

Agenda – Enterprise and Business Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: Thursday, 14 January
2016

Meeting time: 09.15

For further information contact:

Gareth Price

Committee Clerk

0300 200 6565

SeneddEcon@Assembly.Wales

Please note this meeting starts in private

Private pre-meeting (09.15–09.30)

1 Consideration of Draft Report on the Potential of the Maritime Economy in Wales

(09.30–10.30)

(Pages 1 – 67)

Attached Documents:

Draft Report on the Inquiry into Potential of the Maritime Economy in Wales

Break (10.30–10.45)

2 Legislative Consent Memorandum on the Trade Union Bill

(10.45–11.00)

(Pages 68 – 78)

Attached Documents:

Legislative Consent Memorandum on the Trade Union Bill

Legal Brief: Legislative Consent Memorandum on the Trade Union Bill

3 Introductions, apologies and substitutions



4 Draft Budget Scrutiny

4.1 Draft Budget Scrutiny – Deputy Minister for Skills and Technology

(11.00–12.00)

(Pages 79 – 145)

Julie James AM, Deputy Minister for Skills and Technology

Huw Morris, Director, Skills, Higher Education and Lifelong Learning, Welsh Government

Neil Surman, Deputy Director, Higher Education Division, Welsh Government

Andrew Clark, Deputy Director, Further Education and Apprenticeships Division, Welsh Government

Attached Documents:

Research Brief – Education and Skills

EBC(4)–16–01 (p.1) Evidence from the Minister for Education and Skills and the Deputy Minister for Skills and Technology

Break (12.00–14.00)

4.2 Draft Budget Scrutiny – Minister for Economy, Science and Transport

(14.00–15.00)

(Pages 146 – 213)

Edwina Hart AM, Minister for Economy, Science and Transport

Simon Jones, Director, Transport & ICT Infrastructure

Attached Documents:

Research Brief – Economy, Science and Transport

EBC(4)–16–01 (p.2) Evidence from the Minister for Economy, Science and Transport

5 Papers to note

5.1 EU Policy and Funding Opportunities for Wales 2014–2020

(Pages 214 – 215)

Attached Documents:

EBC(4)–16–01 (p.3) Letter from the Minister for Finance and Government Business to William Graham regarding the EU Funding Ambassadors Review of the EU Policy and Funding Opportunities for Wales 2014–2020

5.2 Draft Wales Bill

(Page 216)

Attached Documents:

EBC(4)–16–01 (p.4) Letter from Stephen Crabb, Secretary of State for Wales regarding the draft Wales Bill

5.3 Finance Committee's Legacy – Budget process and financial scrutiny of legislation

(Pages 217 – 218)

Attached Documents:

EBC(4)–16–01 (p.5) Letter from William Graham to Jocelyn Davies regarding the Finance Committee's Legacy

5.4 Business Rates

(Page 219)

Attached Documents:

EBC(4)–16–01 (p.6) Letter from the Minister for Economy, Science and Transport to William Graham regarding Business Rates following the Committee meeting on 9 December 2015

5.5 Horizon 2020 and Erasmus+

(Pages 220 – 226)

Attached Documents:

EBC(4)-16-01 (p.7) Letter and further information from the Deputy Minister for Skills and Technology regarding the Global Wales initiative following the Committee meeting on 21 October 2015

5.6 Bus and Community Transport Services in Wales

(Pages 227 – 244)

Attached Documents:

EBC(4)-16-01 (p.8) Additional information provided by Stephen Pilliner regarding Bus and Community Transport Services in Wales following the Committee meeting on 3 December 2015

EBC(4)-16-01 (p.9) Additional information provided by the Minister for Economy, Science and Transport regarding Bus and Community Transport Services in Wales following the Committee meeting on 3 December 2015

Private de-brief (15.00–15.10)

Agenda Item 1

Document is Restricted

Agenda Item 2

Document is Restricted

Document is Restricted

Agenda Item 4.1

Document is Restricted

Enterprise & Business Committee

Date: 14 January 2016

Time: 11.00-12:00

Title: Education and Skills Draft Budget 2016-17

Purpose

1. This paper provides information to the Enterprise and Business Committee on the Education and Skills proposals outlined in Draft Budget 2016-17, published on 8 December 2015. It also provides an update on specific areas of interest to the Committee.

Background

2. Draft Budget 2016-17 provides a one year plan for investment in the provision of education and skills in Wales. The table below provides an overview of the planned Education and Skills Main Expenditure Group (MEG).

Education and Skills MEG

	2015-16 Baseline £000	2015-16 Budget changes and reprioritisation £000	2016-17 Indicative Draft Budget Plans £000
Resource DEL	1,579,609	1,201	1,580,810
Capital DEL	143,834	21,934	165,768
Total DEL	1,723,443	23,135	1,746,578
Annually Managed Expenditure	370,199	0	370,199
Total MEG	2,093,642	23,135	2,116,777

3. The baseline budget figures for 2015-16 have been revised, taking out any one off allocations as part of the first supplementary budget or previous budgets, to enable a like for like comparison of the 2015-16 budgets with the 2016-17 draft budget.

4. The following table shows a reconciliation from the published First Supplementary budget 2015-16 to the revised baseline budget.

Revenue DEL	£000
Published First Supplementary Budget 2015-16	1,589,009
Allocation from the 2015 Autumn Statement consequential – Schools Challenge Cymru	(3,500)
Allocation from the 2014 Autumn Statement consequential – Review of curriculum implementation	(2,000)
Allocation from the 2014 Autumn Statement consequential – Apprenticeships	(500)
Allocation from the 2014 Autumn Statement consequential – Flexible Skills project	(2,400)
Increased contribution to the Local Government Borrowing Initiative	(1,000)
Revised 2015-16 baseline	1,579,609
Capital DEL	
Published First Supplementary Budget 2015-16	173,834
Allocation from centrally retained capital funds to accelerate delivery of the 21st Century Schools Capital Programme in 2014-15 final budget.	(30,000)
Revised 2015-16 baseline	143,834
Annually Managed Expenditure	
Published First Supplementary Budget 2015-16	338,804
Adjustment to bring in line with forecasts submitted to OBR in September 2015 for student loans	31,395
Revised 2015-16 baseline	370,199

5. Compared to the revised baseline for 2015-16, the total Resource DEL allocation for Education and Skills has increased by £1.201m (1.1%). The movements are set out in detail under the relevant Budget Expenditure Lines (BEL) below. In summary the movements are:

	£000
Schools Challenge Cymru – transfer from Reserves to make the total available to £15m.	2,900
2015-16 Budget Agreement – Pupil Deprivation Grant (PDG) by increasing grant to £1,150 per pupil.	7,200
Additional allocation from reserves to give cash flat funding in the Education and Skills MEG to schools	2,000
2015-16 Budget Agreement – Apprenticeships	5,000
Additional allocation from reserves for Apprenticeships	5,000
Net amount transferred back to Reserves	(20,899)
Resource DEL – net increase	1,201

6. There is an increase from the revised 2015-16 baseline of £21.934m for the capital budget for four specific further education projects and to boost the 21st Century Schools Capital Programme.
7. Annually Managed Expenditure (AME) budget is primarily related to student loans which are demand led and sensitive to interest rate and other macro-economic factors and therefore difficult to forecast. This budget is agreed with the Treasury each year and is fully funded.
8. The Action Level Budget plans for Education and Skills MEG were published on 8 December. To aid transparency, and as requested by the committee a breakdown of changes to the Education and Skills MEG by Budget Expenditure Line (BEL) is provided at Annex 1.

Budget Context

9. This budget is again set in the context of the constraints imposed by the UK Government, as a result of the recent spending review announcement, together with the prioritisation of funding within and across portfolios, whilst planning to deliver the remaining commitments made in the Programme for Government and delivering an ambitious legislative programme. All of the decisions that we face are difficult. There are no easy answers and there has been no way that we can shield services from the effect of the UK Government cuts and the implications of prioritising spend.
10. We have undertaken a continual line by line review of budgets to establish how further reductions can be managed whilst continuing to reflect our priorities. Whilst difficult decisions have had to be made, our priorities for education in Wales remain unchanged and our published spending plans reflect this.
11. In recognition of the importance that education delivers to addressing inequality to employment and skills we are protecting budget provision for post 16 education in 2016-17 from cash reductions, this includes Further Education and Work Based Learning (not Higher Education). In addition, as part of the 2015-16 budget agreement and priorities for 2016-17 £10m extra funding is being made available for Apprenticeships through our work based learning network. The plans for apprenticeships include a focussed drive on increasing the number of sixteen to eighteen year olds, a keener emphasis on higher skilled apprenticeships, particularly in the Science, Technology, Engineering and Mathematics (STEM) sector and better links between Further Education programmes and Apprenticeships.
12. In light of the growing financial pressures, we commissioned Professor Ian Diamond to undertake an independent review of higher education funding and student finance arrangements in 2014. A key priority of the review is to consider the long-term financial sustainability of the Higher Education system. The findings of this review will be published in 2016

and will help inform the next steps for higher education funding in Wales. In the interim, we are allocating an additional £10m in recognition of the pressures on student support for 2016-17. This will enable the continued delivery of our tuition fees commitment.

Programme for Government

13. In preparing for future financial restraints, we have sought to target investment to maintain the focus of our spending plans on our main priorities of: health and health services; growth and jobs; educational attainment; and supporting children, families and deprived communities. The Education and Skills portfolio contributes to all of these, but predominantly, in terms of direct spend, to the latter three.
14. Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act. The Act provides public bodies with a shared purpose through the establishment of seven well-being goals for Wales, and the five key ways of working ensure that public bodies take a long-term perspective when making decisions; that they consider what actions are required to prevent problems arising in future, or to prevent current problems from getting worse; that they take an integrated and collaborative approach to decision making; and that they involve users in the planning and delivery of services.
15. There are seven strategic objectives for Education and Skills policy development and delivery, which are aligned to our spending. These objectives supported the delivery of outcomes in the Programme for Government and are taken forward into 2016-17, to support any remaining commitments and to move towards the goals of the Future Generations Act. The objectives are:
 - An excellent professional workforce with strong pedagogy based on an understanding of what works.
 - A curriculum which is engaging and attractive to children and young people and which develops within them an independent ability to apply knowledge and skills.
 - The qualifications young people achieve are nationally and internationally respected and act as a credible passport to their future learning and employment.
 - Leaders of education at every level working together in a self-improving system, providing mutual support and challenge to raise standards in all schools.

- To deliver a skilled and employable workforce to stimulate innovation and economic growth at a local and national level, with high quality and valued opportunities for all learners.
 - To support individuals, families and communities in improving economic and social wellbeing and reducing inequality through education and training.
 - To see the Welsh Language thrive in Wales.
16. The final Programme for Government Annual Report, published in June 2015, provides an update on the achievement of our commitments and progress against performance measures. The performance measures outlined in the Qualified for Life plan and other strategic plans substantially mirror indicators that were set out in the Programme for Government and this is how we continue to monitor our outcomes.
17. Further commitments have been completed in 2015-16 and there is only one commitment left to deliver in 2016-17, the related funding required is included within this budget as follows:

Commitment	Description	Funding
3/030	Continue our support for the development of community and adult learning.	We are reviewing the provision of the newly merged WEA YMCA Community College Cymru. A revised policy on adult education will be published in 2016. The funding for this area of work is within the Further Education Provision BEL.

18. A summary of draft budget changes by Budget Expenditure Lines (BEL) relevant to this Committee is provided below, together with costs, the delivery of the policy, associated outcomes and associated impact on any remaining Programme for Government commitments

Jobs and Growth

Youth Engagement & Employment BEL

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
15,813	1,401	17,214

19. The Youth Engagement & Employment BEL focusses on our commitment to reduce the number of young people not in education, employment or training (NEET) and supporting young people into work.

This BEL is integral to the continued successful delivery of the Youth Engagement and Progression Framework.

20. The Youth Engagement & Employment BEL funds a number of grants to support statutory and voluntary youth services in Wales and the Jobs Growth Wales programme. The budget increases in 2016-17 compared to the baseline by £1.401m. This is mainly as a result of three elements.
21. Firstly, £0.307m transfer in from Qualifications Wales BEL within the 'Qualifications' action to Youth Engagement and Employment BEL for various policy elements that remain within Welsh Government.
22. Secondly, there has been a further transfer in of £0.099m from Employment and Skills BEL within the 'Employment and Skills' action to Youth Engagement and Employment BEL for skills policy.
23. Finally, there has been an increase of £0.995m from reallocation of budget within the Education and Skills Main Expenditure Group (MEG) to enable continued delivery of activity to embed the Youth Engagement Progression Framework across Wales and mitigate expected cuts to linked services as a result of budget pressures on Local Authority (LA) spending.
24. We are committed to continue to push forward actions which will embed the good practice identified to date and support young people to make successful transition into further learning or employment when they leave school.

Preventative Spending:

25. Reducing the inequality of educational outcomes between different groups is one of the main objectives we need to achieve in order, in the medium to long term, to lift children and young people out of poverty, reduce the likelihood of them becoming not in employment, education or training (NEET) or entering the criminal justice system and to give them the best opportunity to have improved health and life outcomes. The Youth Engagement and Progression Framework, funded from the Youth Engagement and Employment Action, is built around the needs of young people and the accountability of different agencies, thereby strengthening and delivering better outcomes for young people.

Support to help people; particularly young people, into work including Jobs Growth Wales and Traineeships

26. Support to help people into work is primarily provided through the Welsh Government's adult employability programme, Work Ready, which will be replaced by a successor all-age employability programme, Skills for Employment Wales, in April 2016. Further targeted support is available for specific groups such as redundant workers through the ReAct programme and job-ready young people through the Jobs Growth Wales programme.

27. Jobs Growth Wales provides unemployed young people with a job opportunity for a six month period paid at or above the National Minimum Wage for a minimum of 25 hours per week. Outcomes for Jobs Growth Wales are measured on a quarterly basis and include number of jobs created, number of jobs filled and progression rates into continued employment or further learning. As this is also a European Structural Funds Project (ESF) it is monitored and evaluated by Welsh European Funding Office (WEFO).

Traineeships:

28. Investment in the Traineeship pathway is vital to increasing uptake of Traineeships for young people aged 16-18 years of age. It is currently the only mainstream programme which offers the flexibility to re-engage young people aged 16-18 in learning and training at any point in the academic year, thereby preventing prolonged spells of inactivity.
29. The Traineeships programme has been designed to provide a tailored programme of learning enabling young people to improve their skills and qualification at a pace suitable to them. The Engagement strand of the programme is designed to support young people to overcome barriers to learning and helps move them closer to the labour market.
30. Young people receive valuable work experience, usually with a dedicated employer or through a simulated work environment, depending on the level of support the young person requires. They also have direct access to apply for any Jobs Growth Wales opportunity – providing a streamlined pathway through our youth focused employability programmes.
31. The Traineeship Programme's progression rates have improved year on year since it began in 2011/12. 68% of learners now progress positively from the programme which compares similarly (and in some cases more favourably) with comparable programmes operating across UK.
32. Building on its success to date, the Youth Engagement & Employment BEL will support the continued marketing of Traineeship opportunities to ensure they are visible and understood. The budget will also support our ability to respond to the recent Traineeship review to ensure that the programme is fit for purpose and responding to the needs of young people and providers.
33. Increased recruitment into the programme is likely to have a positive impact on ESF income.
34. The effectiveness of the marketing and review of Traineeships will be reflected in an increase of uptake and decrease in drop out rates.
35. The budget fully takes into account support for delivery against goals set out within the Future Generations (Wales) 2015 Act, Sustainability, Equality, Rights of Children and Young People's (Wales) Measure and

the Welsh Language. The Traineeship programme supports a focus on high quality sustainable job opportunities and employer contributions to the wider community and educational engagement. It supports young people to reach their potential; to deliver a skilled workforce; to improve wellbeing and reduce inequality by providing skills and progress on opportunities for young people.

Youth Engagement and Progression Framework:

36. The Youth Engagement and Progression Framework (YEPF) budget line supports the ongoing implementation of the YEPF to ensure that it is embedded and sustained at a local level.
37. YEPF is a collaborative approach and supports Local Authorities to achieve the social, economic, environmental and cultural well-being of Wales.
38. We will monitor the success of the YEPF through better use of Careers Wales 5 tier data, a measure of the level of engagement of young people 16-18 in education, training and employment (ETE), to ensure that more young people are making a positive progression through the tiers and are remaining engaged.
39. We will also monitor implementation through a formative evaluation that will look at the effectiveness of the strategic leadership and accountability and systems and processes established within LAs as a direct result of the YEPF.
40. There is increasing evidence that identification of those at risk of disengaging from ETE must start at an early age, especially given the accuracy of predicting future disengagement through the use of key indicators. The funding supports the role of the LA Engagement and Progression Co-ordinator which is critical in the early identification of young people at risk and putting in place specific support for them to remain engaged in ETE.
41. The evidence is clear that a failure to attain at certain levels by certain ages, when considered alongside other indicators such as Specialist Educational Needs (SEN) or a young person's behaviour and attendance at school, can lead to significantly increased chances of a young person dropping out of the education and training system or failing to secure employment. The associated costs of the losses to the economy and to individuals and their families as a result of young people NEET have been estimated to be into the billions.

Youth Entrepreneurship:

42. The Youth Entrepreneurship Strategy (YES) Action Plan for Wales was launched in November 2010 and is a joint strategy between the Department for Economy, Science & Transport and the Department for Education & Skills.

43. There are no specific budgets for youth entrepreneurship; however it is supported within a wide range of budgets, including the Youth Engagement and Progression Framework, further education and higher education. The Welsh Baccalaureate will also include enterprise and entrepreneurship.
44. The YES Action Plan Is now in it's fifth and final year. Welsh Government is reflecting on the achievements of the Action Plan and considering future plans under the development of the Regional Entrepreneurship Accelerator Programme (REAP).

Careers Wales BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
20,000	-2,000	18,000

45. The budget decreases in 2016-17 compared to the baseline by £2m.
46. Reducing the core budget will impact primarily on the quantity of face-to-face guidance services available to young people in schools and colleges, support to young people who are NEET (16-18) and unemployed adults 18-24. However, the company is attempting to mitigate these by transforming the service delivery model to embrace a 'digital first' approach with the intention of reducing pressure on face-to-face services. However, the capacity of the company to invest in developing new delivery models will be limited by the need to resource staff restructuring.
47. The remit of Careers Choices Dewis Gyrfa (which trades as Careers Wales / Gyrfa Cymru) is the delivery of careers information, advice and guidance (CIAG) services to young people and adults in response to an annual remit letter from Welsh Ministers. Careers Wales also delivers a number of strategic projects, including the Welsh Government Individual Skills Gateway for unemployed adults aged 25 plus and ReAct, redundancy support for individuals which are funded from sources outside the Careers Wales BEL. Careers Wales provides Quarterly Performance Review reports to the Welsh Government. Performance is deemed to be good against the performance indicators set for the organisation. An external assessment of the value-for-money provided by Careers Wales is necessary for State Aid purposes. This work is currently being procured and will be completed before next summer. It will advise on whether Welsh Government is over or under compensating Careers Wales for the services it provides.

