the plan year to date of 2,180 reflect the significant performance in February/March 2005 as a consequence of a successful marketing campaign.
- 6,345 SMEs have requested a copy of the sell2wales *Guide to Tendering* for public sector contracts in the plan year to date.
- Contract notices from the Welsh public sector worth more than £370 million have been published on sell2wales since April 2005.

Commentary on Significant Target vs Forecast Out-turn Variances

- Variances are not material at the corporate level and arise as a result of small fluctuations on a number of programmes.
- **Individuals Assisted** output relate to two activities, Young Enterprise and Labour Market Initiatives. The nil year to date position reflects the timing of the receipt of support to claim the

outputs, not progress of the activity to date. Information will be received from providers over the latter half of the year.

Finance Wales

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Jobs Created	1,958	838	1,868	-90
Jobs Safeguarded	1,311	886	1,600	+289
New Business Starts	125	104	168	+43

Highlights

- This year has seen the fastest ever growth in the size of Finance Wales' portfolio of investments. This growth is being achieved across the whole range of products from small loans to equity investments. This growth is being achieved on the back of Finance Wales' now well established market presence and recognition by key business introducers.
- Over £10 million has been invested by Finance Wales during April to September of this year. This represents a record amount for any six month period in Finance Wales' history.
- Investments of over £14m are anticipated to be completed for the year end, a doubling of the previous year's achievements. Of particular note has been £1m equity investment into the high profile media company Boomerang. This investment, the largest single investment in Finance Wales' history will allow Boomerang to continue to expand through a policy of acquisitions and organic growth.
- A further example of Finance Wales' activity is a series of loans to be made to Deep Stream Technologies, a North Wales based Technology company. Deep Stream have developed unique processes for the construction of micro sensors.

- Further encouragement around the strength of the investment portfolio comes from a number of equity and mezzanine investments where a profitable exit opportunity has been identified. Opportunities for exit from these investments will lead to increased funds for future investments, further adding momentum to Finance Wales' growth.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Jobs Safeguarded** – The up-turn is due to Finance Wales Investments Ltd funds outperforming the expectations at the business planning stage.
- **New Business Starts** arising from Finance Wales Investments Ltd, Objective 1 & 2 funds have similarly exceeded their expectations.

3.3 Spending Programme Area – Property Related Infrastructure

Advance Premises

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Potential Jobs Accommodated	987	190	444	-543
Private Sector Investment £000s	30,146	1,500	13,434	-16,712
Floor-space Completed m ²	40,445	7,550	31,121	-9,324

Highlights

- Consultation events held with development advisors and planners on the All Wales Property Strategy.
- A Heads of the Valleys (HoV) Conference has been held to shape the future development of the full HOV strategy.
- In July 2005, an OJEU for developer selection was issued for Roath Basin, Cardiff Bay, with the short-listed developers to be interviewed in December and a preferred developer selected and in the New Year.
- The construction of the Entrepreneurship Centre in the Innovation Quarter Barry Waterfront started in July 2005.
- Outline planning application for a Business Park, hotel and highway works at Warren Hall Flintshire was approved in July.
- A tenant has been secured for 20,000sq ft of a 35,000 sq ft Alpha Office development at Matrix Park Swansea. The tenant is an American pharmaceutical company which will create 65 new jobs.
- A 4,645 sq m industrial unit has been completed at Tir Llwyd Kinmel Bay Conwy, delivering 128 potential jobs and £1.8m Private

Sector Investment. This is the largest single speculative industrial unit built by the private sector in the North Wales Objective 1 area.

- The completion of a 2,322 sq m speculative unit at Hawarden Business Park has scored 68 potential jobs and £1.5m Private Sector Investment.
- Two new speculative property projects will be developed using Objective One funding in Neath Port Talbot. The first is the re-development of a brown-field site at the Baglan Energy Park for office and industrial use and the second is the new D'Arcy Business Centre that will be located at the entrance to the former BP Llandarcy site of Junction 43 of the M4.
- The Torfaen Innovation Centre (22,000 sq ft) at Llantarnam was completed recently and will encourage entrepreneurs and small enterprises to develop their business opportunities.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Potential Jobs Accommodated** – The programme of projects has changed due to design and construction issues and the associated potential jobs are now slipped and anticipated to score in 2006–2007 onwards.
- **Private Sector Investment** reduction mainly due to projects where the scoring of the PSI now anticipated in 2006–2007 and later years.
- **Floor-space Completed**, the reduction is mainly due to projects which are now expected to score in future years.

