

Pwyllgor Menter a Dysgu
Enterprise and Learning Committee
Bae Caerdydd / Cardiff Bay
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Annwyl Ieuan a Lesley

Written Response by the Welsh Assembly Government to the report of the Enterprise and Learning Committee entitled Implementation of the Economic Renewal Programme

On behalf of the Enterprise and Learning Committee I wish to thank you both for your prompt response to my letter dated 26 November 2010, which contained the Committee's conclusions and recommendations from our scrutiny of the Welsh Government's approach to implementing, monitoring and evaluating the Economic Renewal Programme.

We are pleased that you accepted five of our 14 recommendations and five in principle, and we particularly welcome the Government's commitment to develop the skills agenda.

However, we are obviously concerned that you rejected the remaining four of our recommendations, and we would like to understand better your reasons for the rejections. We have outlined our concerns below, and we would be grateful if you could respond to these points in your written and oral evidence for the Committee's meeting on the Economic Renewal Programme on 17 February 2011.

Recommendations 1 and 2

The thrust of our recommendations 1 and 2 was to respond to the evidence we received that businesses felt bewildered about the kind of Government support now available to them as a result of the change in policy, and that there had been little communication between Government and industry on the nature of those policy changes. We were particularly struck by the lack of information on the Government's website (although we note, and welcome, the fact that some progress has since been made on this); the uncertainty

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regarding the future brand identity for marketing Wales on an international level; and the apparent lack of continuity in provision between the Government's old and new strategies for economic development.

We would therefore like you to comment further on the transitional arrangements that were in place in July 2010 immediately following the publication of the Economic Renewal Programme, and those that are now in place to support businesses; how that support is being communicated to the sector; and the timescale for when this will all be achieved.

Recommendation 3

In response to our recommendation to place a stronger emphasis on encouraging commercialisation of research into marketable products and to set targets for the percentage of Gross Value Added generated by research and development (R&D) you claim that R&D is a poor measure of innovation. This seems to us to contradict the fact that the Welsh Government's previous economic strategies have tracked or monitored R&D for precisely that purpose. (For example, "Gross Domestic Expenditure on R&D as a percentage of GVA" was used as a tracking indicator in Wales: A Vibrant Economy.)

We would therefore like to know how you propose to target and monitor the impact of Government activity aimed at encouraging innovation. Furthermore, we would like you to explain how the Government will encourage innovation that can meet global market demand as well as encourage blue sky innovation.

Recommendation 5

You rejected our recommendation to *consider* the merits of establishing a bond market and business community bank for Wales. Perhaps this is more a drafting aberration as you go on to say that you are looking at *all* options to improve the provision of finance for business.

In our view, the Economic Renewal Programme must benefit the whole of Wales, in which case some communities require the financial system to be more accessible and more flexible to their needs. This point also came over very strongly during our inquiry on the role of social enterprises in the Welsh Economy.

Your response to our recommendation also surprised us, as the proposal for a Welsh bond market was made by the chair of the Digital Wales Advisory Board, himself a Welsh Government appointment.

We would be grateful if you could clarify your response to Recommendation 5 and provide further detail on the various options that you are considering.

Recommendation 7

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Witnesses to our inquiry cited a number of examples of public/private partnerships for delivering broadband and we recommended that those models should be *considered* for the provision of a next generation broadband network in Wales. Again you ruled out our recommendation, yet stated that you will be considering *all* commercial models for extending broadband.

We fail to see how agreeing to consider public/private partnerships as a delivery model would stifle innovation or be seen to be prescriptive, and we would be grateful if you could explain the basis for your response to Recommendation 7.

In conclusion, we accept that the Economic Renewal Programme is still in its early stages. Yet if Wales is to continue to nurture and support a more favourable environment for business growth then we believe there needs to be a significant change in the culture of Welsh Government and more creative approaches adopted to its methods of working.

We are very grateful for your continued engagement with the Committee's work and we look forward to discussing these issues with you at the scrutiny session on 17 February.

Yours sincerely



**Gareth Jones AM
Committee Chair**