Preventative Spending:

48. The majority of this budget is preventative spend as the focus on delivery of services to young people supports better informed decision making and successful progression. Careers Wales directly support work in YEPF which is key to preventing young people from disengaging from ETE and putting in place the support they need to remain engaged in the longer term.
49. Careers Wales has a focus on assisting young people and adults towards employment in high quality sustainable job opportunities and works with employers on aspects of educational engagement e.g. education / business links, the new Enhanced Employer Engagement project.
50. Better informed and skilled individuals can make more effective career choices and are supported towards higher skilled, higher salaried jobs thus helping to narrow the wealth gap in some communities / geographic locations.

Work Based Learning BEL

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
106,308	5,000	111,308

51. The budget increased by £5m compared to the baseline. The increases include the extra £5m allocated to apprenticeships as noted in paragraph para 5.
52. The Work Based Learning BEL includes funding that supports the cost of delivery of Apprenticeship and employability programmes for non-employed learners aged 16-18 (Traineeships).
53. In addition, the BEL supports the funding of Young Recruits Programme and pilot projects aimed at supporting the promotion of apprenticeships (Inspiring Skills Excellence in Wales).
54. It is expected that the contract value available for the delivery of Traineeships will be maintained at current levels; and that contract values for apprenticeships will increase by £5 million. Whilst the additional funding will not be ring fenced, the aim will be to increase the numbers of starts at level three or above.
55. The cost of delivering the Traineeship programme has been determined on the basis of anticipated demand (based on historical patterns of

delivery supplemented by information from referral agencies where relevant). It is expected that this level of demand is required to ensure that we meet our statutory requirement to provide proper provision for learners aged 16-18. The apprenticeship contract has been set at the highest possible level to maximise apprenticeship starts in Wales.

56. The costs of both the Traineeship and Apprenticeship programmes have been determined using robust cost analysis from across Work Based Learning networks. This analysis has been challenged where appropriate in order to ensure that costs are reflective of the time and resource required to deliver the programme.
57. The outcomes of this programme will be measured in terms of:
 - success rate targets for young persons' delivery, Welsh medium provision and equality and diversity delivery embed the specification for the provision and is monitored and reviewed regularly;
 - the successful progression of non-employed learners into higher level learning or employment education (for Traineeships); and
 - the numbers of learners who successfully achieve their apprenticeships:
 - Welsh Government produce statistics that includes sector subject area split, divisionally produced analysis and includes equality and diversity and Welsh language provision.

Preventative Spending:

58. The Work Based Learning BEL's entire budget is considered to be preventative. This is due to the aim of the BEL to provide learning opportunities to enable people to raise their skill levels and, thereby, gain employment or improve their employment chances. The programme helps to keep unemployment at a low rate, thus reducing dependency on welfare benefits.
59. Research indicates that those people who achieve a Level 3 qualification (or higher) improve their life prospects and increase individual aspirations.

Apprenticeship Policy:

60. Earlier this year we consulted extensively on aligning our model with the needs of the economy and published our response in June. We have delayed publishing our implementation plan so we have the opportunity to properly consider the impact of the UK Government plans to introduce an Apprenticeship Levy across the whole of the UK.
61. Our priorities for apprenticeships are to strengthen the delivery of higher level skills – skills our economy needs and to support young people to make the transition into sustainable employment. In order to achieve this the Work Based Learning will continue to:

- support all employers;
- develop our quality performance indicators and listen to feedback from employers and apprentices;
- encourage participation in skills competitions as it is a mechanism to benchmark Wales against other countries;
- improve employer engagement through the Regional Skills Partnerships; and
- adapt Apprenticeships Frameworks and Further Education Learning Programmes in order to support employers skills needs.

Employment and Skills BEL

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
23,890	-1,042	22,848

62. The budget for Employment and Skills BEL has decreased compared to the baseline budget for 2015-16 by £1.042m. The decrease is mainly due to savings of £0.439m from cessation of programmes, such as Investors in People and Education Leadership and Management Skills (ELMS) and a transfer of £0.099m out of the Employment and Skills BEL into the Youth Engagement and Employment BEL for skills policy.
63. There has been an additional cut of £0.504m against the Skills Priorities Programme (SPP), as from April 2016 the SPP will be delivered through a regional approach, aligned with the three Regional Skills Partnerships. This will enable SPP activity to be incorporated within the emerging regional higher level skills projects being developed across the Further Education (FE) sector. The level of funding required to operate the programme is dependant on forecast of need and ESF income. Forecast expenditure has reduced by £0.500m per annum. This will reduce the amount of match funding available to regional higher level skills programmes.
64. The aim of the Employment and Skills BEL is the development and delivery of strategies, policies and programmes which assist people to access, return to, remain in, and progress at work through skills and training support. Programmes include: ReAct; Work Ready and its successor programme Skills for Employment Wales; pilot activity to inform future employability approaches; Skills Priorities Programme; Flexible Skills Programme; Offender Learning support; core funding to Chwarae Teg and Wales TUC; Wales Union Learning Fund; and the Skills Gateway.

65. In addition to ESF match funding for a number of the programmes listed above, the BEL also provides match funding for a number of externally-led regional ESF programmes delivering essential and higher level skills support to employed individuals.
66. Outcomes expected of individual programmes will be managed and monitored by project specific teams through close contract management and performance reviews. These target outcomes are still in the process of being agreed but are likely to include:
- Number of individuals participating in learning activities
 - Number of individuals into employment (full and part)
 - Number of qualifications achieved (full and part)
 - Number of jobs created / opportunities provided
 - Number of employers supported
67. All major programmes are subject to independent evaluations which will consider value for money as a matter of course. In addition, quality assurance processes are in place to ensure that value for money is considered during contracting processes, regular monitoring meetings and through existing administration systems. In some instances, panels will be set up to ensure that an assessment for value for money has been carried out and is acceptable against the requirements of the programme/project.
68. When establishing new funding models and mechanisms, recommendations from previous evaluations will be considered along with the experience and lessons learnt from existing programmes.

Preventative Spending:

69. This budget aims to address skills and employability issues with the aim of helping individuals access, remain in and progress within the workplace, and provide employers with the required advice and support not only to expand and grow their businesses but also to sustain their current turnover and profit margins.
70. Those programmes targeted at unemployed individuals have a significant impact on preventative spend, as for each individual gaining employment and leaving the unemployment register there is an exchequer net gain. In addition, once employment has been secured there will be a reduction in the demand for subsidiary benefits.

Details of European Funding for the above policies:

71. Education and Skills led on 23 projects under the 2007-2013 ESF Programmes. The total approved ESF funding is just over £336m over the lifetime of the 2007-2013 ESF programmes with match funding of just over £427m. This represents gross investments of just over £763m.

72. In comparison, nine Education and Skills projects have been approved by WEFO under the new 2014-2020 round to date, with an additional four projects in development. The total approved ESF funding stands at just over £188m to date, with match funding of just over £166m, representing gross investment of just over £354m. In order for the Education and Skills portfolio to maximise the ESF available, programme budgets need to remain consistent with the approved values in the Project Business Plans to WEFO.
73. This reduced number of ESF programmes aligns with the Education and Skills vision to move to a more streamlined portfolio of programmes to deliver Ministerial priorities under the 2014-2020 programme round as articulated in the Education and Skills Footprint for ESF Delivery. This approach aims to address the duplication/competition that has been identified during the 2007-13 ESF programmes, where projects have overlapped with each other in terms of the type of support offered to similar groups of individuals and businesses. The aim is to establish a more integrated portfolio of projects delivering against clearly identified, shared outcomes in line with the commitment made within the Skills Policy Statement to create a more simple and streamlined offer to individuals and businesses. The Education and Skills portfolio will deliver a much smaller number of national strategic programmes and will work with the Regional Skills Partnerships to develop a suite of complementary programmes to address key skills and employability barriers.

Skills development, Sector Priorities Funding and funding related to the Policy Statement on Skills (including promotion and support of STEM skills):

74. Building on activity delivered in 2014/15 and 2015/16 through the SPP, work is underway with regional partners to influence the delivery of higher level skills activity within the suite of regional ESF skills projects being developed by the FE sector, supported by match funding from the Employment and Skills BEL. This higher level skills activity will be aligned with regional employer demand and guided by the work of Regional Skills Partnerships and will be complemented by a similar approach to delivery of workplace essential skills activity, thereby enabling a seamless progression for individuals and employers accessing support from essential through to higher level skills.
75. This regional approach reflects the desire to avoid duplication across the wider portfolio of ESF programmes whilst also ensuring alignment of activity with Welsh Government policy objectives. This approach builds on discussions with partners through the Education and Skills Footprint for ESF Delivery, which signalled a shift away from direct delivery of ESF activity by the departments towards a more strategic commissioning role, thereby resulting in a smaller number of national, Welsh Government-led programmes.

76. In 2015/16, the budget covering this activity also supported the quality assurance, dissemination, analysis and procurement of Labour Market Intelligence to support youth and adult skills development; delivery of the employer focussed Flexible Skills Programme; support of the Wales Employment and Skills Board including remuneration of the UKCES Wales Commissioner; the promotion of key messages and benefits behind the introduction of the Framework for Co-investment in Skills Framework and Skills Performance Measures; and the Welsh Government's 'Grant in Aid' contribution to Business, Innovation and Science (BIS) for development/maintenance of National Occupational Standards.
77. In September 2014, the Deputy Minister for Skills and Technology published the Skills Performance Measures. These measures provide a mechanism for driving up skills levels in Wales and to establish a unified commitment across all stakeholders in supporting our aspirations for a more highly skilled society and to ensure the investments being made in skills development were aligned with the increase in high-skilled jobs projected in the future. These measures also provide a measure of the Welsh labour market, in particular the areas that the Skills Implementation Plan targets.
78. Part of the Skills Performance Measures include measures on equality and equity, financial sustainability, and Welsh language skills.
79. The Skills Performance Measures directly align to some of the well-being goals set out in the Well-being of Future Generations (Wales) Act. As draft indicators are confirmed, we will work to ensure Skills Performance Measures complement and, where possible, align with indicators linked to the Act. Activities under the Skills Implementation Plan budget are intended to be steered by the Skills Performance Measures, with the overall aim of driving up skills levels in Wales.
80. In line with the new Welsh language standards, future Labour Market Intelligence reports will be required to be published bilingually. This will influence budget and time allocated to each project.

Higher Education

Higher Education Revenue BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
98,610	-41,100	57,510

81. The budget for Higher Education Revenue BEL has decreased compared to the baseline budget for 2015-16 by £41.100m, which is made up of two elements.
82. Firstly, £21.1m transfer to the Post 16 Learner Support Action for the final element of the tuition fee grant transfer. The responsibility and associated resources for the payment of the tuition fee grant to students, via the Student Loans Company, moved from HEFCW to Welsh Government for 2015-16. The majority of the funding was transferred in the First Supplementary Budget of 2015-16, however, the inclusion of another cohort of students (those studying courses longer than four years), an increase in the number of Welsh students attending university and an increasing average fee level means that an additional amount will be transferred from HEFCW to Welsh Government. These increases are in line with expectations and are within the parameters of the original estimated costs of the tuition fee grant. This additional expenditure would have been top sliced from the HEFCW budgets regardless of where responsibility for the payment of the tuition fee grant lies.
83. The second element is a £20m reduction to HEFCW programme budgets, which provide funding for the implementation of the Welsh Government priorities. In the past, this has been allocated by HEFCW to cover Quality Research, Part time and expensive subjects. It is ultimately for HEFCW to determine how it allocates its resources in line with Ministerial priorities which will be outlined in a ministerial remit letter issued early in 2016.

Preventative Spending:

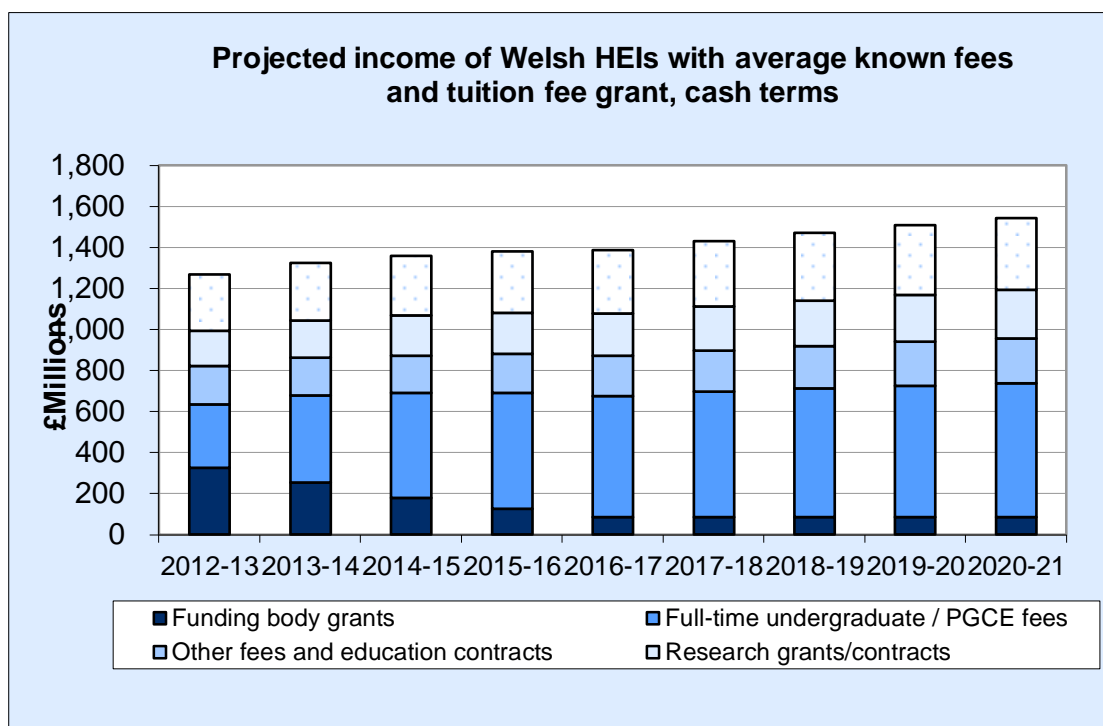
84. Support for higher learning is crucial to the future of Wales. Universities contribute £1.3billion a year to the Welsh economy and provide over 16,000 jobs in Wales while generating over £400m per annum in export investments.

Income available to the sector

85. The following information is the latest forecasts (prior to the publication of the draft budget) for income to the HE sector in Wales.

Projected income of Welsh HEIs, with average known fees and tuition fee grant, cash terms (Financial Year)						
£Million	10-11	11-12	12-13	13-14	14-15	15-16
Funding body grants	428	405	324	253	177	126
Full-time undergraduate / PGCE fees						
<i>previous level of fees</i>	225	235	308	425	513	565
<i>higher additional fee income</i>	0	0	38	100	147	173
<i>English contribution</i>	0	0	29	77	111	129
Other fees and education contracts	167	186	188	182	182	188
Research grants/contracts	163	167	173	183	195	201
Other income	249	266	275	278	290	299
Total	1,231	1,260	1,268	1,321	1,356	1,379
£Million	16-17	17-18	18-19	19-20	20-21	
Funding body grants	85	85	85	85	85	
Full-time undergraduate / PGCE fees						
<i>previous level of fees</i>	590	611	627	640	651	
<i>higher additional fee income</i>	272	281	288	294	299	
<i>English contribution</i>	181	188	192	194	196	
<i>English contribution</i>	137	142	147	152	157	
Other fees and education contracts	194	201	207	214	221	
Research grants/contracts	208	215	221	229	236	
Other income	309	319	329	340	351	
Total	1,386	1,430	1,469	1,506	1,543	

Source: WG forecasts, HESA finance record and student numbers projected forward



86. The tables demonstrate that income to the HE sector continues to increase despite a sustained period of austerity. This financial position confirms the findings of reports undertaken by the Wales audit office and the National Assembly for Wales Finance Committee.
87. In addition, recruitment to Welsh Universities continues to increase and student debt in Wales is substantially lower than for students in other UK countries.
88. Wales is a net importer of students. The latest forecasts show that in 2015-16, £50m more funding will come into the Welsh system than went out in tuition fee grant to institutions outside Wales and this trend is forecast to continue for the foreseeable future.
89. However, despite the increases in overall income to the HE sector, any additional income from non-Welsh students will flow directly to the HEIs and not through HEFCW. This means that as more of what was HEFCW's core funding is now used to cover the cost of higher tuition fees for Welsh domiciled students, HEFCW has less money to distribute to institutions. This change in funding methodology has required a fundamental change to the way in which HEFCW funds the HE sector. Rather than the Funding Council being responsible for distributing around 30% of the sector's funding, this amount will reduce to around 10% in 2015/16.

HEFCW Running Costs:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
2,768	-277	2,491

90. The budget for HEFCW running costs has decreased compared to the baseline budget for 2015-16 by £0.277m. The budget supports the running costs (staff and operational) for the Higher Education Funding Council for Wales.
91. HEFCW have been protected in the past few years from any reduction in running cost budget due to the changing nature of their purpose, from a funding body to overseeing the new regulatory framework introduced in the Higher Education (Wales) Act 2015. Now that the transitional period to the full implementation of the framework in the 2017/18 academic year has begun, HEFCW is in a position to make the efficiencies seen across the public sector in previous years.

92. The change in funding methodology, so that Higher Education income now flows from students rather than HEFCW, means that its role has fundamentally changed. As part of this change we expect HEFCW to make efficiency savings. It is our understanding that HEFCW have significant reserves in their running costs budgets and therefore we do not expect that the reduction will have an impact on their ability to carry out their functions.

For Our Future – Coleg Ffederal and UHOVI BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
30,498	0	30,498

93. The budget supported the University of the Heads of the Valleys (UHOVI) provision, the Coleg Cymraeg Cenedlaethol (the Coleg) and other Welsh Government strategic priorities. As UHOVI has been mainstreamed (following the HE reforms in 2012) the majority of this allocation will be available to funding the activities of the Coleg and for the continuation of projects to fund other Welsh Government priorities.
94. The operation of the Coleg was reviewed at the end of 2014-15. This exercise will be repeated to ensure that the Coleg continues to deliver on its objectives and provides value for money.

Targeted Awards BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
7,004	-707	6,297

95. This BEL supports the implementation of targeted awards and Financial Contingency Funds (FCF's) to provide support for students in genuine need. The budget decreases by £0.707m in 2016-17.
96. Historically, the FCF budget has not been fully spent each year. The FCF allowed institutions to be flexible and accommodate exceptional circumstances for students in need. The reduction will mean a higher level of prioritisation is needed of those students who get support. A small reduction in the annual budget should help to ensure full take up and better value for money in the context of an increasingly challenging financial settlement for Wales.

SLC/HMRC Administration costs BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
8,338	-94	8,244

97. The budget decreases by £0.094m in 2016-17, as a result of MEG transfer to the Invest-to-Save Fund Repayment following the recovery of investments on a transformation programme of the Student Loans Company (SLC) IT systems. The initial investment of £2m will be recovered over a 5 year period and will be funded through efficiency savings in the Company. The Student Loans Company is now providing advice, guidance and the application process for student loans, which was previously carried out by Local Authorities.

Supporting Children, Families and Deprived Communities

Welsh Government Learning Grant BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
422,483	31,100	453,583

98. The Welsh Government Learning Grant BEL, has increased from the baseline budget by £31.1m to £453,583m.
99. A £21.1m transfer in from the Higher Education Revenue BEL, as detailed in paragraph 82.
100. An extra £10m has been provided as part of the budget to meet the increased demands for student support grants from increases in the numbers of students and those that are eligible for support. We have maintained our commitment to provide financial support to students from the lowest household incomes in 2016-17 by retaining the overall level of support available to students.
101. Education Maintenance Allowance (EMA) has a budget allocated for 2016-17 of £23m.
102. This BEL includes demand led statutory student support programme accounts for HE and FE. The budget supports Part-Time Grants and

Fees, Student Loan Company Targeted Grants, Welsh Government Learning Grant and EMA.