Bespoke Premises

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Private Sector Investment £000s	54,236	4,667	33,556	-20,670
Floor-space Completed m ²	37,400	4,780	35,484	-1,916
Floor-space Improved m ²	19,395	0	17,436	-1,959

Highlights

- The Optic Technium in St Asaph has been short-listed for the RICS Building of the Year Award 2005, the Leading Architectural Award for Sustainability, and the Western Mail Welsh Property Award (Innovation Category). The building has also won Building Magazine's Sustainable Building of the Year Award.
- An agreement has been reached between Cegelec, the Agency and Welsh Industrial Partnership to procure a new 20,500 sq ft industrial building at Felinfach, Swansea. This will enable the business to relocate, safeguarding 40 jobs and creating 10 new jobs.
- Mudiad Ysgolion Meitrhin's new £2.3m headquarters and Integrated Childcare and Training Centre was completed in August and supported by a property development grant. The project will support 34 jobs.
- A WDA site at Parc Menai has been sold for a 2,787 sq m (30,000 sq ft) call centre development for the Department of Work & Pensions.
- Macob have completed the second phase of offices at 'Bocam Park' Bridgend. The 22,500 sq ft development was supported through a Property Development Grant and is already 80% let/sold.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Private Sector Investment** reduction is due to the slippage of a few large projects due to planning or legal delays e.g. the Bluestone project and the Pembroke Dock Marina.
- **Floor-space completed** has slipped with 4,400 sq m of floor-space in the pipeline.
- **Floor-space Improved** target has been revised downwards due to double counting at the business planning stage. This has been partly offset by 4,000 sq m of additional bespoke projects in South East Wales.

Site Development

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Private Sector Investment £000s	33,910	0	24,273	-9,637

Highlights

- St Athan remediation strategy completed and tenders invited.
- A major civil engineering contract has been awarded by Flintshire County Council for the enhancement of Manor Lane and the improvement of its junction with the B5125 at Hawarden. The £1.6m scheme will improve the accessibility of Hawarden Business Park and enable the WDA to bring forward a second phase of development, comprising 16 hectares of B1 employment land to meet the growing demand from the aerospace and advanced manufacturing sectors in N E Wales. The works will provide for a realignment of Manor Lane to include pedestrian footways, together with landscaping and hedge planting and improved facilities for cyclists.
- Coed D'Arcy – the development brief for disposal of the whole site has been circulated to short-listed bidders by BP with the deadline for receipt of bids being 28th February 2005. A developer has been selected for the first phase of residential development on Area 1. A detailed planning application for the Southern Access road has also been submitted.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Private Sector Investment Site Development** is dependent on a number of external factors. There have been delays on a couple of

projects including the planning consent for Waterloo Road Link Road in Llandrindod Wells (PSI £5m) which has resulted in the project being deferred to 2006/07.

3.4 Spending Programme Area – Regeneration Packages

Urban and Rural Renewal

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Private Sector Investment £000s	93,053	1,765	78,161	-14,892
Floor-space Completed m ²	57,336	200	54,485	-2,851
Floor-space Improved m ²	46,123	5,398	54,893	+8,770

Highlights

- The SA1 Swansea Waterfront development continues apace with the contract signed for the new Apostolic Church in July 2005. The planning application has been submitted for the Dental referral centre and the occupation began in July of the Bellway apartments scheme, the first residential development to be completed on site.
- Heads of the Valleys – considerable progress has been made by the partners in the development of the comprehensive Programme. A wide ranging consultation was undertaken during April–July including a major stakeholder conference in June, attracting over 250 delegates. The Programme Director has been appointed and initial actions are being implemented during the remainder of this financial year.
- Two national high street retailers announced plans in August to invest in Rhyl’s town centre. Wilkinson’s announced plans for a new 17,500 sq ft store creating up to 80 new jobs while Peacocks have also announced their intention to create a store in Rhyl.
- The Llanelli Waterside masterplan was launched on the 15 September 2005. This public/private sector regeneration initiative

will turn 100 acres located to the south of Llanelli Town Centre into a mix of commercial, leisure, retail and residential uses.

- At Burry Port Harbour an additional 210 pontoon berths are to be installed at a cost of £700k which will be funded from 'Catching the Wave' funding. The scheme is to be completed by end of February 2006.
- Good progress continues to be made on the Swansea city centre Strategic Regeneration Framework, completing the baseline report and the initial draft vision. Work on Stage 2 has also started which includes scoping key projects and undertaking studies to inform the draft development options and appraisals.
- The detailed design and tendering for the new £3.8m Drift Park on Rhyl's West Parade has been completed and contractors are due to commence work before Christmas with the first phase due to open to the public in May next year.
- Refurbishment of, and extension to, Tŷ Newydd, Llanystumdwy, a Grade 2* listed building and the final home of Lloyd George, has been completed and houses the National Writers Centre for Wales and the Taliesin Trust.
- World Heritage Centre, Blaenavon – Work has progressed well in transforming the former St. Peter's School into a new £2 million World Heritage Centre at Blaenavon. The project is being jointly funded by the Agency, CADW, WTB, the Local Authority and the Heritage Lottery Fund. When completed later this year, the Centre will form an important cornerstone of the overall Blaenavon regeneration programme.
- The Entrepreneurship Centre, Barry – this £2 million construction project in the Innovation Quarter started in July 2005.
- Maesteg Public Realm – Phase one of the public realm enhancements in Maesteg Town Centre was completed during the Summer, including a comprehensive programme of new paving,

planting, street furniture and visual art. The works form part of a wider programme of improvements proposed for the town, to be undertaken through the Agency's strategic partnership with Bridgend County Borough Council.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Private Sector Investment** – The main causes of variance are the St. Catherine's Corner project (£5.6m) in South East region which will be undertaken next year and in North region where fewer PSI outputs will be generated, based on the project mix at present (£5.3m reduction).
- **Floorspace Completed** – Reduced forecasts due to the St. Catherine's corner project in Pontypridd (2,666 sq m) which will be undertaken next year as noted above.
- **Floorspace Improved** has increased due to a better than expected uptake of support in the Eryri a Mons Key Investment Area in North Wales

Land Reclamation

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Land Reclaimed (Hectares)	183	111	245	+62

Highlights

- Phurnacite Phase one contract works were successfully completed 19 weeks ahead of the scheduled completion date and within budget.
- Brymbo – The reclamation of this former 26 ha steelworks site has now reached practical completion some five months ahead of schedule. The re-profiling of the slag tips, creation of community forests and employment platforms (potentially creating 750 jobs) will complement new residential development on the adjacent brown-field site.
- Old Town Dock Phase one has been completed and a preferred developer selected by Newport Unlimited.
- Barry Waterfront – Redrow commenced the housing development on plot N2A and Charles Church have secured detailed planning consent for development of plot E7.
- Iron Mountain Trail at Blaenavon was officially opened by the Minister for Economic Development and Transport in May.
- Heolgerrig Brickworks reclamation work was commenced by a private sector developer in preparation for new retail development at Merthyr Tydfil.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Land Reclaimed** acreage has increased due to early completion of the Brymbo scheme (39ha) and the claiming of 24ha of the New Tredegar Reclamation Scheme – originally forecast to complete last year, but outputs slipped into this year due to minor delays.

Sustaining Communities

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Community Groups Given Advice and Information	157	0	202	+45
Community Groups Assisted	110	0	45	-65

Highlights

- In North Wales, both Denbigh and Llanrwst have won a number of regeneration awards this year. Denbigh's Townscape Heritage Initiative won the 2005 Wales category awards with the Royal Town Planning Institute and Civic Trust and won through to the finals of the Royal Institute of Chartered Surveyors competition. Most recently, Llanrwst's Townscape Heritage Initiative was short-listed from 30 entrants and eventually won a Commendation from the British Council of Shopping Centres at their 2005 Awards Dinner in Belfast.
- Work has been undertaken with the Llanfyllin community group on the future of and most appropriate use for the Y Dolydd workhouse. A feasibility study has been conducted, which has concluded that three quarters of the former workhouse should be set aside for housing and the remaining quarter should be made available for community use. The Community group are now seeking £1m lottery funding to develop a community facility.
- 120 communities across the four Counties of the SW Division have been supported via the Community Regeneration Toolkit over the first six months of 2005/2006.