103. The Welsh Government has recognised that living costs are a key consideration for students and at a time of austerity and in line with our programme for Government commitment we have managed to increase the total amount of support that is on offer to our students. However, within the context of the constraints imposed on us by the UK Government in recent spending reviews, the increase has been solely to the amount of maintenance loan that is available.

Preventative Spending:

104. Student support for higher learning in the form of the Welsh Government Learning Grant helps to pay living costs, the Tuition Fee Grant helps to meet the cost of fees and targeted awards, such as the Disabled Students Allowance or Childcare Grant, create better life chances for individuals. Higher education qualifications open up employment opportunities and evidence remains strong for a “graduate premium” in relation to pay and life-time earning potential of graduates.

Latest modelling of the costs, affordability and value for money of the Tuition Fee Grant (TFG):

105. The following table illustrates the actual expenditure for the tuition fee grant since 2012-13, 13-14 and 14-15 and the latest forecasts for 2015-16 and 2016-17.

	2012-13 £m	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
TFG paid to Welsh Institutions	46.4	84.3	118.5	152.0	162.4
TFG paid to UK institutions	£.5	47.7	75.8	89.0	94.4
Total TFG payments	62.8	132.0	194.3	241.0	256.8

106. The forecasts are in line with expectations and are within the parameters of the original estimated costs of the scheme. In addition, the tables at para 85 demonstrate that income to the HE sector also continues to increase.

Affordability

107. Reports undertaken by the WAO and the National Assembly for Wales Finance committee have confirmed that the current system is sustainable for the lifetime of this Government. The latest information supports our view that despite austerity, income to the sector has and will continue to increase, recruitment to Welsh Universities continues to increase and student debt in Wales is substantially lower than for students in other UK countries.
108. The Welsh Government has fulfilled its pledge to mitigate the increases in tuition fees forced on Wales by the UK Government.

.Support for the Widening Access policy:

109. Our aim continues to be that access to higher education should be on the basis of the individuals' ability to benefit and not on the basis of what they can afford to pay.
110. Our student support package remains the best in the UK. The non-means tested tuition fee grant encourages participation and ensures that Welsh students are protected from increasing levels of debt. As a result of the policy the debt level of students who live in Wales will be considerably lower than their counterparts in England (estimated debt for Welsh students will be around £17,000 less than their English counterparts).
111. The Welsh Government policy on tuition fees recognises that the choice of institution and course should be driven by individual circumstances not the cost of fees.
112. Reaching Wider is a HEFCW-funded all age long term strategic intervention to social inclusion and widen access to HE that encourages participation from targeted communities and groups in Wales. The Reaching Wider partnerships create new study opportunities and learning pathways to higher education.
113. The Review of Higher Education Funding and Student Finance Arrangements in Wales, chaired by Professor Sir Ian Diamond, commenced in April 2014. In line with the agreed timescales, Professor Diamond has produced an interim report that provides a factual summary of the evidence he and the Review Panel have collected as part of their work. Welsh Government priorities for the Review include widening access – ensuring that any future system has widening access as its core objective, is progressive and equitable.

Educational Attainment

Further Education Provision BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
400,177	0	400,177

114. This BEL includes funding for local authority sixth form provision, Adult community learning (ACL) provision and support for delivery in Further Education intuitions (FEI). We have recognised the contributions to cost savings that the Further Education (FE) sector have achieved in the past few years, including the considerable transformation that they have undertaken.

115. We are therefore protecting FE budgets cash flat within this budget.

The impact of prioritising provision for 16-19 year olds

116. With the prioritisation of provision for learners aged 16-19 (extending above our statutory obligation to 16-18 year olds to account for learners that move from a year of academic study in school before moving to a two year further education course) the impact of budget reductions in 2014-15 and 2015-16 predominately fell in part time provision which is predominantly older learners. However, there was also protection for basic skills and English for Speakers of Other Languages (ESOL) courses.

The impact on part-time adult learning in further education colleges

117. Adult Community Learning (ACL) providers received a reduction of 37.5% in their funding allocations for 2014/15, and a further 2.6% reduction in 2015/16 academic year. As a consequence, ACL providers have been asked to focus their government funded provision on the delivery of adult numeracy, adult literacy, ESOL and digital literacy.

The impact on further education colleges of their 2014-15 and 2015-16 allocations

118. The 2015/16 academic year provision plans have been received and reviewed for each further education college. This gives a better idea of how the provision in Wales is affected by reductions to funding allocations to the 2015/16 levels.

119. The number of planned full time learners in Wales is expected to drop by over 2,000 learners (4.57 per cent) from the 2014/15 to 2015/16 academic year. However this is in line with an expected drop from the demographic trend of number of young people aged 16-19.

120. As expected the impact of the reduction in funding for part time students is much higher. The number of part time hours is set to reduce by around 800,000 hours (21.88 per cent). If the average part time course is around 100 hours per learner, this equates to 8,000 learners, although it's expected that the majority of part time courses ceased will be the shorter courses and hence this number will rise.
121. Information shared by the chair of ColegauCymru Finance Directors shows that the sector is expecting redundancies of around 850 people as a result of reduced budgets for this academic year.

Engagement that has taken place with the sector to discuss their 2016-17 allocations

122. A small working group was convened by officials with the Further Education (FE) Sector to discuss the challenges faced following the announcement of the 2015/16 allocations. The membership of the working group consisted of a mixture of Principals, Finance Directors and Senior Curriculum Managers. Following this, a letter was sent to the sector outlining proposals to help manage those challenges.
123. The Deputy Minister for Skills met all FE Principals and Chairs of Governors on the 6 July 2015 to discuss the challenges FE colleges in Wales. Following this meeting ColegauCymru formed a Creative Solutions Working Group to take forward work to ensure that colleges can respond to these challenges with the active support of Welsh Government.
124. The working group has presented a paper as a basis for further discussion with officials. These measures are intended to create efficiencies while maintaining or improving the experience of students. Officials will review the recommendations and discuss these further with ColegauCymru before offering further advice on each individual recommendation.
125. Welsh Government, through the planning and funding framework engaged with FE Institutions to discuss their plans to ensure the breadth of choice and the quality of learning do not diminish and that providers deliver to Ministerial priorities.
126. Colleges have been encouraged, through Principal and Finance Director networks, that are attended by Welsh Government officials, to complete scenario planning for 2016-17 before the outcome of the spending review was known. A cash flat protection to further education budgets has been applied for the 2016-17 financial year. However colleges still face, and have been planning for, pressures from national insurance and employer pension contributions and general staff pay inflation. The 2016/17 academic year allocations will be calculated and communicated to colleges as soon as possible.

127. Welsh Government officials monitor the financial health of each college at three points each year, including assessing the capacity of institutions to manage cuts, which is reviewed alongside the funding allocations. Each institution is analysed on key profitability and liquidity indicators. Where issues are identified these are discussed with the funding team and the individual colleges. Recovery plans are put in place by the college if required.

Preventative Spending:

128. Provision of post compulsory education for those aged 16-18, accounts for approximately three quarters of the Further Education Provision BEL and is considered to be preventative as young people raise their skill levels and improve their employment chances, reducing the dependency on welfare benefits.

FE Policy and Apprenticeship Policy BEL:

2015-16 Baseline	2015-16 Budget changes and reprioritisation	2016-17 Draft Budget Plans
£000	£000	£000
1,066	0	1,066

129. The budget for FE Policy Development has been maintained for 2016-17. The budget supports strategic projects and quality improvement activities designed to improve the delivery of post 16 learning in Wales. For 2016-17, it will continue to support grant funding to NIACE Cymru, and a data matching and analysis project. It will also support the delivery of a new programme of research into sixth form efficiency and effectiveness as well as pilot programmes in the area of apprenticeships.

Preventative Spending:

130. A number of the activities funded through this BEL have a preventative purpose, including Investing in Quality projects designed to improve the quality of delivery to learners and build capacity in the post-16 sector. The BEL is the only source of funding available to support the post-16 sector in the implementation of government policy (for example, the new Home Office anti-extremism duty on FE institutions, the development of a Governance Code to underpin the Further and Higher Education (Governance and Information) (Wales) Act 2014). It also funds research such as a current programme to look at the efficiency of sixth form delivery and inform options for future reform.

Legislation

131. The budget continues to take account of our current legislative programme. A table setting out the costs for 2016-17, of both previously enacted legislation and anticipated costs of Bills at published RIA stage or enactment, has been published alongside the Draft Budget narrative, Annex D. A more detailed update on the costs of our legislative programme relevant to the remit of this Committee is provided below.

Further and Higher Education (Governance and Information) (Wales) Act 2014

132. The Further and Higher Education (Governance and Information) (Wales) Act 2014 received Royal Assent on 27 January 2014. The Act removes a number of restrictions and controls on FE institutions. There are not expected to be any costs to the Welsh Government in 2016-17 in order to implement the new provisions.

Higher Education (Wales) Act 2015

133. The Higher Education (Wales) Act 2015 (“the 2015 Act”) establishes a revised regulatory framework for higher education in Wales. The new arrangements do not rely on HEFCW providing financial support to institutions under Part 2 of the Further and Higher Education Act 1992 or Part 3 of the Education Act 2005. The new regulatory system will not be fully implemented until the 2017/18 academic year.

134. The 2015 Act makes provision for a transitional period which started on 1 August 2015 and ends on 31 August 2017. Under the transitional arrangements, institutions with fee plans approved under the Higher Education Act 2004 (“the 2004 Act”) will be treated, for limited purposes, as regulated institutions under the 2015 Act during the transitional period.

Implications for institutions during 2016-17

135. The transitional arrangements should not result in new implications for institutions unless they fail to comply with fee limits set out in their approved plans or HEFCW considers the quality of their education to be inadequate or at risk of becoming inadequate.

Implications for HEFCW during 2016-17

136. Certain of HEFCW’s functions have been brought into force ahead of full implementation of the new regulatory system. During the transitional period, the Welsh Ministers will be able to direct HEFCW to provide them with reports on institutions’ compliance with fee limits (either generally or by a particular institution) and/or the quality of education provided by or on behalf of regulated institutions (again, either generally or in relation to a particular regulated institution).

The costs and financial implications likely to impact in 2016-17

137. In many respects, the regulatory system established by the 2015 Act provides for continuity with the regulatory regime established under the Further and Higher Education Act 1992, the Higher Education Act 2004 and the Education Act 2005. Consequently some of the costs of implementing the new regulatory system would have been incurred under the previous arrangements.

138. The implications resulting from the new system of regulatory controls established by the 2015 Act were set out in the Regulatory Impact Assessment prepared for the Higher Education (Wales) Bill at its introduction to the Assembly in May 2014. Current estimates for the costs of implementing the new regime are:

	2016-17 £m
Fee and access plan approval	0.331
Fee and access plan monitoring and evaluation	0.366
Quality assessment	0.434
Financial assurance	0.574
Subordinate legislation	0
Development, training, oversight	0.099
TOTAL	1.804

139. And the incidence:

	2016-17 £m
Welsh Government	0.064
HEFCW	0.199
Institutions	1.541
TOTAL	1.804

UK Legislation

140. We are also involved in monitoring a number of UK Bills, which as a Department we have a specific interest in or may impact on our remit indirectly. These include; the Deregulation Bill; Small Business, Enterprise and Employment Bill; Education (Information Sharing) Bill; Consumer Rights Bill; Childcare Payments Bill and the Crime Justice and Courts Bill. We will continue to work with Whitehall to understand the implications to the Department, including the full budgetary impact, if any. However, at this stage, it is anticipated that any additional costs if there are any will be minimal and can be met from within the MEG if necessary.

Subordinate legislation

141. There are no significant cost implications for the Education and Skills in 2015-16 as a result of subordinate legislation, with any costs of implementation being met from the existing departmental running costs budget.

Impact Assessments

142. An Integrated Impact Assessment (IIA) is attached at Annex 2 to this evidence paper.

143. The assessment covers the equality impact of our spending decisions on the protected characteristics together with the impacts on Welsh Language, Rights of the Child, Tackling Poverty aligned under the umbrella of well-being, as set out in the Well-being of Future Generations (Wales) Act 2015. We have ensured that policies and programmes reflect our commitment to sustainability, by considering investment that we can make now to prevent more expensive action in the future.

Wellbeing of Future Generations(Wales) Act 2015

144. The Future Generations (Wales) Act 2015, introduced in April 2015, puts in place seven well being goals:

- A prosperous Wales;
- A more equal Wales;
- A healthier Wales;
- A Wales of cohesive communities;
- A globally responsible Wales;
- A Wales of vibrant culture and thriving Welsh language; and,
- A resilient Wales.

145. Budgets throughout the Education and Skills MEG have been allocated in terms of maximising their contribution to the well-being goals.

146. Research has shown that people who participate in learning, achieve high levels of education or are in employment are more likely to be engaged in community activities and civil society. It has also been proven that those in work are healthier than those out of work.

147. Providing people with the opportunities to achieve good educational standards and workplace skills supports the creation and sustainability of high quality jobs and employment. This improves the national and international profile of Wales and thus impacts on its prosperity.

148. Furthermore, support continues to be provided to increase the number and percentage of Welsh speakers and increase their confidence, fluency and usage by delivering apprenticeships and higher education through the medium of Welsh or bilingually.

Summary

149. The Education and Skills Draft Budget for 2016-17 is presented to the committee for consideration.

EDUCATION AND SKILLS MAIN EXPENDITURE GROUP (MEG)								
RESOURCE BUDGET - Departmental Expenditure Limit								
SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000	
Education & Training Standards	Literacy & Numeracy	Literacy & Numeracy	8,203	4,776	4,512	4,512	4,456	
		ACTION Total	8,203	4,776	4,512	4,512	4,456	
	Curriculum	Foundation Phase	Foundation Phase	99,080	1,851	1,851	1,851	1,851
		Curriculum & Assessment	Curriculum & Assessment	27,975	22,917	31,555	26,055	10,299
		14-19 Learning in Wales	14-19 Learning in Wales	10,240	-184	0	0	0
		Curriculum Review and Schools Challenge Cymru	Curriculum Review and Schools Challenge Cymru	0	0	0	0	20,400
			ACTION Total	137,295	24,584	33,406	27,906	32,550
	Teaching & Leadership	Teacher Development and Support	Teacher Development and Support	10,772	16,868	15,956	15,956	21,221
		Initial Teacher training	Initial Teacher training	4,685	0	0	0	0
			ACTION Total	15,457	16,868	15,956	15,956	21,221
	Qualifications	Qualifications inc Welsh Bacc	Qualifications inc Welsh Bacc	5,194	7,256	7,903	7,903	8,169
		Qualifications Wales depreciation	Qualifications Wales depreciation	0	44	0	0	0
			ACTION Total	5,194	7,300	7,903	7,903	8,169
	Post- 16 Education	Further Education Provision	Further Education Provision	415,263	400,177	400,177	400,177	400,177
		Work Based Learning	Work Based Learning	93,761	106,808	106,808	106,308	111,308
		Mergers and collaboration	Mergers and collaboration	219	0	0	0	0
		FE Policy Development	FE Policy Development	944	1,066	1,066	1,066	1,066
			ACTION Total	510,187	508,051	508,051	507,551	512,551
	Higher Education	HEFCW-Running Costs	HEFCW-Running Costs	2,768	2,768	2,768	2,768	2,491
		Higher Education Revenue	Higher Education Revenue	330,595	94,473	98,610	98,610	57,510
		Higher Education Receipts	Higher Education Receipts	-2,820	-2,798	-2,798	-2,798	-2,798
		For Our Future - Coleg Ffederal & UHOVI	For Our Future - Coleg Ffederal & UHOVI	32,304	30,498	30,498	30,498	30,498
		HEFCW Depreciation	HEFCW Depreciation	82	82	82	82	82
		ACTION Total	362,929	125,023	129,160	129,160	87,783	
	Education Standards	School Governance	School Governance	0	1,376	1,738	1,738	1,353
		School Standards Support	School Standards Support	2,108	1,362	1,364	1,364	1,394
		School Effectiveness Grant	School Effectiveness Grant	28,275	0	0	0	0
School Improvement Grant		School Improvement Grant	0	142,594	141,021	141,021	134,782	
	ACTION Total	30,383	145,332	144,123	144,123	137,529		
Pupil Deprivation Grant	Pupil Deprivation Grant	69,122	81,902	82,046	82,046	89,246		
	ACTION Total	69,122	81,902	82,046	82,046	89,246		
ICT & Information Management Systems	ICT & IMS Programme	10,505	6,810	6,935	6,935	6,935		
	ACTION Total	10,505	6,810	6,935	6,935	6,935		

SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000
		SPA Total	1,149,275	920,646	932,092	926,092	900,440

SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000
Skilled Workforce	Employment & Skills	Employment & Skills	28,209	26,053	26,290	23,890	22,848
		ACTION Total	28,209	26,053	26,290	23,890	22,848
	Youth Engagement & Employment	Youth Engagement & Employment	18,822	15,960	15,813	15,813	17,214
		ACTION Total	18,822	15,960	15,813	15,813	17,214
	Educational & Careers Choice	Careers Wales	28,300	21,400	20,000	20,000	18,000
		ACTION Total	28,300	21,400	20,000	20,000	18,000
		SPA Total	75,331	63,413	62,103	59,703	58,062
Improving Wellbeing, Reducing Inequality & Increasing Participation	Wellbeing of Children & Young People	Spec. Placements/Students with Learning Difficulties FEIs	11,080	12,010	11,481	11,481	11,481
		School Based Counselling	6	18	80	80	0
		Food & Drink in Schools	3,119	3,070	3,185	3,185	3,230
		Additional Learning Needs	793	1,836	2,786	2,786	2,786
		ACTION Total	14,998	16,934	17,532	17,532	17,497
	Post-16 Learner Support	Welsh Government Learning Grant (was Assembly Learning Grant)	195,778	432,980	422,483	422,483	453,583
		SLC/HMRC Administration Costs	13,731	12,491	8,338	8,338	8,244
		Maintenance Loans Res Budget Prov	106,787	8,616	106,849	106,849	106,849
		Targeted Awards	9,009	7,760	7,004	7,004	6,297
		ACTION Total	325,305	461,847	544,674	544,674	574,973
	Pupil Engagement	Tackling Disaffection	151	320	658	658	658
		Grants for the education of Travellers children	1,044	0	0	0	0
		Minority Ethnic Achievement Grant	9,216	-389	0	0	0
		ACTION Total	10,411	-69	658	658	658
		SPA Total	350,714	478,712	562,864	562,864	593,128
Welsh Language	Welsh in Education	Welsh in Education	21,047	18,549	18,599	18,599	18,681
		ACTION Total	21,047	18,549	18,599	18,599	18,681
	Welsh Language	Welsh Language	5,688	5,125	5,259	5,259	3,964
		Welsh Language Commissioner	3,690	3,690	3,390	3,390	3,000
	ACTION Total	9,378	8,815	8,649	8,649	6,964	
	SPA Total	30,425	27,364	27,248	27,248	25,645	
Delivery Support	Delivery Support	Strategic Communications	-170	3,212	2,972	1,972	2,585
		Education Research & Services	2,013	1,494	1,730	1,730	950
		ACTION Total	1,843	4,706	4,702	3,702	3,535
		SPA Total	1,843	4,706	4,702	3,702	3,535
Education & Skills Resource DEL			1,607,588	1,494,841	1,589,009	1,579,609	1,580,810

SPA	Actions	Budget Expenditure Line (BEL)	2014-15 Outturn £000	2015-16 Forecast outturn as at Period 8 £000	2015-16 Supplementary Budget June 2015 £000	2015-16 Revised baseline £000	2016-17 Draft budget £000
CAPITAL BUDGET - Departmental Expenditure Limit							
Education & Training Standards	Estate & IT Provision	General Support	43,021	43,021	43,021	43,021	43,021
		Strategic Investment	110,809	133,513	130,813	100,813	122,747
		ACTION TOTAL	153,830	176,534	173,834	143,834	165,768
	SPA Total	153,830	176,534	173,834	143,834	165,768	
Education & Skills Capital DEL			153,830	176,534	173,834	143,834	165,768
RESOURCE & CAPITAL BUDGET - Annually Managed Expenditure							
Economic & Social Wellbeing & Reducing Inequality	Post-16 Learner Support	Student Loans Capital AME	356,951	412,726	421,248	449,575	449,575
		Student Loans Revenue AME	-81,317	-315,257	-88,444	-85,376	-85,376
		ACTION Total	275,634	97,469	332,804	364,199	364,199
	SPA Total	275,634	97,469	332,804	364,199	364,199	
Skilled Workforce	Educational & Careers Choice	Careers Wales	12,438	6,000	6,000	6,000	6,000
		ACTION Total	12,438	6,000	6,000	6,000	6,000
		SPA Total	12,438	6,000	6,000	6,000	6,000
Education & Skills AME			288,072	103,469	338,804	370,199	370,199
Education & Skills MEG - SUMMARY							
Resource DEL			1,607,588	1,494,841	1,589,009	1,579,609	1,580,810
Capital DEL			153,830	176,534	173,834	143,834	165,768
Total DEL			1,761,418	1,671,375	1,762,843	1,723,443	1,746,578
Annually Managed Expenditure			288,072	103,469	338,804	370,199	370,199
Education & Skills			2,049,490	1,774,844	2,101,647	2,093,642	2,116,777

Annex 2

Departmental Template: Integrated Impact Assessment (IIA) on the Budget 2016-17

OVERVIEW OF THE PORTFOLIO

The Education and Skills portfolio supports the Minister for Education and Skills, Deputy Minister for Skills and Technology and the First Minister to raise standards and performance in education and skills, and to secure the future of the Welsh Language.

We have taken a holistic approach to education funding. With a projected growth in young people over the medium term, we have recognised the importance of education in raising educational attainment and skills at all levels as being fundamental in contributing to breaking the cycle of disadvantage and inequality and nurturing the future of a thriving Welsh language. We have also recognised that changes to the population coupled with technological and sectoral change requires us to also consider the important role of education in the context of supporting the future of the Welsh economy.

Our vision for the future of education in Wales is that learners in Wales will enjoy teaching and learning that inspires them, in an education community that works co-operatively and aspires to be great, where the achievements of every child and young person are actively promoted.

The achievement of the following strategic objectives will support the realisation of this vision:

- The qualifications young people achieve are nationally and internationally respected and act as a credible passport to their future learning and employment;
- A skilled and employable workforce which stimulates innovation and economic growth at a local and national level, with high quality and valued opportunities for all learners;
- Individuals, families and communities are supported in improving economic and social wellbeing and reducing inequality through education and training.

SPEND PROFILE- RESOURCE DEL

SPA	2015-16 Baseline £'000	Budget changes and reprioritisation £'000	2016-17 Draft Budget Plans £'000
Education and Training Standards	926,092	(25,652)	900,440
Skilled Workforce	59,703	(1,641)	58,062
Improving Wellbeing, Reducing Inequality and Increasing Participation	456,015	30,264	486,279
Welsh Language	27,248	(1,603)	25,645
Delivery Support	3,702	(167)	3,535

There is an overall increase to the Resource DEL of £1.2m. A line by line review of what we spend has been completed as part of the preparations for this budget, including looking at where we can make changes to delivery to be more efficient or effective, and mitigate the impact of budget reductions where they occur.

KEY CHANGES TO SPEND (RELEVANT TO THE ENTERPRISE AND BUSINESS COMMITTEE)

- Higher Education Action – decrease of £41.377m
- Post-16 Education Action – Increase of £5m
- Educational and Careers Choice Action – decrease of £2m
- Post-16 Learner Support Action – increase of £30.299m
- Maintained budgets for further education as cash flat

IMPACTS

Achieving our vision for education and skills will make a major contribution to the Government's ambitions for Wales and the cross cutting themes of Growth and Jobs, Educational Attainment, Tackling Poverty, Supporting Children, Families and Deprived Communities and Health and Well-Being. Underpinning our approach is the central principle of sustainable development, which is defined by long term thinking, prevention, collaboration, integration and involvement. Raising educational attainment and skills at all levels is fundamental in contributing to breaking the cycle of disadvantage and inequality and nurturing the future of a thriving Welsh language.

High quality, accessible education and training is key to ensuring we have the skills and opportunities for current and future generations.

Higher Education Action

Funding for learners in higher education (HE) contributes to the well-being goals and tackling poverty agenda by supporting the creation and sustainability of high quality jobs and employment, encouraging equality of opportunity and encouraging higher levels of effective participation in society. Support for Welsh medium HE is provided through Coleg Cymraeg Cenedlaethol.

The reductions to the budget will be implemented from 1 April 2016. Whilst responsibility for the distribution of the Higher Education Funding Council Wales' (HEFCW) resources lies with the Council, the Minister for Education and Skills will issue an annual remit letter outlining Government priorities. This is expected to retain the focus on strengthening jobs and growth in Wales, requiring institutions to work harder to further improve equality and equity in widening access to HE (and thereby make an important contribution to tackling poverty and improving the outcomes of those living in low income households) and to ensuring a sustainable and successful long-term future for HE in Wales.

We will seek a collaborative approach to mitigate consequences and are also making significant additional investments in the research capacity of HE sector through Sêr Cymru, making use of EU programme and structural funds. This recognises the role of science in innovation and technology development linked to economic growth and creating jobs. Despite the reduction in HEFCW's overall budget this will be balanced by an increase in the student support budget within the Welsh Government.

Overall, income to the HE sector in Wales is forecast to increase as the full impact of the tuition fee reforms continue to be phased in. Since 2015-16 there has been an expectation that institutions will use some of this additional fee income to support vulnerable students, including those living in deprived communities and low income households. In their remit letter for 2015-16 HEFCW have been asked to monitor and provide assistance to institutions as they develop their plans.

It is possible that the proposed budget reductions could have an adverse impact on some protected groups, including those from disadvantaged backgrounds. We have been very clear that our tuition fee policy is an investment in the young person and that the choice of institution and course should be driven by individual circumstances not by the cost of fees. This will impact positively on people no matter their ethnicity, gender or background, providing a route out of poverty.

HEFCW undertakes its own impact assessments of funding proposals and the methodology for distributing the funds available. However, institutions may argue that reductions in the funding provided by HEFCW may impact their ability to implement programmes to support vulnerable students.

The majority of university students are female and the impact of any cuts would therefore be felt disproportionately by this protected group. In particular any adverse impacts felt by the Open University would have a particular impact on women, given their predominance in part time study. Whilst a Ministerial remit letter will confirm that part time learning remains a priority for the Welsh Government, the allocation of the funding available is a matter for HEFCW. In line with previous independent reports, income to the HE sector overall is forecast to remain buoyant despite reductions in direct HEFCW grant funding.

Welsh Government has had informal discussions with stakeholders to assess the possible impact of these cuts on people with protected characteristics and those living in poverty. These include discussions with HEFCW and with the Vice Chancellors of all institutions in Wales.

Welsh Government will continue to work collaboratively with partners to improve the way we deliver and monitor the outcomes of policies to minimise the impact of budget cuts on education and skills services in Wales.

Evidence – for transfer

Student finance modelling is monitored, scrutinised and agreed at the Student Support Forecasting Users Group (SSFUG) which is made up of HE policy leads, HE statisticians, and HEFCW officers. SSFUG meets every other month or more frequently if need arises. Student finance models are informed by recognised data sources used by both WG and HEFCW - HESA and UCAS statistical releases as well as trends analysis provided by the Student Loans Company. SLC data is scrutinised by the joint WG/SLC Challenge Group.

In arriving at the level of tuition fee grant to be transferred, the Welsh Government meets regularly with HEFCW to scrutinise and challenge their respective assumptions on future demand. In determining other policy changes which might impact student finance modelling policy leads conduct a stakeholder engagement exercise which forms part of the legislative process. The Student Finance Wales Information Notice, containing details of the proposals, is published for comment on the internet and sent to a wide range of interested parties and stakeholders.

Assumptions on future student numbers, eligibility and demand are based on recognised data sources used across government and the HE sector, as mentioned above. The possible impact on institutional income has also been considered. Latest forecasts for income have been derived from WAO forecasts, HESA Finance Record and student numbers forecasts. HESA data shows a small but steady increase in the number of students entering higher education with a net increase in the numbers studying at institutions in Wales.

Income to the sector in Wales from all sources is forecast to increase steadily until 2020.

Eligibility for student support is determined through regulations which are made annually. The student support package available to students in the academic year 2016-17 has been dealt with via a separate legislative process and a separate EIA has been produced.

Post-16 Education Action

Evidence shows that those who participate in learning are more likely to be engaged in community activities and civil society. Promoting and supporting post 16 has a direct impact on health and well-being and encourages equality of opportunity for those groups who may otherwise have faced barriers to engagement.

In recognition of the importance raised by BAGE that education delivers to addressing inequality to employment and skills and tackling poverty we have increased protected post 16 education and through our 2014 budget agreement we are allocating £5m to enable continued support for around 2,500 apprenticeships. We have gone further and committed an additional £5m to fund a new cohort of 2,500 apprenticeships in recognition of the value of this work based learning as identified by BAGE.

Through our decision to provide a cash flat settlement for post 16 education, we have recognised the impacts on tackling poverty and socio-economic disadvantage and committed to realising our ambition of seeing as many learners as possible, including those from protected groups, able to get the skills they need for the workplace. Part of the budget includes provision for Welsh medium education.

Post 16 education makes a significant contribution to tackling poverty by increasing the skill levels of the Welsh workforce. Post 16 education and training such as apprenticeships are important in meeting the challenge of reducing NEETS, and reducing the number of NEETs is central to our Tackling Poverty Action Plan.

Educational and Careers Choice Action

Careers Wales provides a bilingual and impartial careers information advice and guidance service, on an all Wales, all age annual service remit. It provides services to young people who are at risk of disengagement from education and training, thereby helping to prevent them from becoming NEET.

It is important that we strike a balance between provision of post 16 education and the opportunity for access to higher education. Certain black and minority ethnic (BME) young people and disadvantaged young people are more likely to end up in poverty if they are not in employment, education or training

(NEET). Post 16 education and training such as apprenticeships are important in meeting the challenge of reducing NEETS, and reducing the number of NEETs is central to our Tackling Poverty Action Plan

The reduction to the funding for Careers Wales will have a number of potential impacts, meaning that there will need to be a change to the Annual Remit for 2016-17. Statutory service provision of Careers Information Advice and Guidance (CIAG) to school children and those in Further Education Institutions will remain core provision.

The affected client group is all users of Careers Wales services. Young people aged up to 18 years are the primary client group for Careers Wales service provision. The potential negative impact on the 18 – 24 client group is identified, as this particular age group does not benefit from other Welsh Government programme funding as per unemployed adults aged 25 plus, or those clients who are redundant.

All areas other than those identified as core statutory delivery ie services to young people in schools and FE colleges / unemployed 16 and 17 year olds, will be under increased financial pressure and potential reduction in services. Individuals with protected characteristics will continue to be provided with Careers Wales services and support as required under legislation. There is not expected to be a disproportionate impact on people with other protected characteristics.

In order to mitigate the impact of budget reductions a key focus will continue to be on improving and enhancing the delivery of core services via the website, telephone advice line, web chat and social media channels which are available to all, although this may have a disproportionate impact on poorer or disabled people with less access to IT. There is no impact on Children's Rights as careers advice and guidance will still be available to all, albeit in a different format.

Reducing the core budget will require Careers Wales to further reduce the staffing levels within the organisation. This will impact primarily on the quantity of face to face guidance services delivered to young people in schools and colleges, and to adults.

Careers advice encourages people into work; this has a positive impact on the economy and on well-being. Certain black and minority ethnic (BME) young people and disadvantaged young people are more likely to be not in employment, education or training (NEET), therefore there is a potential impact on these groups.

Careers Wales will continue to provide a bilingual service, therefore there is no impact on the Welsh language. Advice is given on Welsh language provision and local labour market needs, including jobs where there are opportunities to use the Welsh Language.

Discussions have been held around the range, extent and depth of provision provided by Careers Wales to its core and other client groups as part of the regular contact with the senior management team, to ensure suitable and quality performance delivery.

Welsh Government remains committed to safeguarding the delivery of a national, impartial careers service for young people and adults across Wales.

Evidence

The evidence base consists of the ongoing performance reviews of the activities delivered in the current financial year, as identified in the annual remit letter to Careers Wales from Welsh Government. This also includes the annual business plan for 2015-16.

Providers of careers services are required to have equality and diversity policies and to demonstrate, through self assessment and supporting evidence, that they are implementing the policies, monitoring participation by and support for minority groups, and evaluating their own responsiveness. Careers Wales has its own Equality and Diversity Policy and Action Plan which will need to be reviewed and updated to take account of the proposed budget reduction for 2016-17.

Post-16 Learner Support Action

Students at higher education institutions have access to a range of support including grants and loans. We are continuing to provide tuition fee loans and means tested living cost grants. An increase in the budget for student grants has been made due to an expected rise in demand as student numbers increase and in some areas households incomes are falling, so more are below the threshold levels for grant support. The provision of grants and loans supports all learners but has a disproportionately positive impact on those from deprived backgrounds as some grants are means tested.

In light of the growing financial pressures, we commissioned Professor Ian Diamond to undertake an independent review of higher education funding and student finance arrangements in 2014. A key priority of the review is to consider the long-term financial sustainability of the Higher Education system. The findings of this review will be published in 2016 and will help inform the next steps for higher education funding in Wales. In the interim, we are allocating an additional £10m in recognition of the pressures on student support for 2016-17. This will enable the continued delivery of our tuition fees commitment.

CONTINUOUS IMPROVEMENT

We are committed to ensuring that all budget decisions are made with reference to the strategic integrated impact assessment of the Draft Budget. Preparation for both the 2014-15, 2015-16 and 2016-17 budget rounds has enabled us to give full consideration to socio-economic disadvantage, children's rights, Welsh language and sustainable development, in addition to

the focus on equality and tackling poverty This will be used to inform future decisions on budgets throughout the year and for the first budget of the next assembly term.

Integrated impact assessments are considered as part of all relevant ministerial decisions. The department will be strengthening its guidance on impact assessments and their relevance to different types of advice that is submitted to Ministers through ministerial advice in line with developments from Welsh Government central teams.

Agenda Item 4.2

Document is Restricted

**Memorandum on the Economy, Science and Transport (EST)
Draft Budget Proposals for 2016/17**

Enterprise and Business Committee – 14 January 2016

1.0 Introduction

This paper provides information on the EST budget proposals as outlined in the 2016/17 draft budget announced on 8 December. It does not cover the budget detail relating to culture and sport. The Deputy Minister for Culture, Sport and Tourism is addressing these areas at the Communities, Equality and Local Government Committee on 21 January.

2.0 Summary of Budget Changes

In overall terms, the 2016/17 budget allocations to support EST (excluding Annually Managed Expenditure (AME)) have increased by £60.538m when compared to the revised baseline 2015/16 Budget. This movement is made up of a revenue decrease of £18.946m and an increase of £79.484m to the capital allocation, as shown in Table 1 below.

TABLE 1: OVERVIEW OF THE BUDGET

	2015/16 Baseline Budget £'000	2016/17 Changes £'000	2016/17 Draft Budget £'000
Revenue			
Economy & Science	87,425	(18,794)	68,631
Transport	305,441	(152)	305,289
Total	392,866	(18,946)	373,920
Capital			
Economy & Science	67,647	32,000	99,647
Transport	194,349	47,484	241,833
Total	261,996	79,484	341,480
Non Cash	110,000	0	110,000
Total	110,000	0	110,000
AME	34,954	0	34,954
Total Managed Expenditure	799,816	60,538	860,354

A reconciliation of the changes from the 2015/16 Supplementary Budget and the 2015/16 Baseline Budget is provided at **Annex A**.

2.1 Revenue

Through this Draft Budget the Welsh Government has maintained the commitment to Universal Benefits. For EST this means that the Concessionary Fares Scheme has been protected at 1 per cent above changes to the Welsh

DEL overall. Also protected is the allocation of £9.750m for the Young Person's Discounted Bus Travel Scheme, in line with the two year package of measures agreed with the Welsh Liberal Democrats in the 2014 Budget Agreement.

Consequently, revenue savings have been identified across non protected areas of the EST MEG.

The decrease in revenue of £18.946m is explained as follows:

a. Additional priority allocations - £5.848m

- Concessionary fares – £1.098m, a 1% uplift above changes to the Welsh DEL as a commitment to Universal Benefits; and
- Young Persons' Discounted Bus Travel Scheme - £4.750m (Year 2 Budget Agreement).

b. Budget Changes and Reprioritisation – (£24.794m)

- 2016/17 reduction of £23.794m managed primarily with reprofiling and prioritisation of programmes, using our core budget to optimise European Funding and revenue from the management of the property portfolio; and
- Repayment of Invest to Save funding of £1m for the Public Sector Broadband Aggregation project.

In shaping our spending plans we have looked to minimise the impact of reductions on public services and growth and jobs. The largest part of the Department's budget is Transport, and, as in previous years, the opportunity to find savings in this area is limited, without compromising public transport services and the health and safety of road users. However we continue to work with our service providers to achieve more for less, as demonstrated for example, by our work with the Trunk Road Agents¹. In maintaining the resilience and serviceability of the roads network, our commitment to long term, spend to save investment has afforded the release of revenue in favour of capital expenditure.

Although the majority of revenue savings have been found within the Economy and Science budgets, we have sought to identify more operational efficiencies across our activities, and optimise European Funding and other income to maintain our level of direct support to business. In doing do, we have cushioned the impact of the reductions to sustain our priority for growth and jobs. Finance Wales continues to provide significant access to finance for SMEs through a broad offering of lending opportunities.

2.2 Capital

This Draft Budget includes additional capital funding of £54.484m and financial transaction funding of £25m as set out in Table 2 below.

¹ Reference 5.1 (c)

It is anticipated that further allocations will be made in 2016/17 for strategic projects in line with the Wales Infrastructure Investment Plan.