- Over 30 existing Social Enterprises received support from the Toolkit during this period and eight new Social Enterprises were created.
- The number of people involved in capacity building over this period exceeded 300.
- Key projects supported by the SW Division Toolkit include the refurbishment of Fishguard Market Hall which is also the key community regeneration project included with the North Pembrokeshire & Fishguard Programme. Included within the project is the provision of a permanent home for the Last Invasion Tapestry, towards which the Trustees have already raised over £100k as match funding.
- The Community Regeneration Toolkit has also provided valuable support to the Grenville Park, St Thomas & Port Tennant Partnership (GSP) which is situated adjacent to the SA1 development. Achievements so far include the establishment of a Job Shop and local sourcing initiative. A Development Officer has been appointed and a Local Action Plan has now been adopted by the GSP Partnership as a means of highlighting the priorities of the community.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Year to date Actual** – this does not reflect the actual activity underway in this area but instead reflects the fact that these outputs can only be officially scored when projects are completed and claimed – typically in the last quarter of the year.
- **Community Groups Given Advice and Information** – in South West Wales, a review of the community regeneration activities has resulted in an increased forecast of 70. In South East Wales a Community Regeneration Officer is now in post, and delays arising are being addressed.

- **Community Groups Assisted** – the Article 33 programme was included in the business plan with a target of 50. Since that time the activity was transferred to the Welsh Assembly Government.
- It was noted in the Business Plan that indirect activities such as supporting the Leader+ groups in Rural programmes were planning to advise or assist 468 community groups. Current YTD position for these activities is 255, with a forecast out-turn of 468.

Environmental Improvements

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn	Variance
Private Sector Investment £000s	3,745	208	3,522	-223
Businesses Assisted	511	2	383	-128
Businesses Given Advice and Information	138	0	138	0

Highlights

- As part of the 'Catching the Wave' strategy the Agency has appointed Hyder Consulting to undertake a feasibility study into the Cardigan Bay Coastal Regeneration Strategy.
- The Working Differently sustainable development toolkit has been introduced across the Agency.
- Environment teams have worked with the Corus team to help mainstream Sustainable Development and Environment into the regeneration process.
- Nantgarw Masterplan was developed as an exemplar of the new Working Differently process.
- Match-funding was provided to NPTCBC for an LRF bid to improve valleys landscaping in Blaengwynfi.
- Continuation of funding toward landscaping schemes along main highway corridors in Pembrokeshire (Haverfordwest to St. Davids).

- Following an environmental masterplan funded via the Environmental Programme, £130k of funding for PPC to improve the environment at Withybush Industrial Estate and environs.

Commentary on Significant Target vs Forecast Out-turn Variances

- **Businesses Assisted** – the Business Environment Action Plan programme targets recorded in the business plan were also set under the pan-Wales Hazardous Waste Consultancy activity. The revised forecast reflects the correction made at half-year.

3.5 Spending Programme Area – Domestic and International Business Promotion

International

Over the last year, a ‘root and branch’ review of Inward Investment activities has been undertaken, with a particular focus on the North America operations and its performance. A detailed analysis of target markets, sectors and location is at an advanced stage with detailed proposals to be considered by the new Director, Trade and Investment, on taking up post in the New Year.

This review of inward investment activities has been undertaken alongside our review of performance measurement, with special attention on tightening the evidence base and phasing the output scores.

Outputs for Inward Investment activities are reported in two ways:

- 1. On the United Kingdom Trade and Invest (UKTI) basis**
- 2. As Strategic Targets**

1. UKTI

Inward Investment successes are scored on announcement as per UKTI guidelines in the same manner as UK Regional Development Agencies. These are reported and monitored separately to the Strategic Targets agreed with the Assembly Government.

The UKTI position for Inward Investment activities at half year is as follows:

UKTI Measure	Annual Target	YTD Actual	Forecast Out-turn Low Estimate	Forecast Out-turn High Estimate
Jobs Created	7,425	2,864	5,924	6,937
Jobs Safeguarded	1,200	725	1,259	2,008
Capital Expenditure £m	140	292	469	670

Jobs Created – the reduction in forecast is mainly due to revised expectations for the North America market – both new and re-investment jobs are expected to be in the range of 800 to 1,000 jobs. As stated above, the review of markets, sectors and locations is at an advanced stage, and will be considered by the new Trade and Investment Director. Asia Pacific has seen good re-investment activity, as have the markets of Japan and Korea. In addition, the UK market continues to deliver strongly.

Jobs Safeguarded – these are, by definition, less easy to forecast reliably as they are based on company operational decisions and, therefore, the forecasts are more volatile. The latest indications are that actual Jobs safeguarded will be higher than originally forecast.

Capital Expenditure – the significant increase is due mainly to a major financial services project from Asia Pacific and higher than anticipated investment from European investment projects.