There is an increase in the capital budget of £79.484m for priority areas as detailed in the Table 2 below:

TABLE 2: 2016/17 Capital Allocations

Action	Traditional Capital £'000	Financial Transactions £'000	Project
Sectors	2,700		Northern Gateway Highway Infrastructure Works
	1,300		Llangefni Link Road, Phase 2
	3,000		Strategic projects supporting enterprise zone delivery
		5,000	JEREMIE Successor Fund
		3,000	Wales Micro Business Loan Fund
		10,000	Business Growth SME Fund
		7,000	Cardiff International Airport Ltd
Road & Rail Schemes	6,000		A487 Dyfi Bridge
	21,434		Capital investment in roads infrastructure
Motorway and Trunk Road Operations	20,000		Capital Investment for the network
	50		Hafren Theatre signage – Newtown Bypass
Overall Total	54,484	25,000	

The increase to the Economy and Science budget supports the continuation of funds within Finance Wales and the creation of a new fund which will provide repayable assistance to business. These important investments will ensure that there is flexible and competitive finance that is accessible in the market place.

Additional capital is also provided to Cardiff International Airport which will help grow inward investment through access to markets, employment, education and services. This is the remaining £7m of the £10m package previously announced for Cardiff International Airport route development. There are also specific allocations which will facilitate increased investment and job creation within Enterprise Zones.

The increase to the Transport capital budget supports roads maintenance, construction and improvement as part of the delivery of the National Transport Finance Plan 2015.

The affordability of EST capital programmes in future years will continue to be a key issue in the context of competing priorities. We will continue to adopt a preventative spend approach, evaluating the long term benefits and outcomes

of our strategic investments to maximise economic benefits and improve public services.

Innovative finance and other opportunities to boost our financial resource are an increasingly significant factor in our ability to deliver results. The Department has a good track record of securing other funding sources such as the European Commission, UK Government and the private sector and we will continue to seek ways to lever in additional funding.

The Budget Expenditure Line tables attached at **Annex C** provide a full breakdown of the Department's revenue and capital budgets.

The EST MEG also includes a budget allocation for AME, which provides cover for charges that are outside the control of the Department, such as impairments on the property portfolio, joint ventures, investments and the roads network.

3.0 STRATEGIC INTEGRATED IMPACT ASSESSMENT

The impacts of our key budget decisions are included at **Annex B**.

4.0 ECONOMY & SCIENCE

4.1 Programme for Government Commitments

Our 2016/17 spending plans are aligned to match our strategic objectives which encompass the commitments made in the Programme for Government. We have also aligned our activities to the seven goals of the Well-being of Future Generations (Wales) Act 2015. See **Annex D**.

Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act.

The annual update of Programme for Government achievements and outcomes was published in June 2015 and can be found on the Welsh Government internet site: <http://wales.gov.uk/about/programmeforgov/?lang=en>

The Annual Statement on Supporting Business and the Economy can be found here: <http://gov.wales/topics/businessandconomy/how-we-support-businesses/annual-statement-support-to-business-15/?lang=en>

4.2 Key Policies

Additional information has been provided in response to the specific areas highlighted by the Committee as follows:

a) Access Broadband Cymru Scheme

The current grant scheme is aimed at providing assistance for eligible residential and business premises in Wales to purchase a broadband solution with minimum download speeds of 2Mbps. The scheme was initiated to assist in

eradicating broadband 'not spots' in Wales and to support those premises that will not receive access to next generation broadband services through the Superfast-Cymru project nor the commercial roll out of broadband services by the market. Since July 2010, this successful scheme has awarded 6,279 grants. The actual costs of installation and the numbers of support provided to residents and business is monitored and subject to rigorous verification procedures.

In addition the Ultrafast Scheme provides support to SMEs in the Enterprise and Local Growth Zones that have a requirement for Ultrafast Speeds. The scheme provides for up to a maximum grant of £10,000.

Work is being undertaken to review and update the schemes. The ICT Infrastructure capital funding of £16.304m is available for priority connectivity schemes.

b) Superfast Cymru

By the end of 2017, Superfast-Cymru will provide the majority of businesses and residential premises with the capability of accessing broadband download speeds of at least 30 Mbps – this exceeds the EU's target of wide-spread Superfast broadband access by 2020, which will make Wales one of the most broadband capable countries in the world. The extension includes additional premises which had been identified in the commercial roll out area in the Open Market Review that had been undertaken in 2014. Capital funding of £16.304m, which levers in additional European funding, is allocated to deliver the range of connectivity schemes within ICT infrastructure.

There are strong governance arrangements in place to monitor and evaluate delivery. Throughout the life of the contract a testing and verification process has been carried out by third party contractors to ensure that only the premises that have reached the required superfast speeds are included in any claims made for payment by BT. This process also gives assurance that the minimum infrastructure required achieves the projects objectives. It is expected that the costs for this for 2016/17 will be in line with costs currently being charged for 2015/16 which are £461k.

External auditors have been appointed to audit the expenditure that BT is allocating to the project. Both these processes ensure that BT only claims for costs associated with the Wales Superfast Project. Based on current costs incurred for audits undertaken, it is anticipated that this could cost circa £250k in 2016/17.

c) City Regions

The Cardiff Capital Region and Swansea Bay City Region Boards have made good progress, creating a unity of purpose around shared ambitions for growth in the regions.

The Boards have met regularly, holding meetings across their regions and discussions with a variety of stakeholders and experts to evaluate proposals. They are continuing to work on promoting major projects where regional

alignment and collaboration bring added value, including having an input into evolving City Deal discussions. Individual collaborative projects will be considered in line with department funding priorities.

An update on next steps for both city regions was announced on 11 December 2015 and are available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/swanseabay/?lang=en>
and

<http://gov.wales/about/cabinet/cabinetstatements/2015/cardiffcapital/?lang=en>

d) Enterprise Zones

The Enterprise Zone Boards, which have a strong private sector representation, have effectively prioritised the investment in property and infrastructure to help businesses thrive in the future. Capital proposals are supported by feasibility studies / business cases and opportunities to lever in additional funding are always part of the evaluation.

In 2016/17 there additional capital allocations in line with the Wales Infrastructure Plan to support sustainable job creation as follows:

i. Northern Gateway Highway – £2.7m (2015/16 £1.2m)

The investment will support a main arterial highway network coupled with flood defence works, opening up the largest private sector led development in North Wales particularly in advanced manufacturing and technology sectors. The employment facilities have the potential to accommodate up to 5000 jobs.

ii. Llangefni Link Road – £1.3m (2015/16 £1.5m)

The construction of the link road will facilitate increased investment and employment creation by increasing road capacity, connecting Coleg Menai and Bryn Cefni Business Park with A5114 and A55 and improve traffic management in the town centre.

iii. Strategic Projects - £3m

The funding assists in responding to investment opportunities.

Reports on Enterprise Zone performance and outputs (KPIs) are published twice annually. The first report in 2015/16 is available:

<http://gov.wales/docs/det/publications/151203-ezw-kpi-mid-en.pdf>

e) Local Growth Zones

In 2016/17 the regional engagement budget of £0.263m supports the local growth zone strategy and initiatives detailed below. Reports from the Task and Finish Groups in both Powys and the Teifi Valley have provided wide ranging recommendations which cut across a number of Ministerial portfolios. A

number of actions are being taken forward in collaboration with local authorities and the private sector.

i. Powys Local Growth Zone Initiatives

- The Severn Valley EFFECT project (Sirolli model) supports a community facilitator to promote an enterprise culture and encourage self employment as a career path.
- In Llandrindod Wells a business-led group has developed an action plan to address the future economic viability of the town. Welsh Government funding supports a Town Champion to drive forward key priorities.

The delivery of Newtown bypass is integral to the development. An additional capital allocation of £50,000 has been made for Hafren Theatre signage.

ii. Teifi Valley Growth Zone Initiatives

- Raising awareness locally and adopting a more proactive approach to business and people development.
- Implementation of a Welsh Language Pilot project engaging initially with four workshops in Cardigan, Llandysul, Newcastle Emlyn and Lampeter to identify how the use of the Welsh language can benefit the local economy.
- Evaluating broadband connectivity to exploit digital business opportunities, particularly important for entrepreneurs working with the Welsh language.

f) Business Improvement Districts (BID)

Funding of £203,000 was announced in January 2014 to support the development of nine BID proposals in Wales. It was a joint initiative with Homes and Places. BIDs are developed, managed and paid for by the commercial sector by means of a BID levy in partnership with the local business community. Therefore there are no additional allocations for 2016/17.

The BID areas were Bridgend, Caernarfon, Bangor, Llanelli, Pontypridd, Neath, Aberystwyth, Abergavenny, Pant and Merthyr Industrial Estates and Colwyn Bay. Although the programme originally covered nine areas, the Caernarfon and Bangor BID was later split into two.

Ballots in Llanelli, Colwyn Bay, Caernarfon, Bangor and Neath have taken place this year and were successful. A ballot held in Abergavenny ballot in July was unsuccessful. Outside the Welsh Government programme, BIDs are also in place in Newport, Swansea and Merthyr Tydfil and interest is currently being shown in the development of a BID in Cardiff.

A further four BID ballots under the Welsh Government BID programme are planned. These are: Aberystwyth, Bridgend, Pant & Merthyr Industrial Estates and Pontypridd. Any costs will be funded from the residual expenditure.

g) Wales Economic Growth Fund

There is currently no allocation for the Wales Economic Growth Fund in 2016/17. An update is available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/economicgrowthfund/?lang=en>

There are additional capital allocations for funds to support businesses detailed in Table 2.

h) Business Rates

Business Rates were devolved to Wales in April 2015. Since this time, we have been focussed on ensuring a smooth transition and maintaining a competitive rates regime in Wales. An announcement to extend the current Small Business Rates Relief Scheme for a further 12 months was made on 9 December 2015. The details are available at the link below:

<http://gov.wales/newsroom/businessandconomy/2015/10782870/?lang=en>

This will reduce the overall Non Domestic Rates payments for small businesses in Wales by around £98m in 2016/17.

In assessing value for money, the success of the Department led business rate schemes are monitored against the number and type of businesses receiving relief and the numbers of premises refurbished or created. Decisions about schemes to be introduced in Wales in 2016/17 will be made following the publication of the Draft Budget.

i) Export Support & Inward Investment Support

In 2016/17 £1.892m has been allocated to support trade and inward investment. This core budget levers in European funding for international trade development. Whilst a key aim for inward investment is to increase the stock of overseas-owned companies in Wales through winning new investments and , re-investments, expansions have played, and will continue to play, a major role in our overall inward investment results.

For trade performance an evaluation of value for money is measured by the value of new export business secured by the companies that we have supported. In 2014/15, new orders worth £52m in new business were reported. This was a return on investment of over 25:1 on net programme expenditure. We would expect to exceed this level of return on investment in 2015/16 and 2016/17.

Inward investment activity is delivered with events, sponsorships, seminars and research subscriptions. It also includes support for inward visits from visiting

dignitaries, other government organisations and inward investors. The outcomes are monitored closely in terms of delivering value for money. Each spend is justified against a detailed business case.

UKTI's annual report for 2014/15 shows that the number of inward investment projects attracted to Wales was a record, surpassing 100 projects for the first time. The rise in project wins, building on previous years' successes, represented just over 5% of the total number of foreign direct investment projects for the UK, and promised the creation of over 5,000 new jobs (just over 6% of the UK total).

Our export support programmes already comply with the Welsh Government's standards for equality, sustainability and Welsh Language and therefore these issues have not influenced budget allocation. Inward investment activity that is taking place outside of Wales has been granted an exemption under the new Welsh Language Standards. Therefore, the new Standards will not incur additional expenditure when producing literature for external markets.

j) Support for Social Enterprise

In taking forward the recommendations of the Welsh Co-operative and Mutuals Commission Report the Welsh Government provides around £764,000 per annum to support the development of this sector in Wales. This provides match funding for the European project and funding for the social enterprises. This is supplemented by the Welsh Government funded "Is the Feeling Mutual? New Ways of Designing and Delivering Public Services in Wales" report published in July 2015. A report to review the steps that have been taken to implement the recommendations of the Welsh Co-operative and Mutuals Commission is expected shortly.

Three year contracts are in place with the Wales Co-operative Centre and Social Firms Wales, both are specialist social enterprise support and membership organisations. Grant management and monitoring procedures are in place. To ensure that the organisations continue to align to the Welsh Government's objectives, officials have commenced further value for money reviews to help inform future funding, policy objectives and targets. The reviews will be completed by end February 2016.

The Welsh Government and ERDF supported Social Business Wales Project (SBW) operates alongside the EU funded Business Wales service. The project will provide specialist business support to around 500 social businesses including co-operatives, employee owned companies and social enterprises which have ambitions to grow. This could involve transforming a traditionally owned business or public service to an employee ownership model which may or may not involve the transfer of a community asset. It will also aid Charities to establish trading arms to take forward commercial ideas. There is also online support available including case studies and events via Business Wales and Social Business Wales: www.business.wales.gov.uk and www.socialbusinesswales.gov.

The Welsh Government is currently working with the Wales Co-operative Centre and WEFO to agree a long term evaluation process for the SBW project.

k) Partnership for Growth 2013-2020 - Tourism Strategy

Partnership for Growth was launched in June 2013 and identified the potential to grow trips and spend from the GB domestic market up to 2020. Total spending in Wales by staying visitors during the last 2 years is ahead of the Partnership for Growth target to grow real earnings by 10% by 2020.

The strategy also identified the opportunity to grow international visitors and spend to Wales – by benefiting from the potential increase in visitor numbers (40m by 2020) identified by Visit Britain. Latest available full-year figures (for 2014) indicate that there has been encouraging growth in international visitors coming to Wales over the last two years; again on target to achieve the strategy aims - trips to Wales by international visitors have increased by 9% since 2012 and spend on these trips by 6%. This reverses the pattern of falling trips by international visitors to Wales prior to 2012.

The Tourism and Marketing budget is £12.262m and supports promotional activity and capital investment.

A detailed update on second year activities and monitoring against the tourism strategy and its related framework action plan is on the Welsh Government website:

<http://gov.wales/topics/tourism/development1/partnershipforgrowth/?lang=en>

An update on the economic benefits of tourism and an indication of the progress of the strategy in Wales is available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/economicbenefittourism/?lang=en>

l) Priority Sectors

The objectives of the priority sectors are determined by the sector panels and have been published in the sectors delivery plan available from:

<http://wales.gov.uk/docs/det/publications/130125deliveryplanen.pdf>.

The key indicators for jobs and growth are monitored closely to ensure that expenditure is maximised in delivering on Programme for Government Commitments. In 2014/15 we supported over 38,000 jobs across Wales. This was a continued improvement on the 37,000 achieved in the previous year. A wide range of indicators are used to measure delivery by the operational areas which include a combination of activity and results. They have been developed to meet the requirements to provide a core key indicator set for use across all operational areas, to be compliant with any WFO regulations when European funding is utilised and to provide local indicators for individual business areas.

Welsh Government has published statistics at a macro economic level which includes data on Gross Value Added (GVA), employee jobs, hourly earnings by

gender, employment by qualification level and some statistics at a local authority level:

<http://wales.gov.uk/statistics-and-research/priority-sector-statistics/?lang=en>

The investment in our nine key sectors has been prioritised and aligned to delivery to enable targeted investment and capacity building initiatives that, together, will create a sustainable business environment. Detailed delivery updates are included in the “Supporting Business and the Economy Annual Statement 2015”.

The priority sector revenue and capital budgets are detailed in the Budget Expenditure Line tables attached at **Annex C**.

m) Science for Wales & Ser Cymru Programme

The Chief Scientific Advisor for Wales updated the Committee on Science, Research and Horizon 2020 on 25 November 2015.

Recognising the commitment to world class research and innovation and the importance of creating long term benefits £7.2m has been allocated to Science in 2016/17. The Annual Reports for 2014/15 sets out progress made on delivering the Science for Wales strategy and is available at:

<http://gov.wales/topics/science-and-technology/science/?lang=en>

There is a strong collaborative approach to ensure the long-term sustainability of new research capacity. The new Sêr Cymru II is funded by core budgets and matched by universities, European funding and the competitively awarded Marie Skłodowska Curie COFUND Horizon 2020. This is an example of the kind of cooperation, integration and long-term thinking that is typified by a sustainability approach. The full details are in the announcement on 15 November which is available at:

<http://gov.wales/newsroom/science-and-technology/2015/151109-sercymru/?lang=en>

Value for money in the long term will be assessed by the increased grant funding generated by the Ser Cymru activities in terms of successful bids to the Research Council, Innovate UK and European monies (Horizon 2020 and European Research Council).

n) Welsh Language and Economic Development Task and Finish Group

The Welsh Governments response was published on the 6 August 2014.

<http://gov.wales/docs/det/report/140717-welsh-lang-economic-dev-response-en.pdf>

The Welsh Language Standards were approved on 24 March 2015 and will be implemented from the end of March 2016. They set out the consistent level of Welsh Language services that members of the public can expect to receive

from organisations in Wales. The associated costs are embedded in service delivery and a number of initiatives such as the Teifi Valley Local Growth Zone continue to build on existing good practice for positive outcomes in relation to both the language and the economy.

Another important development is with regard to the Swansea Bay City Region Board. The Egin Project (S4C) has been strongly endorsed by the Board, together with the European funding bid from University of Wales Trinity St Davids. We are up-scaling marketing and communications activity in the New Year with a new website and the establishment of a digital marketing suite. As part of this exercise we are keen to highlight best practice examples of use of the Welsh language in business across the region.

Business Wales has increased marketing and communications activity such as the Golwg & Papurau Bro publications and national radio advertising which saw a 39% increase in visits compared to 2013/14 to busnes.cymru.gov.uk.

The language consolidates the identity of Wales which is important in the development of the Wales brand. During the NATO Summit Wales 2014 a central theme of “O Gymru / Wales Made” was promoted. The UK Investment Summit Wales 2014 in November 2014 was fully bi lingual and recognise that this is important in giving all guests a sense of place.

We will continue to evaluate our delivery and reinforce that the Welsh language is integral in creating a stable and favourable business environment, promoting skills and investing in economic infrastructure including transport and communications.

o) A Development Bank for Wales

Finance Wales are taking forward the recommendations of the Task and Finish Group, chaired by Professor Dylan Jones-Evans in establishing a new Development Bank for Wales (DBW). The Group felt that the creation of the first public regional development bank in the UK could create further growth within the Welsh economy. Gareth Bullock has recently been appointed as Chair for Finance Wales and will lead on this important area of work.

A recruitment process is underway to appoint a new Chief Executive for Finance Wales. We have a robust process in place to monitor and evaluate the organisation, and would adopt similar processes to monitor and evaluate a DBW. The Finance Committee conducted an Inquiry into Finance Wales in 2014. The issue of openness and transparency was a key theme. As a result, Finance Wales has implemented major improvements to their website, where performance information, and annual reports and accounts are now readily accessible. This would be continued in relation to a DBW and enhanced to ensure the remit is also published online.

4.3 Preventative Spending

The entire budget for Economy and Science aims to strengthen the conditions that will enable business to create jobs and sustainable economic growth. The Well-being of Future Generations (Wales) Act 2015 is integral to our approach

in ensuring Wales becomes more prosperous, resilient, healthier, fairer and more equal society.

The approach of prevention in acting to prevent problems from occurring or getting worse has continued to underpin our decision making. The Draft Budget promotes a more holistic understanding of the issues across service areas. There is evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales.

5.0 **ECONOMY & SCIENCE - FUNDING OF SPENDING PROGRAMME AREAS**

The 2016/17 proposed total budget for Economy and Science has increased by £13.206m when compared to the 2015/16 Baseline Budget (excluding Annually Managed Expenditure).