2. As Strategic Outputs

In previous years, jobs created and safeguarded and associated Private Sector Investment from inward investment activities have been scored on practical completion, i.e. on the business taking possession of new or expanded premises. However, in practice, companies do not create all of the new jobs on this date, but phase their recruitment as the business ‘ramps up’ over time. This has been borne out by the independent audits

undertaken for the last two years. Accordingly, new guidelines were introduced this year for recording projects creating over 50 new jobs, with jobs scored as they were phased. Also, we have introduced more stringent evidence requirements for the number of jobs created and their phasing. It is on this stricter basis that Inward Investment jobs are recorded against the strategic outputs target, not the UKTI ‘announcement’ figures.

Due to these changes in recording, it is useful to look at this year’s current performance on the ‘new’ and ‘old’ bases.

Adopting the old reporting criteria, the forecast out-turn for 2005–06 would be:

Measure	Forecast Out-turn -Old Basis
Jobs Created	5,626
Jobs Safeguarded	1,030
Private Sector Investment £m	601

Adopting the new scoring criteria (new evidence requirements and phasing), the forecast out-turn is projected to

be:

Measure	Annual Target	Year to Date – scored using new criteria phasing and evidence	Year to Date –awaiting confirmation	Forecast out–turn to be scored on new basis in 2005/06	Forecasts outputs to be phased into future years
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
Jobs Created	4,900	97	1151	2028	2447
Jobs Safeguarded	865	30	104	792	134
Private Sector Investment £m	214	12	305	114	182

As the table above shows (column 4), there are some projects which have already been delivered but where we are awaiting confirmation of outputs. On a prudent basis and bearing in mind the new evidence requirements, we have not included these in our revised forecasts for the year end (column 5). Also, as the table shows (column 6) we are delivering projects this year, where due to the new phasing requirement, the outputs will be scored in future years. Naturally this re-phasing has an impact on 2006–2007 and future years. In 2005–2006 no such ‘carry-over’ of projects phased from prior years has occurred, so the 2005–2006 figures have been affected at ‘both ends’ by the new requirements, with no phasing coming in from prior years, and current year projects phased for scoring in future periods.

The variance therefore, does not reflect a reduction in projects. The original business plan estimates of jobs and investment numbers arising from inward investment projects have been reasonable. However, this is the first year of operation of this new recording system and the estimates failed to reflect fully the actual phasing of jobs and investment. Hence, the shortfall when comparing the target and forecast out–turns for this Financial Year.

Marketing

Highlights

- **WRGB** – Rally took place 14–18th September, and promotion included the launch of the Llanelli waterside joint venture. The successful conclusion of negotiations to retain the GB leg of the Rally in Wales until 2011 was announced at this year's Rally.
- **ParcAberporth** – an extremely successful second event was held, with increasing interest from the private sector in running the event next year. This progress will be built upon at DSEI and MRO Berlin over the next few months.
- **Segmentation** – the segment profiling work with Bangor University was completed by July 2005, and creative concepts are currently being worked up for market testing.
- **Lifesciences** – Bio in Philadelphia, alongside WTI and the Bio-Science Industry Association, yielded 60 new contacts for the WDA and five prospective leads currently being followed up by International.

Performance

The Marketing team agreed a new set of key performance indicators (KPIs) for 2005–06. A wide range of indicators are used to track performance covering all aspects of marketing activity. Good progress is being made with the majority of indicators on target for the year.

Work is also ongoing to develop baseline research to set future targets for sector marketing impact – the baseline Sector study tender was completed in May 2005 and the research is anticipated to be completed by the end of March 2006.

Progress indicators include:

- Website Visitors – individuals or organisations viewing the WDA website have reached 225,864 against a target of 364,815.
- Website Enquiries – enquiries resulting from a viewing of the WDA website have reached 2,351 against a target of 741.
- Sector Database Contacts – development of contacts for sector marketing has reached 1,405, far in excess of the target of 500 and a new forecast target is to be established for the latter part of the year.

Progress on other activities such as the Technium Associate programme and the Marketing Communications campaign successes will be reported later in the year as these are subject to annual assessment.