This includes a decrease to the revenue budget of £18.794m and an increase in the capital budget of £32m as detailed in the table below:

	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Revenue	87,425	(18,794)	68,631
Non Cash	1,309	0	1,309
Capital	67,647	32,000	99,647
Total	156,381	13,206	169,587

5.1 **Sectors & Business**

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Sectors and Business	Revenue	49,215	(12,110)	37,105
	Capital	46,133	47,394	93,527
	TOTAL	95,348	35,284	130,632

The Sectors and Business budgets are key to delivering against the Programme for Government areas for growth and sustainable jobs, tackling poverty and education and equality of opportunity. The total budget of £130.632m supports delivery in the Priority Sectors, Entrepreneurship, Trade and Inward Investment and Enterprise Zones.

There is a decrease in the revenue budget of £12.110m, as £10.115m and £1.995m have been transferred out to other actions for the realignment of budgets in line with priorities and delivery.

There is a net increase of £47.394m in the capital budget for:

- additional allocations to priorities of £32m (Table 2); and

- £15.394m transferred from other actions for the realignment of budgets to support projects in delivery.

5.1.1 Legacy SIF

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Legacy SIF	Revenue	1,203	357	1,560
	Capital	10,325	(5,875)	4,450
	TOTAL	11,528	(5,518)	6,010

This budget supports the remaining contractual commitments under the legacy SIF/RSA schemes to honour grant offers to Welsh based companies provided that conditions and targets for growth and jobs have been met.

The revenue increase of £0.357m funds the delivery of the Airbus training project. The reduction of £5.875m in the Capital budget reflects the reducing level of commitment as projects are completed.

5.1.2 Sectors

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Sectors	Revenue	37,692	(6,378)	31,314
	Capital	35,808	53,269	89,077
	TOTAL	73,500	46,891	120,391

The budget supports the delivery of Sector priorities, Enterprise Zones and Trade and Inward Investment. This is supported by the detailed breakdown of the activities by Budget Expenditure Line. Overall the sectors budgets have been reprioritised and reprofiled in line with delivery with a net decrease in the revenue budget of £6.378m. Core budgets have been used to optimise outcomes by leveraging in additional European income to support priorities and income has been generated from the property portfolio.

In 2016/17 there are additional capital allocations of £32m as detailed in Table 2 and reallocation of £21.269m from other budget areas:

- Additional financial transaction funding of £7m will enable targeted investment for Cardiff Wales Airport Ltd to support international connections and support long term economic development;
- The Business Development Funds of £18m will support access to finance for SMEs and have the potential for reinvestment; and
- Enterprise Zone infrastructure funding of £7m will facilitate long term economic growth.
- The realignment of budgets of £21.269m from Legacy SIF £5.875m and £15.394m from additional income from the management of the property

portfolio will support committed projects in delivery particularly Creative, Financial & Professional Services and Advanced Materials & Manufacturing.

5.1.3 Entrepreneurship

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Entrepreneurship and Business Information	Revenue	10,320	(6,089)	4,231
	TOTAL	10,320	(6,089)	4,321

The Entrepreneurship and Delivery budget supports youth entrepreneurship, start-ups, micro-businesses, SMEs, social enterprise and responsible business practices. Responsible Business practices will facilitate corporate social responsibility commitments by requiring businesses to behave ethically and contribute positively to the economic development.

The reduction is due to the increased intervention rates for EU programmes in the 2014-2020 round and re-profiling of EU income. The drawdown of EU monies will be prioritised for the start of the new programme. Consequently the budget requirement will be lower in the early years of the projects and will increase as the programme is delivered.

5.2 Science and Innovation

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Science & Innovation	Revenue	9,946	568	10,514
	Capital	2,979	2,562	5,541
	TOTAL	12,925	3,130	16,055

The funding of £16.055m supports initiatives to deliver the Science for Wales Strategy and the Innovation Strategy.

5.2.1 Science

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Science	Revenue	5,569	(774)	4,795
	Capital	2,479	0	2,479
	TOTAL	8,048	(774)	7,274

The budget includes revenue and capital funding of £7.274m to support the Sêr Cymru, Sêr Cymru 2 and National Science Academy (NSA) initiatives. The reduction in the revenue allocation of £0.774m in 2016/17 reflects the reprofiling and potential to co-finance new programmes using external funding. This funding contributes to the total £50m Welsh Government commitment to this five year programme, which has been extended to 2018/19. It is also supported by Health and Education budgets.

5.2.2 Innovation

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Innovation	Revenue	4,377	1,342	5,719
	Capital	500	2,562	3,062
	TOTAL	4,877	3,904	8,781

The additional revenue funding of £1.342m supports the new EU innovation programmes, SMART Cymru and SMART Expertise, which encourage businesses to invest in innovation and develop links with academia with business innovation. In 2016/17 there is additional capital investment of £2.562m in the Semiconductor Foundation.

5.3 Major Events

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Major Events	Revenue	3,918	0	3,918
	TOTAL	3,918	0	3,918

The £3.918m budget for Major Events will support work with National, UK and international sports federations to ensure more major events are hosted in Wales.

To date, 23 events have been awarded support for 2016 including the World Half Marathon and Roald Dahl 100, in 2017, Wales will host the UEFA Champions League Final; and the Volvo Ocean Race in 2018.

5.4 Infrastructure

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Infrastructure	Revenue*	19,671	(7,545)	12,126
	Capital	18,456	(17,967)	489
	TOTAL	38,127	(25,512)	12,615

*includes non fiscal resource DEL of £1,309k

The 2016/17 budget of £12.615m provides support for Property Related Infrastructure, ICT Infrastructure including the Superfast- Cymru project.

5.4.1 ICT Infrastructure

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Deliver ICT Infrastructure	Revenue*	8,286	(1,495)	6,791
	Capital	16,304	0	16,304
	TOTAL	24,590	(1,495)	23,095

*excludes non fiscal resource DEL of £1,309k

The budget supports the delivery of a number of key projects, including the delivery of the Superfast-Cymru project, the Public Sector Broadband Aggregation project and the Access to Broadband scheme.

The revenue reduction of £1.495m includes:

- £0.495m in revenue reprioritised and reprofiled to meet target reductions; and
- £1m repayment of Invest to Save for PSBA

PSBA is provides a mechanism for collaborative purchasing of wide area networking services and public service integration. It currently supports over 80 organisations providing over 4,000 site services. In 2014 BT were successful in winning the contract for the new PSBA contract. This contract is expected to provide further value for money continues the solid foundation of cross-public services collaboration and partnership.

5.4.2 Property

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Deliver Property Related Infrastructure	Revenue	10,076	(6,050)	4,026
	Capital	2,152	(17,967)	(15,815)
	TOTAL	12,228	(24,017)	(11,789)

Property Related Infrastructure covers the management and development of the property portfolio, land reclamation activity and property offers to business. Activity is focused on meeting sector and spatial priorities.

The movement in the revenue and capital budgets reflects the planned generation of income from the management of the property portfolio. This has been reallocated across the sectoral priorities and reinvestment in strategic sites across Wales to promote growth and jobs.

5.5 Strategy and Corporate Programmes

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Strategy & Corporate Programmes	Revenue	5,984	293	6,277
	Capital	79	11	90
	TOTAL	6,063	304	6,367

The budget includes the operational grant for Finance Wales, Health Challenge Wales Programme, National Loans Fund repayments, and strategy support activity.

5.5.1 Corporate Programmes

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Corporate Programmes	Revenue	3,033	533	3,566
	Capital	79	11	90
	TOTAL	3,112	544	3,656

The revenue increase of £0.533m relates to a review of funding requirements for strategic investment reviews and investment in the new Customer Relationship Management system.

The capital budget increase of £0.011m is in relation to the repayment profile of legacy loans to the National Loans Fund.

5.5.2 Finance Wales

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Finance Wales	Revenue	2,400	(240)	2,160
	TOTAL	2,400	(240)	2,160

This budget provides an operating grant to Finance Wales who support the administration of investment funds for businesses. The operating grant has been reduced by £0.240m for operational efficiencies.

5.5.3 Strategy Programmes

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
--------	----------------------	-------------------------------	--------------	----------------------------

Strategy Programmes	Revenue	551	0	551
	TOTAL	551	0	551

The budget supports economic analysis and strategic engagement, including support for city regions, to inform key spending decisions.

6.0 TRANSPORT

In 2016/17 the Transport priorities have been set in the context of budget availability and the National Transport Finance Plan which was published on 16 July 2015. This sets out the investment priorities in services and infrastructure and focuses on delivery for the next 5 years as set out in the statement available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/10383639/?lang=en>

Transport has a vital role to play in improving Wales' economic competitiveness and access to jobs and services. The Plan sets out how and when improvements to the road and public transport networks will be delivered to help businesses prosper and ensure people can access the opportunities they need to live healthy, sustainable and fulfilling lives.

There is a strong evidence based approach for understanding the performance of the transport system, assessing the need for intervention and considering the social, cultural environmental and economic impacts of our plans for the transport system. The schemes in the Plan target five key priority areas: economic growth, tackling poverty, sustainable travel and safety, and improving access to employment and to services helping us meet our wider wellbeing objectives. The investments identified will deliver a more integrated and sustainable transport system for all.

Actions in the Plan will:

- improve public transport and active travel availability, quality, safety and access;
- assist in reducing any disadvantage to protected groups and those on low incomes through the provision of a quality, integrated public transport and network (including the provision of accessible, bi-lingual information)
- maintain funding for socially necessary bus services.

A set of national datasets provide consistent and comparable information across the whole of Wales and highlight areas where the transport system is under-performing. The datasets are updated regularly and are used to monitor the performance of the system, providing early alerts to emerging issues and information on longer term trends. The transport data is combined with other data sources, such as the census and land use data, to provide information on the social and environmental impacts of the transport system. The transport data falls into five categories - journey times, the number of trips made, safety related, supplementary information and contextual information.

6.1 Key Policies

Additional information is provided in response to the specific requests made by the Committee as follows:

a) Local Transport Plans

There are nine Local Transport Plans in Wales. These were approved by the Minister for Economy, Science and Transport on 20 May 2015. The plans were developed by local authorities using the 'Local Transport Plans guidance'. The guidance also sets the basis for monitoring and evaluation of the plans. This year £27m of support for local transport schemes across Wales was announced with details available at:

<http://gov.wales/topics/transport/planning-strategies/local-transport/?lang=en>

In 2016/17 funding is available to local authorities for local transport schemes that support the economy, improve road safety and enable active travel. We continue to work in partnership with local authorities and other key organisations to ensure the key priorities are met.

b) M4 Developments

The M4 development around Newport is of importance to the economic prosperity of Wales and has strong backing from Welsh businesses. The project has been subject to a widespread consultation and will improve accessibility for people, Welsh goods and services to international markets by addressing transport issues on one of the main gateways into Wales. During 2015 work has commenced on assessing the best approach to its construction, what land would be required and what environmental protection measures were necessary. Currently a funding package is being progressed comprising of Welsh Government capital and public borrowing to ensure that work to progress delivery of the scheme can continue to be planned.

c) Trunk Road Agents Update

Further to significant change over the last 10 years the arrangements have been subject to a number of step changes each with the aim of improving the quality of the service. A series of rationalisations between 2005 and 2012 has reduced the number of public sector trunk road agents from eight to two. An independent audit between late 2013 and 2014 raised concerns that these changes have not gone far enough, citing transparency and visibility of their costs as issues which prevented auditor' assurance that the current arrangements were delivering value for money.

This has resulted in the agreement of proposals from the agents that will deliver savings from 2016/17 of £6m in discharging statutory duties. In addition to this we have also set the agents a target to deliver a further £8m of savings a year through more efficient and innovative working practices and the use of new technology. These savings represent a 10% reduction, rising to 20%, when compared to 2015/16 baselines. Consideration will be given to how best to utilise these savings including re-investment in the network to offset future expenditure.

The agents are currently working on the delivery of these savings with the focus being broadly on the three areas of the Trunk Road Maintenance Manual, the schedule of rates and management costs. The agents will produce Savings Realisation Plans that will be the subject of independent monitoring from April 2016 to track progress.

Alongside this, the Public Accounts Committee recommended in August 2015 a series of actions focussed around improving value for money in the management and maintenance of the motorway and trunk road network. Eighteen recommendations were made, varying in topic and implementation timescale.

<http://www.assembly.wales/laid%20documents/cr-ld10271/cr-ld10271-e.pdf>

Progress is ongoing to meet the target dates. In particular, findings on the consideration of a single agent model has been reported, delivery of a finance system within the IRIS information management system is being trialled and the 'Streetwork Strategy for Wales' which went to public consultation on 7 December 2015.

d) Provision for the Active Travel Bill

The Active Travel (Wales) Act 2013 is landmark Welsh law to make it easier for people to walk and cycle in Wales. The Act - which is considered to be a world first - makes it a legal requirement for local authorities in Wales to map and plan for suitable routes for active travel, and to build and improve their infrastructure for walking and cycling every year. It creates new duties for highways authorities to consider the needs of walkers and cyclists and make better provision for them. It also requires both the Welsh Government and local authorities to promote walking and cycling as a mode of transport. By connecting key sites such as workplaces, hospitals, schools and shopping areas with active travel routes, the Act will encourage people to rely less on their cars when making short journeys.

On 9 December 2015 a written statement on the Active Travel (Wales) Act 2013 – Annual Report 2015 was published and can be accessed at the following link:

<http://gov.wales/about/cabinet/cabinetstatements/2015/activetravelact/?lang=en>

Active Travel is supported through a range of capital and revenue budget lines. Infrastructure investment in local active travel routes is made predominantly through the Local Transport Fund, the Safe Routes in Communities Grant and occasionally the Road Safety Grant. The specific number and size of active travel schemes funded from the combined £24m capital funding allocation varies each year according to the strength and ambition of bids submitted by local authorities.

Other Welsh Government departments also support the Active Travel agenda with initiatives such as the National Active Travel Challenge, run by the Health Department.

e) Additional Funding Opportunities

The Connecting Europe Facility (CEF) funding framework helps to support Transport (TEN-T), Energy and Communications connectivity. It is a completely competitive process. Under CEF, €26.25 billion will be made available from the EU's 2014-2020 budget to co-fund TEN-T projects in the EU Member States. In terms of TEN-T/CEF, Wales is part of the UK-wide Easyways Project to install intelligent traffic systems for roads, which has already benefitted from TEN-T funding under the previous arrangements. In addition there is a Technical Assistance project related to staff that has secured grant.

Welsh Government bids under the First Call for CEF were all maritime and port themed for projects enabling better access to TEN-T ports, including the A55 and Holyhead. Although the quality of our bids was praised, none were successful. This reflects that the new TEN-T funding arrangements prioritise non-road transport projects, unless in Accession states.

Network Rail also submitted a bid under the First Call for electrification of the South Wales Mainline – a core TEN-T rail route – and was successful. Information on the 2015/16 call is emerging with a focus on the 'Motorways of the Sea' priority. Projects with a particular focus on connectivity with Ireland may be considered with ongoing engagement with the Irish Government and Irish industry representatives on potential joint projects.

Bids are in progress to access the new round of EU funding. Major infrastructure programmes such as Metro have also been shortlisted in the UK list to access European Funds for Strategic Investment.

For key road schemes such as the A465 the use of the Non-profit Distributing investment model is another important innovative investment opportunity that will be pursued alongside the ability to utilise advance borrowing powers for delivery of the M4.

f) Investment in rail infrastructure and services, including Valleys Lines Electrification/Modernisation

Discussions are ongoing with the industry to find the best possible solutions to deliver Valleys Line electrification/modernisation and the improvements in quality, capacity, reliability and efficiency that is expected. Electrification of the mainline will be a massive step forward in creating a modern train service that is capable of meeting future demand and supporting economic growth across Wales. The implications of the Hendy Review on electrification of the mainline are under consideration, which was recently published, and have sought assurances from the UK Government on timings for delivery of the project.

The draft budget for 2016/17 includes provision to continue works in delivering infrastructure improvements in respect of rail and bus that will provide immediate benefits as well as prepare for delivery of Metro.

The Minister for Economy, Science and Transport outlined the issues for the Wales Border Franchise in a letter to the Chair of the Committee on 15 November 2015. It confirms that a business case and consultation with the public is in development and integrated transport principles will be taken into

account. If the franchise was transferred to the Welsh Government better value for money may be achieved in the long term.

<http://www.senedd.assembly.wales/documents/S46102>

Work on delivering the Metro continues with nearly all of the Phase 1 projects already delivered or nearing completion. The next phase of the project is being worked on with the main element of component projects already identified and a series of public exhibitions are currently underway. The projects have been costed to a high level and are currently estimated at some £580m for Phase 2. It is intended that this phase will be delivered between now and 2023. Potential funding sources for those schemes already identified include the Department for Transport contribution to Valley Line electrification & modernisation and utilising EU funding under the European Regional Development Fund programme for 2014-2020. Additional sources of funding continue to be explored to facilitate delivery of this strategic project.

In February 2015 the Minister for Economy, Science and Transport agreed the formation of a company wholly owned by Welsh Government, limited by guarantee to provide services related to transport infrastructure projects. This company has now been created and will be responsible for developing the delivery programme for the Metro.

g) Investment in Bus and Community Transport

The Minister for Economy, Science and Transport updated the Committee on the inquiry into Bus and Community Transport on 3 December 2015.

<http://www.senedd.assembly.wales/documents/s46823/EBC4-29-15%20p.7%20Evidence%20from%20Welsh%20Government.pdf>

Bus and Community Transport continues to be a priority consideration for my budget with £25m again being allocated to Local Authorities under the Bus Services Support Grant to support socially necessary services.

There has also been the introduction of improved TrawsCymru longer distance bus services for example in north Wales on the T3 Barmouth to Wrexham and the T2 Bangor to Aberystwyth routes. Both routes have also benefitted from more affordable tickets aimed at encouraging young people to use the services such as the Bwmerrang Ticket which offers discounted weekend travel.

There has been the introduction of cycle carriage facilities on the T3 service, enabling people to access popular sections of the Sustrans National Cycle Network in north Wales at Dolgellau - Mawddach Trail and the Llangollen Canal. On some routes new vehicles have been ordered to be deployed during 2016 in full TrawsCymru specification. Support for these services will continue during 2016/17.

Work is underway to better coordinate bus and rail services in the Conwy Valley through the introduction of joint ticketing, improved bus services for rural communities allowing them to more easily access rail stations and key centres in the Valley. This will be complemented by the provision of improved

information for passengers. Improvements in the Conwy Valley will also include improved bus and rail co-ordination and connections at railheads, especially Blaenau Ffestiniog.

Outline proposals are awaited for a statutory bus Quality Partnership Scheme along the North Wales coast. Officials are exploring the potential for working with local authorities and bus operators to develop the scheme which could comprise improved bus services linking key centres along the north Wales coast stretching from Holywell to Llandudno. The objectives of the Scheme would be to improve the frequency and hours of operation of services, provide better links to key health care facilities and provide better integration with the rail network. Funding in support of the bus network, including local bus and TrawsCymru services, is increasingly conditional on the delivery of specific quality outcomes. Examples include driver training in disability equality and awareness, a customer complaints procedure and better information. In addition, we are encouraging the greater use of voluntary and statutory bus Quality Partnership Schemes in which public funding is dependent on operators providing enhanced or new vehicles or services.

The budget for concessionary fares is protected and will continue to provide support for local authorities to fund the scheme for older or disabled persons. 2016/17 represents the final year of the current three year agreement.

During 2016/17 we will be working closely with local authorities and representatives of the bus industry on delivery of the scheme in future years with the focus being on affordability, value for money and the principle that operators should be “no better and no worse off” as a result of the funding arrangement.

The MyTravelPass scheme (also known as the Young Person Discount Scheme) grant-aids bus operators to reflect the costs that they incur in providing one-third discounts to 16, 17 and 18 year olds throughout Wales. In 2016/17 funding of £9.750m is protected to deliver the scheme.

6.2 Preventative Spending

In delivering better outcomes preventative spending measures are important for the long-term. The majority of Transport expenditure for programmes and policies in concessionary bus travel, network management and road safety may be attributed as preventative spend.

7.0 TRANSPORT FUNDING OF SPENDING PROGRAMME AREAS

Compared to 2015/16, there is a £47.332m increase in the total Transport budget for 2016/17. There is a net revenue reduction of £0.152m resulting from additional allocations for concessionary fares offset a reduced revenue requirement for network management. The capital increase of £47.484m reflects allocations from Central Reserves to support routine infrastructure and network management delivery and the A487 Dyfi Bridge project. Additional projects are under consideration and will be allocated in line with the Wales Infrastructure Investment Plan.

	2015/16 Baseline Budget £'000	2016/17 Change £'000	2016/17 Draft Budget £'000
Revenue	305,441	(152)	305,289
Non Cash	108,691	0	108,691
Capital	194,349	47,484	241,833
Total	608,481	47,332	655,813

7.1 Motorway & Trunk Road Network Operations

SPA	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Motorway & Trunk Road Network Operations	Revenue	57,789	(6,000)	51,789
	Non-Cash	108,691	0	108,691
	Capital	50,550	20,050	70,600
	TOTAL	217,030	14,050	231,080

The Welsh Government is directly responsible for the Motorway and Trunk Road Network, one of Wales' most important infrastructure assets. It supports the delivery of many of the Programme for Government commitments and ambitions in the Well Being of Future Generations (Wales) Act 2015 across most policy areas including, the economy, health and education and has a depreciated replacement cost of over £13bn. Adequate funding for network maintenance is therefore essential to maintain the condition and service levels required for the Welsh Government to meet its statutory duties for safety and achieve its wider policy objectives for Wales.

Assessment of the network maintenance programme has identified a £6m reduction in the revenue requirement as the programme focuses on capital maintenance in line with a spend to save approach.

In 2016/17 there is an additional allocation of £20 m (Table 2) for capital maintenance and improvement of the existing road network. The investment supports a spend to save strategy which will provide better value for money in the long term and alleviate revenue pressures in future years. There is an additional allocation of £0.050m for Hafren Theatre signage required at Newtown.

7.2 Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Improve and Maintain Trunk Road Network	Revenue	108,691	0	108,691

(Domestic Routes)	TOTAL	108,691	0	108,691
-------------------	--------------	----------------	----------	----------------

The non cash budget covers the annual depreciation of the trunk road network.

7.3 Rail & Air Services

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Rail & Air Services	Revenue	185,679	0	185,679
	TOTAL	185,679	0	185,679

The budget supports the Wales and Borders Franchise and Intra Wales Air Service. Affordability of the Wales and Borders Franchise is a particular concern in the long-term as it is linked to the retail price index, average weekly earnings and Arriva Trains Wales' performance.

7.4 Road and Rail Investment

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Road & Rail Schemes	Capital	55,785	27,434	83,219
	TOTAL	55,785	27,434	83,219

The budget funds road and rail capital improvements. In 2016/17 £21.424m is allocated to deliver road infrastructure priorities and £6m specifically for A487 Dyfi Bridge.

7.5 Improve & Maintain Local Roads Infrastructure

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
General Capital Funding - Roads	Capital	13,667	0	13,667
	TOTAL	13,667	0	13,667

The transport capital component of the local government settlement is £13.667m. This funding cannot be used for any other purpose.

7.6 Sustainable Travel

Action	Expenditure	2015/16		2016/17
--------	-------------	---------	--	---------

	Category	Baseline Budget £'000	Change £'000	Draft Budget £'000
Sustainable Travel	Revenue	52,209	1,098	53,307
	Capital	67,447	0	67,447
	TOTAL	119,656	1,098	120,754

This budget supports investment in integrated transport, active travel, concessionary fares, smartcards and bus, rail and local roads.

Concessionary Fares is protected with an uplift of 1% above changes to the Welsh DEL overall giving an increase of £1,098m. This is the final year of a three-year agreement with the bus industry. This amount is supplemented by the local authorities. The funding requirements of the bus operators in delivering the concessionary fares scheme includes revenue and capital elements to reflect the associated capital expenditure they incur, for example the acquisition of additional vehicles.

The Bus Service Support Revenue Grant is maintained at £25m with specific requirements to deliver community transport initiatives.

7.7 Youth Concessionary Fares

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Youth Concessionary Fares	Revenue	5,000	4,750	9,750
	TOTAL	5,000	4,750	9,750

The funding £9.750m for the Young Persons' Discounted Bus Travel Scheme, is the second year of the Budget Agreement with the Welsh Liberal Democrats, which received £5m in 2015/16. This has a positive impact on young people, enabling them to access opportunities for work, education, training and apprenticeships and will be of particular benefit to people from low income households and help to tackle poverty.

7.8 Improve Road Safety

Action	Expenditure Category	2015/16 Baseline Budget £'000	Change £'000	2016/17 Draft Budget £'000
Improve Road Safety	Revenue	4,764	0	4,764
	Capital	6,900	0	6,900
	TOTAL	11,664	0	11,664

The revenue budget supports engagement and funding arrangements with external partners in the public, private and third sectors to achieve casualty

reduction, using the road safety governance structures to support the implementation of the Road Safety Delivery Plan. The Plan sets out our strategic approach to road safety to 2020.

The capital budget supports capital road safety engineering improvements on the trunk and local road networks.

8.0 LEGISLATION

The Active Travel Act 2013

This is considered at section 6.1 (d).

Planning (Wales) Act 2015

The Planning (Wales) Act implements many of the recommendations set out in the Independent Advisory Group report on the planning system. The Department's officials have been involved in the development of the Planning Bill as it proceeds through its next stages. There will be no direct budgetary impacts for the Department in 2016/17.

Well-being of Future Generations (Wales) Act 2015

The Well-being of Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales, now and in the future. The Act will mean that policies are delivered in a sustainable way and make the listed public bodies (including the Welsh Government) think more about the long term, work better with people, communities and each other, look to prevent problems, and take a more joined-up approach.

By establishing a single binding legal framework, the Act provides a means of directly addressing the over-complexity identified by the Commission for Public Services and will provide a way of building our future capability to deliver. In planning for the Draft Budget 2016-17, we have taken the opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Act and balanced our potential long-term impacts of our decisions against our short-term needs.

The Draft Wales Bill

The Wales Bill is not anticipated to come into force until April 2017 and there will be no financial implications for the 2016/17 budget, other than staff resources required to prepare for the transfer of these functions.

Enterprise Bill

We do not envisage the 'Enterprise Bill – Small Business Commissioner' having an impact on our budget, it relates to non-devolved areas so the activity will apply across Wales.

The Welsh Government is not seeking legislative competence for radio and television broadcasting at the current time. However, the Welsh Government has roles and interests in respect of the Public Service Broadcasters and Ofcom, including a formal, consultative role in the current review of the BBC's Royal Charter.

Annex A

Reconciliation 2015/16 Supplementary to 2015/16 Baseline Budget

	2016-17 Revenue £'000	2016-17 Capital £'000
2015/16 Supplementary Budget	408,366	471,296
<u>Less:</u> Non recurrent allocations		
Business Rates	(16,500)	
PSBA – Invest to Save	1,000	
Business Development Funds		(42,500)
Cardiff International Airport Loan		(3,000)
Superfast Cymru - Broadband		(10,000)
A55 Tunnels		(12,000)
Brynglas Tunnels		(30,000)
Eastern Bay Link		(30,000)
Metro		(29,800)
A465 Dualling		(40,000)
North Wales Rail Project		(10,000)
Ebbw Vale Station Improvements		(2,000)
2015/16 Baseline Budget	392,866	261,996

Strategic Integrated Impact Assessment

Overview

The Department's 2016-17 spending plan has been prepared with a long term perspective and an integrated approach to the decisions taken. The plan makes the connections in service areas, particularly transport to increase economic, social, cultural and environmental well-being. The overarching Welsh Government priorities are set out within the Programme for Government and the Well-being and Future Generations (Wales) Act 2015.

Our plans also give due regard to the United Nations Convention on the Rights of the Child (UNCRC).

We are taking forward a range of well-targeted activities to support inclusive access to jobs and opportunities to ensure individuals are able to benefit from economic growth. Some of our actions to tackle poverty and promote equality and diversity are outlined in the Minister for Economy, Science and Transport statement on 23 June 2015 available at:

<http://gov.wales/about/cabinet/cabinetstatements/2015/tacklepoverty/?lang=en>

Sustainable development is the central organising principle, making decisions that take account of the social and environmental objectives and impacts. In so doing, we are adopting an approach to embed engagement, integration, long term investment and prevention into our policies and delivery as we align our activities to take account of the Well-being of Future Generations (Wales) Act (2015).

We are working with key stakeholders exploring the transition to a low carbon, resource efficient, innovative economy as a means of delivering long term economic growth and prosperity. This approach does not replace sustainable development; it puts it into action, helping to embed social and environmental objectives into our way of working.

Key Budget Decisions

Sectors - £46.891m increase

In 2014, the priority sectors accounted for 44% of employment in Wales.² In addition to generating income from the management of the property portfolio and allocating £18m to business development funds priorities are realigned to sustain the level of support and minimise the impact of baseline reductions.

Sustainable employment opportunities are a fundamental part of our approach to tackling poverty. The evidence is clear that well-paid work is the best route out of poverty, and the greatest protection for those at risk of poverty. With prioritised support for a number of key sectors, the Department is also working with anchor companies to maximise opportunities for jobs and growth through their supply chains.

² Priority Sector Statistics 2015 - www.gov.wales/statistics

This balanced approach stimulates demand for the highly skilled, as well as creating opportunities for those further from the labour market.

We are implementing a co-ordinated range of demand and supply-side measures to stimulate economic activity and jobs as well as increasing the long-term productive capacity of the Welsh economy through strategic investments in infrastructure, superfast broadband and providing support for innovation. These actions increase accessibility to employment opportunities and some of the conditions faced by those disadvantaged by poverty.

The challenge is also to spread prosperity and we have taken a spatial approach to a number of our interventions. For example, our approach to city regions has placed connectedness at its heart. The additional allocation of £7m to support Enterprise Zone delivery focusses on the development of well-connected areas with increased opportunities. For example, a shared apprenticeship scheme is being developed for the Ebbw Vale Enterprise Zone, with the Department for Education and Skills, which promotes equality of opportunity.

Employment in the Advanced Materials & Manufacturing sector (AM&M) predominately male at 83% and, as such, any increase will have a positive disproportionate impact on this group. However, the sector is delivering a number of key projects to promote the employment and advancement of women, working closely with key companies such as Airbus and Ford on attracting female apprenticeships. In 2014, the sector employed 9.9% of disabled people, which is slightly above the UK AM&M sector at 9.4% but lower than the average for all employment in Wales of 12.4%. From the 2014 figures a much lower percentage of ethnic minorities are employed by the sector at 1.9% (as opposed to the average of 3.4%) which potentially may result in a negative impact on those protected groups³.

Additional budget of £5.746m for Creative Industries will have a positive impact on protected groups. The sector employs 47,700 people in Wales, with a higher proportion of males (63%) to females (37%), of these, 3.4% people are from an ethnic minority background. The proportion of disabled people (12.6%) employed is higher than the UK average for the sector of 9.3%. Notably almost 31% of people employed by the sector in Wales are over the age of 50⁴. Diverse Cymru has been appointed to deliver a pilot project to improve the diversity of the Film and TV industry in Wales. It will assist the sector's strategic objective to strengthen the Film and TV supply chain in Wales, by encouraging people from under represented groups to join the Wales Screen database, and widening the pool of home-grown talent available for the large productions we have secured to Wales.

By increasing investment in the Financial and Professional Service sector (F&PS) by £ 8.229m there is potentially a positive impact on disabled people, as 11.4% employment for this group is higher than the UK level of 9.72% in this sector. In 2014, F&PS employed 116,400 people split broadly equally between males (52%) and females (48%). The sector creates opportunities for well paid employment as around 53.2% are in a managerial or professional position⁵. To promote youth

³ Priority Sector Statistics 2015 - www.gov.wales/statistics

⁴ Priority Sector Statistics 2015 - www.gov.wales/statistics

⁵ Priority Sector Statistics 2015 - www.gov.wales/statistics

employment the sector has been instrumental in assisting the pioneering Financial Services Graduate Scheme in partnership with the business community.

The Tourism sector supports around 123,700 jobs with a broadly equal number of men (48%) and women (52%) employed⁶. Some of these jobs often need only short periods of induction training (Source: Working Futures 2010 -2020 – UK Commission for Employment and Skills). The sector also employs 34% of individuals aged 16-24 when compared with 13% across all sectors in Wales and 22% of people over 50 years old are employed when compared with 32% across all sectors in Wales.

An equality impact assessment of the Tourism Strategy “Partnership for Growth” has been conducted. The tourism sector employs 5.6% of people with an ethnic minority characteristic, above the average across Wales (3.4%). Tourism also employs a higher percentage of disabled people (13.6%) in Wales compared with the UK Tourism sector of 10.5%. There is a revenue reduction in the Tourism and Marketing budget of £1.684m. The detailed allocation of budgets will take into consideration the impact which changes are likely to have on these protected groups. In support of policy development, where possible, equality data is gathered on respondents to marketing campaigns and associated take-up of Welsh Government support. This helps the Department understand barriers to response and take-up of Welsh Government support amongst protected groups.

Tourism and Marketing plays a crucial role in sustaining Welsh-speaking communities, particularly in rural and coastal areas. The Welsh Language is a core part of the 'Sense of Place' online resource. An overarching principle for Visit Wales is that tourism is managed sustainably to safeguard our natural resources for future generations. Protecting and enhancing the special qualities of our designated landscapes is seen as vital for the tourism sector in Wales to achieve sustainable growth and contribute to an economy fit for the future.

⁶ Priority Sector Statistics 2015 - www.gov.wales/statistics

Entrepreneurship - £6.089m reduction

The new European funded programmes have been reprofiled and have increased intervention rates. Therefore, there are no differential impacts on protected groups as there is no impact on delivery. The budget maintains activities to tackle poverty, such as mentoring and One Stop Business advice, for individuals to start and develop their business. In 2014-15 some 4,505 jobs were created and 997 jobs safeguarded. All services are fully bilingual and there is an increasing demand for services in the medium of Welsh. In 2015, visits to the Welsh language site busnes.cymru.gov.uk increased by 39% and time spent on the Welsh site increased by 11% compared to the previous year.

The start up service monitors the demographics of its users and analyses the information to target the support in areas of under representation. The business support offer includes action to promote responsible business practices, such as the introduction of flexible working arrangements by businesses, which can support individuals who require more flexible hours or ways of working, particularly those with caring responsibilities, to increase their hours and earn more. In addition, action is taken to develop the childcare market, to support the availability of childcare places for parents who want to work or access education and training opportunities.

Funding has been designated to support social enterprises, recognising the important roles they play in strengthening social cohesion. The organisations have assisted enterprises and child care providers to help support families and lone parents to participate in the labour market and generating local wealth in marginalised communities. Creating local employment opportunities also supports local communities and maintains the population of Welsh speaking groups.

The Youth Entrepreneurship programme provides a range of options to nurture self sufficient young people. It also addresses high levels of youth unemployment and increased levels of poverty and social exclusion in deprived communities. Throughout Wales there is a strong network of 377 entrepreneurs involved as Role Models with the Big Ideas Wales campaign to motivate and inspire our young people. In 2014, they met with over 55,000 young people. The Role Model network has 27% Welsh speakers to support the work shop delivery to schools and colleges.

Innovation & Science - £3.130m increase

Additional funding of £3.130m has been provided to Innovation and Science programmes which will be delivered over the period 2015/16 to 2021/22 to realise long term benefits. The SMART Expertise and SMART Cymru European programmes facilitate collaboration between academia, public and private sectors and support Welsh enterprises to commercialise, grow and create high quality job opportunities.

Additional capital is supporting the Compound Semiconductor Foundation to create a semi conductor cluster in South Wales. The enabling technology ranges from health products, wireless technology to transport applications. Professor Diana Huffaker, a leading expert in the field, was appointed as Chair in Advanced Engineering and Materials through the Sêr Cymru programme. Building capacity has the potential to

contribute to an economy fit for the future by improving, prosperity and health for future generations.

Both Ser Cymru and Ser Cymru II programmes have been equality impact assessed. Gender representation remains a long-standing problem in the scientific workforce where only 17% of STEM professors in the UK are women, despite initiatives to improve diversity. The reasons for this are complex and relate to the perceptions of STEM subjects at school, the structure of academic careers, the prevalence of short-term contracts in the HE workforce and difficulties in reconciling research work which often demands long, anti-social hours and disrupts family life⁷. The Recapturing Research Talent strand of Ser Cymru II supports researchers, often women, who take career breaks for childcare. To address these issues the Welsh universities participate in schemes such as Athena SWAN, Investors in People and Stonewall Diversity Champions to encourage diversity in the research workforce.

The National Science Academy delivers outreach activities and events and competitive grant awards for delivery in 2016/17 and supports projects that encourage disadvantaged children and girls to choose STEM subjects, and is aimed at 10-14 year olds. Welsh medium provision is available for STEM subjects via Coleg Cymraeg Cenedlaethol. In addition, the Welsh Government has published the following statistics on Welsh in higher education institutions:

<http://wales.gov.uk/statistics-and-research/welsh-higher-education-institutions/?lang=en>.

The economic value of public investment in science and research is significant. The leverage of private sector match funding further increases new ideas and knowledge being generated by publicly-funded science. It is integral to the delivery of the sector strategy in attracting inward investment and growing indigenous companies.

Connectivity

Transport has a vital role to play in improving Wales' economic competitiveness providing access to jobs, connecting people to services and building cohesive communities. The National Transport Finance Plan (the Plan) sets out our transport priorities for the next five years and beyond, and details how and when improvements to transport infrastructure and public transport networks will be delivered to help businesses prosper and ensure people can access the opportunities they need to live healthy, sustainable and fulfilling lives.

The Plan is fully impact assessed with details available at:

<http://gov.wales/topics/transport/planning-strategies/ntp/?lang=en>

The schemes in the Plan target five key priority areas: economic growth, tackling poverty, sustainable travel and safety, and improving access to employment and to services. Representatives from equalities groups and individuals with protected characteristics participated in the development and consultation of the Plan. A central focus of the Plan is to improve our public transport networks to ensure access for all

⁷ The House of Commons Science & Technology Committee report on "Women in scientific careers" - 2014

and connect communities to jobs, services and facilities. Transport decisions have been made with the intention of mitigating the negative impacts on protected groups with service continuity and remaining responsive to the needs of local communities. Initiatives to support and improve bus and community transport form a pillar of the Plan. For instance, new national bus quality standards will aim to drive up quality of the bus services and provide better employment links and access improvements to users including disadvantaged groups. Key elements of the Plan will be delivered in partnership with key sectors, particularly Education, Health, Housing and Poverty to ensure that there is a joined up approach.