3.6 Other Programme Areas

Land and Legal

Key Output Data

Measure	Annual Target	YTD Actual	Forecast Out-turn
Potential Jobs Accommodated	600	52	600
Private Sector Investment : Agency Asset Sales £000's	80,000	2,396	80,000
Land Sales £000's	30,000	752	30,000
Land Sales Ha	51	2	51
Floorspace Completed sq m	20,000	2,554	20,000

Highlights

- The first half year has seen the publication of two Compulsory Purchase Orders. The first is Rodney Parade, Newport, in support of Newport Unlimited and the second is Roath Basin, Cardiff Bay, to provide a mixed redevelopment offering quality employment opportunities and associated housing. Considerable work has also been undertaken in the period to progress other CPOs including Mountain Ash, Rhondda, offering a comprehensive retail development scheme and West Parade, Rhyl, in support of the town's regeneration strategy supported by Denbighshire County Council.
- Site Infrastructure: Major road and site construction works continue to proceed at the former KTH site Llanidloes, as well as Parc Eirin, Tonyrefail, which will provide up to 5,000 sq m of employment space and the Northern Link Road, Glasdir, to relieve congestion in the town and open up a substantial area of land for development.

All Outputs

- The year to date figures are usual for Land activities which tend to complete later in the year. All output targets are expected to be met.

Strategy Development

Planning and performance

- Contributing to the development of Wales A Vibrant Economy has been a key activity.
- The Business planning process for 2006/07 has been significantly improved to encompass greater integration of Race Impact Assessment, risk assessment and sustainable development principles.
- Significant development has also been undertaken to roll out a new module of the Performance Management Information System to support the project approval processes.
- A project manager training course has also been developed and training is underway as part of the continuing roll-out of best practice project development, appraisal, management and evaluation.

Economics

- Thematic evaluations: An evaluation of the General Business Advisory Service has recently been tendered and awarded. The tender process is underway for an evaluation of property activities.

Sustainable Development

- The guidelines for “Working Differently” and Creating Sustainable Places” have been approved.
- A Design Champion is now in place (internal secondment) to promote the Sustainable Development and Design agenda.
- A Hazardous Waste Programme is now in place, with a centrally managed budget and reporting through the Enterprise Development Programmes.
- Sustainable Development Advocates are now in place in the Regions.

- Compliance with Sustainable Development guidelines is now embedded in the business planning process.

European Unit

Key highlights of the European Unit's work on the development, implementation, monitoring and evaluation of projects inside and outside the WDA include:

- The European Unit has continued to provide rigorous claims monitoring for European funded Agency projects.
- In-house European Record Management training has been delivered to a further tranche of internal staff. A total of 182 staff have received this one day training.
- A Record Management Steering Group was set up as a result of the issues arising from the training. The first action has been to draft a comprehensive record checklist to aid audit compliance for all Agency European funded projects.
- Expert support was provided to the Latvian Ministry of Economics under the Twinning arrangement as part of the Memorandum of Understanding with Latvia.
- The European Unit has worked closely with Support Services and ISD to develop and roll-out of a new electronic timesheet to record apportionment of staff time to European funded projects.

Rural unit

- An update of the Mid Term Review of the LEADER+ Programme in Wales has been commissioned on behalf of the Welsh Assembly Government. The 'LEADER+ Mid Term Review Update' is a requirement of the European Commission, who require the final report by the end of December 2005.
- An 'Evaluation and Strategic Review of the Rural Programmes in Wales' has also been commissioned. This work centres on reviewing the performance of three individual programmes: LEADER+, Rural

Community Action (RCA), and Article 33 of the Rural Development Plan for Wales (Article 33), all of which are either facilitated or managed by the Rural Unit. The Evaluation will also consider the complementarity and strategic fit of the programmes in the broader context of community regeneration support mechanisms in Rural Wales. The final Report is due by the end of January 2006, and will inform the development of the next Rural Development Plan for Wales, currently under development by the Welsh Assembly Government.

- The Rural Unit continue to monitor the situation regarding the development of the EU Rural Development Regulations (2007–2013) known as the ‘European Agricultural Fund for Rural Development (EAFRD)’. Furthermore, the Rural Unit have been involved in ‘project groups’ set up by the Welsh Assembly Government to assist them in drafting the Rural Development Plan for Wales 2007–2013.
- A new on-line outputs reporting system has been launched and is being used by the LEADER+ Local Action Groups (LAGSYS). The LEADER+ Local Action Group are continuing to deliver 44 new and innovative projects. Six events have been held to encourage co-operating and dissemination of good practice between LEADER+ and RCA Groups, and funding continues to be provided to 12 Rural Community Action Partnerships across Wales.