Bus & Rail Support – Budget Protected

Availability of affordable transport options is an essential precondition for people pursuing routes out of poverty through employment, training or education. It is a key component of wider social inclusion. The Bus Services Support Grant has been maintained at £25m for three years to enable local authorities to subsidise socially-necessary bus and community transport services. Travel surveys confirm that bus services are especially important to young people, older people and those with protected characteristics.

Where there is no commercial operator we have ensured that, strategic services such as the TrawsCymru longer-distance bus network provide access to key employment and education centres across Wales. This connects people in communities that do not have access to private vehicles and fills the gaps that exist in the rail infrastructure network. The Active Travel (Wales) Act 2013 is unique in the UK and for the first time acts to ensure that we place an increasing emphasis on improving the infrastructure for walking and cycling, which offers a no cost and carbon light transport option for everyday journeys. The A465 Scheme, for example, delivered 4.1km of new off-road cycleway including the crossing of the Carno Valley.

The concessionary bus travel scheme offers free travel on local bus services and some trains throughout Wales for older or disabled people, and for seriously-injured service veterans and seriously-injured service personnel. It enables around 750,000 older or disabled people to travel without any worries about cost. Protecting the budget has a positive impact with indirect health and social care benefits from bus travel which promote greater physical activity and more social interaction, both of which delay the onset of dementia and other related illnesses.

Rail services delivered by the Welsh Government play an integral role in ensuring that people and businesses have a transport system that fits their needs and that meets our national objectives. Protecting the budget for 2016-17 will safeguard current rail services, including a number of additional services introduced by the Welsh Government since responsibility for management of the Wales and Borders franchise was transferred to Welsh Ministers in 2006.

Rail services provide important connectivity. Decisions that were taken in 2015 to maintain and in some cases, enhance services in rural areas, recognises the social and economic community benefits supported by rail travel, especially for community cohesion and tourism. Therefore the budget 2016/17 of £184.079m has been maintained for rail services. The rail services' funding primarily relates to the continued funding of the contractually committed Wales and Borders franchise that was awarded in 2003. There are Welsh language requirements within the franchise that include requirements to provide a Welsh language customer phone service, as

well as ensuring that all signage, timetables and other passenger information and publicity are provided in the Welsh and English languages.

In May 2015, service improvements were put in place on both the Cambrian and Heart of Wales lines. In addition, the decision was taken during 2015 to extend the North-South Express Service and concessionary rail fares scheme. The benefits of the Welsh Government's investment in rail is underlined by the continued growth in passenger numbers which exceeded 30 million on the Wales and Borders franchise in 2014-15. The operator of the Wales and Borders franchise, Arriva Trains Wales, also recorded its highest level of passenger satisfaction in the National Rail Passenger Survey (NRPS) in 2015 when it recorded 89% in overall satisfaction in the spring survey.

Protecting rail and bus travel budgets also has a positive impact in terms of people from minority ethnic groups. Four per cent of the Welsh population are non-white ethnicity with higher concentrations in urban areas, particularly Cardiff Local Authority which has 11 per cent non-white population. The National Travel Survey 2011 data shows that minority ethnic adults are more likely to live in a household without access to a car compared to a white British adult. About 60% of the passenger activity on the Wales and Borders Franchise area is focused on the Valleys Lines and Cardiff area.

The ethnic background of bus users as compiled from the 2010 Welsh Bus Passenger Survey is that 93% reported that they were white, 5% were from another ethnic background, and 2% declined to answer. In comparison, around 4% of people in Wales are from a minority ethnic group.

These schemes reduce the burden of travel costs for many households in need, including those with children. Evidence for the UK⁸ suggests that transport barriers are more heavily concentrated amongst those in low skill, low wage occupations and disproportionately affect young people who are more reliant on public transport to access job and training opportunities. Since 1 September 2015, the Welsh Government's MyTravelPass scheme has been providing one-third fare discounts to all 16, 17 and 18 year olds resident in Wales for all of their local bus and TrawsCymru journeys, funded by £5m of Welsh Government funding in 2015-16 and £9.75m in 2016-17. Almost 3,500 young people have signed up for the scheme. This supports Article 27 of UNCRC to assist children and families.

Long term investment

Strategic long-term infrastructure investments have the potential to deliver a step change for Wales. Our investment in our road and rail networks acknowledges the important role transport plays in supporting growth and jobs, as well as in enabling people from protected groups to access services. This approach to investment decisions will develop long term economic capacity. It will also maximise the employment and training opportunities made available through social clauses in Welsh Government contracts, to ensure that people in local communities are able to directly benefit from our significant capital investments. Through business initiatives a range of companies and projects have been supported which contribute to the transition to an economy for the future and achieve green growth. A particular emphasis is placed on trying to provide opportunities for those in workless households. An example is the A465 Section 2 scheme, where the Contractor has

⁸ Poverty and Ethnicity – Joseph Rowntree Foundation September 2013

engaged ambassadors to promote construction opportunities in local schools. To date, they have interacted with over 2000 students in the Blaenau Gwent and West Monmouth areas. Therefore our capital investment continues to support wider community benefits.

Continuous Improvement

The Department is committed to improving the quality of the impact assessment approach for next year. Specific actions identified are:

1. Departmental champions will work with business areas to help raise awareness and improve the quality of information and support for the cross-cutting themes.
2. There are major future opportunities to enhance provision for the Welsh Language in the rail franchise so this will be embedded within the specification.
3. Continue to engage with individuals with protected characteristics and extend research to better understand the impacts.

ECONOMY, SCIENCE & TRANSPORT
Budget Allocations 2016/17

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029	Single Investment Fund	1,203	1,560
			3765	ICT	6,886	6,446
			3764	Life Sciences	2,319	2,896
			3763	Financial & Professional Services	190	145
			3762	Creative Industries	1,154	851
			3761	Advanced Materials & Manufacture	3,779	4,018
			3760	Energy & Environment	1,567	1,400
			6250	Tourism & Marketing	11,946	10,262
			3752	Construction	451	514
			3753	Pipeline Development	3,688	1,700
			3754	Trade and Inward Investment	2,116	1,892
			3755	Enterprise Zones	3,505	927
			4051	Regional Engagement	91	263
					37,692	31,314
			Entrepreneurship	3893	Entrepreneurship & Business Wales	10,320
	Total SPA			49,215	37,105	

	Innovation & Science	Innovation	3744 Innovation Centres & R&D Facilities	2,185	2,553
			3746 Academia & Business Collaboration	841	1,646
			3742 Business Innovation	1,351	1,520
				4,377	5,719
	Science	3745 Science	5,569	4,795	
	Total SPA		9,946	10,514	
Total Group			59,161	47,619	

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029	Single Investment Fund	10,325	4,450
			3765	ICT	1,053	1,865
			3764	Life Sciences	855	6,855
			3763	Financial & Professional Services	1,065	9,339
			3762	Creative Industries	1,049	7,098
			3761	Advanced Materials & Manufacture	7,900	15,495
			3760	Energy & Environment	2,584	3,571
			3752	Construction	755	1,897
			3753	Pipeline Developments	9,287	19,835
			3755	Enterprise Zones	9,000	3,122
			3758	Business Wales Funds	0	18,000
			4051	Regional Engagement	260	0
			6250	Tourism & Marketing	2,000	2,000
		Total SPA		46,133	93,527	
	Science & Innovation	Innovation	3746	Academia & Business Collaboration	500	3,062
		Science	3745	Science	500	3,062
		Total SPA			2,479	2,479
	Total Group			2,979	5,541	
				49,112	99,068	

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Infrastructure	Infrastructure	ICT Infrastructure	3822	Public Sector Broadband Aggregation	5,444	4,740
			3860	ICT Infrastructure Operations	2,842	2,051
					8,286	6,791
		3860	ICT Infrastructure Non-Cash	1,309	1,309	
		Property Infrastructure	4052	Land & Buildings - Expenditure	10,076	4,026
	Total Group				19,671	12,126

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Infrastructure	Infrastructure	ICT Infrastructure	3860	ICT Infrastructure Operations	16,304	16,304
					16,304	16,304
				Property Infrastructure	4052	Land & Buildings - Expenditure
					2,152	(15,815)
	Total Group				18,456	489

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
	Major Events	Major Events	4231	Marketing & Major Events	3,918	3,918
		Total SPA			3,918	3,918

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899	Health Challenge Wales	949	800
			4028	National Loans Fund	1,666	1,655
			4023	Corporate Programmes & Services	418	1,111
					3,033	3,566
	Marketing Finance Wales	Strategy Programmes	3891	Economic Analysis	158	158
			3897	Strategic Engagement	293	293
			4230	Communications Marketing	100	100
					551	551
	Finance Wales	4024	Finance Wales	2,400	2,160	
	Total SPA			5,984	6,277	

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
DGOT & Strategy			4028	National Loans Fund	79	90
					79	90
		Total SPA			79	90

Departmental Structure			REVENUE		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Transport	Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	53,264	47,264
			1884	Network Asset Management & Support	4,525	4,525
			Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash			57,789
			1886	Network Asset Management & Support	108,691	108,691
					108,691	108,691
	Rail & Air Services	Rail & Air Services	1890	Rail Franchise	184,079	184,079
			1883	Air Services	1,600	1,600
					185,679	185,679
	Sustainable Travel	Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	500	500
			1880	Bus Support & Local Transport	28,448	28,448
2000			Concessionary Fares	21,261	22,359	
1881			Smartcards	2,000	2,000	
		Youth Concessionary Fares	2001	Youth Concessionary Fares	52,209	53,307
				5,000	9,750	
				57,209	63,057	
Improve Road Safety	Improve Road Safety	1892	Road Safety	4,764	4,764	
				4,764	4,764	
Total Group				414,132	413,980	

Departmental Structure			CAPITAL		2015/16	2016/17
GROUP	SPA	ACTION	BEL	BEL Name	Baseline Budget £'000	Draft Budget £'000
Transport	Motorway & Trunk Road Network Operations	Motorway & Trunk Road Operations	1885	Network Operations	50,550 50,550	70,600 70,600
	Road & Rail Investment	Road and Rail Schemes	1889	New Road Construction & Improvement Studies	1,900	1,900
			1888	New Road Construction & Improvement	48,785	76,219
			1891	Rail Investment	5,100	5,100
					55,785	83,219
	Sustainable Travel	Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	6,650	6,650
			2000	Concessionary Fares	39,297	39,297
			1881	Smartcards	600	600
			1882	Regional Transport Plans	20,900	20,900
					67,447	67,447
	Improve & Maintain Local Roads Infrastructure	General Capital Roads Funding - Roads	2040	General Capital Fund - Road	13,667	13,667
					13,667	13,667
	Improve Road Safety	Improve Road Safety	1892	Road Safety	6,900	6,900
					6,900	6,900
	Total Group				194,349	241,833

ECONOMY, SCIENCE & TRANSPORT

Programme for Government Mapping of Expenditure

Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
Legacy SIF	6,010	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Sectors	120,391	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Reducing the level of crime and fear of crime	Safer Communities for All	A Wales of cohesive communities
		A thriving rural economy	Rural communities	A prosperous Wales A Wales of cohesive communities
		Creating a sustainable, low carbon economy	Growth and Sustainable Jobs	A resilient Wales A globally responsible Wales
		Widening access to our culture, heritage and sport, and encouraging greater participation	Culture and Heritage of Wales	A Wales of vibrant culture
Entrepreneurship & Business Information	4,231	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales A more equal Wales
Innovation	8,781	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Science	7,274	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Improving Further and Higher Education	Education	A more equal Wales
Major Events	3,918	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Widening access to our culture, heritage and sport, and encouraging greater participation	The Culture and Heritage of Wales	A Wales of vibrant culture
Deliver Property Related Infrastructure	(11,789)	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Deliver ICT Infrastructure	23,095	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	A prosperous Wales A more equal Wales A Wales of
Deliver ICT Infrastructure-	1,309	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales

Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
Non Cash		Supporting continuous improvement in our public services	Public Services in Wales	A more equal Wales
		Ensuring rural communities have access to faster broadband speeds and new digital services	Rural Communities	A prosperous Wales A more equal Wales
Finance Wales	2,160	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Strategy Programmes	551	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Tackling worklessness and raising household income	Tackling Poverty	A more equal Wales
		Living within environmental limits and acting on climate change	Environment and Sustainability	A resilient Wales A globally responsible Wales
Corporate Programmes	3,656	Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
		Preventing poor health and reducing health inequalities	21st Century Healthcare	A healthier Wales
Motorway & Trunk Road Operations	122,389	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
Improve and Maintain Trunk Road Network Non Cash	108,691	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
Rail & Air Services	185,679	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Reducing the level of crime and fear of crime	Safer Communities for All	A Wales of cohesive communities
Sustainable Travel	120,754	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
		Tackling worklessness and raising household income	Tackling Poverty	A prosperous Wales A more equal Wales A Wales of cohesive communities
		Improving public services for rural communities	Rural Communities	A prosperous Wales A more equal Wales A Wales of cohesive communities
		Ensuring people receive the help they need to live fulfilled lives	Supporting People	A more equal Wales A healthier Wales
Youth Concessionary Fares	9,750	Tackling worklessness and raising household income	Tackling Poverty	A prosperous Wales A more equal Wales A Wales of cohesive communities

Budget Action	Budget 2016-17 £'000	Sub-Outcome	Chapter	Wellbeing of Future Generations Goals
		Supporting the economy and business	Growth and Sustainable Jobs	A prosperous Wales
Improve Road Safety	11,664	Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
Road & Rail Investment	83,219	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
		Improving safety in communities	Safer Communities for All	A Wales of cohesive communities
General Capital Funding - Roads	13,667	Improving our infrastructure	Growth and Sustainable Jobs	A prosperous Wales
TOTAL	825,400			

Agenda Item 5.1

Jane Hutt AC / AM

Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business



Llywodraeth Cymru
Welsh Government

William Graham AM
Chair of Enterprise & Business Committee

William.Graham@assembly.wales

15 December 2015

Dear William,

EU Funding Ambassadors Review of the EU Policy and Funding Opportunities for Wales 2014-2020

I am writing to inform you of publication of the EU Funding Ambassadors' Interim Report "Europe Matters to Wales: EU Policy and Funding Opportunities 2014-2020" and the associated EU Policy and Funding Programmes Grid.

I appointed the panel of EU Funding Ambassadors (Dr Hywel Ceri Jones, Dr Grahame Guilford and Gaynor Richards MBE) on 3 December 2014 to help promote and maximise opportunities presented by directly managed EU funding programmes. The appointments were made in direct response to the Enterprise and Business Committee's report on EU funding opportunities 2014-2020, published in July 2014, which highlighted the need to engage in and promote further the EU's directly managed programmes in Wales.

The interim report, which is now available at <http://gov.wales/funding/eu-funds/eu-programmes/?lang=en> sets out the Ambassadors' initial considerations and recommendations some of which they will have discussed with the Committee when they met with you on 23 September. The Ambassadors intend to explore some of these areas further during the remainder of their appointment with the view of submitting a final report to me next Spring. It is very clear that any efforts to maximise EU programmes and resources requires the active participation of all sectors across Wales and I have also specifically asked the Ambassadors to look into, and to comment on, the roles and requirements of partners and what Government can do to assist them in further accessing EU opportunities.

I am extremely grateful to all three Ambassadors for the work and engagement that they have undertaken, which has included discussions with a number of Ministers and officials together with numerous other stakeholders both within and outside Wales. I am also grateful to the Enterprise and Business Committee for its engagement to help inform and facilitate the Ambassadors' work. I will be considering both the Ambassadors' initial and final recommendations with colleagues over the coming weeks and will be pleased to update Members of the Committee in due course.

I would also like to take this opportunity to briefly update you on the progress of the 2014–2020 European Structural Funds programmes. It has been one year since the programmes were agreed by the European Commission, and during this time we have invested £425 million of EU funds, representing nearly a quarter of the total EU funds allocation to Wales. This achievement demonstrates the Welsh Government's commitment to hit the ground running with the delivery of the programmes, and has been made possible by the excellent partnership working that has taken place across Wales, and the innovative proposals that have come forward from Welsh Government and the public, private and Third sectors.

These vital investments for the Welsh economy and labour market were celebrated at a stakeholder event I attended earlier this month in Swansea, and are included in a video footage available to view via the Welsh Government's YouTube page (<https://youtu.be/d3flyXuZiUk>).

At the event, I was also pleased to announce the winners and finalists of the first ever EU funds Publicity Awards in Wales, which recognise those organisations which have gone one step further in communicating the benefits of vital EU funds on growth and jobs across Wales.

Yours sincerely,

A handwritten signature in black ink that reads "Jane". The signature is written in a cursive style with a horizontal line above the name.

Jane Hutt AC / AM

Y Gweinidog Cyllid a Busnes y Llywodraeth
Minister for Finance and Government Business



Wales Office
Swyddfa Cymru

Rt Hon Stephen Crabb MP
Secretary of State for Wales

Gwydyr House Tŷ Gwydyr
London, SW1A Llundain, SW1A 2NP
2NP

1 Caspian Point 1 Pwynt Caspian
Cardiff Bay, CF10 Bae Caerdydd, CF10
4DQ 4DQ

www.walesoffice.gov.uk

William Graham AM
Chair, Enterprise and Business
Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Ref: 138SOS 15

07 December 2015

Dear William,

Thank you your letter of 16 November and for the Enterprise and Business Committee's consideration of the draft Wales Bill.

The draft Wales Bill, published in October for pre-legislative scrutiny, is a significant step for Wales and one which provides a firm basis for a stronger, lasting Welsh devolution settlement.

I am grateful for your Committee's consideration of the draft Bill, and the new reserved powers model, in respect of the Assembly's powers within your remit. The UK and Welsh Governments are holding frequent discussions on the draft Bill, including the proposed Schedule of reservations. Many of the issues your Committee has raised have also been raised by the Welsh Government in those discussions.

I am open to ideas on how the draft Bill can be modified and improved, and I will consider carefully the recommendations made by the Welsh Affairs Select Committee and the Assembly's Constitutional and Legislative Affairs Committee with this in mind. The issues you raise in Annex A to your letter will be considered in detail as part of this process.

Rt Hon Stephen Crabb MP
Secretary of State for Wales

Jocelyn Davies
Chair
Finance Committee

9 December 2015

Dear Jocelyn,

Finance Committee's legacy – Budget process and financial scrutiny of legislation

Thank you very much for your letter of 17 November asking for feedback on the effectiveness of the overall approach to budget scrutiny by the Enterprise and Business Committee. The Enterprise and Business Committee considered it at our meeting on 9 December.

Budget timetable

Committee Members have previously noted that the Assembly's current process – as set out in Standing Orders – does not allow sufficient time to take considered views from stakeholders based on a thorough analysis of the detail, and feed this back to the Finance Committee.

As changes are made to the Assembly's budget process, we would hope that extra time will be made available for subject committees to engage with stakeholders over areas of concern, and to allow this to happen so that we can properly feed in to Finance Committee's broader consideration of the draft budget.

Budget Information

The quality of information that Welsh Government makes available for committees to scrutinise the draft budget has increased notably during this Assembly. The committee hopes this process of continuous improvement – which allows us to more easily assess value for money considerations, and whether projects are delivering the intended outcomes – will be sustained.

However, there remains a lack of consistency between departments in budget layout.



Financial Scrutiny of Legislation

Members of this Committee have scrutinised only one bill during this Assembly – the Active Travel (Wales) Act 2013. In January 2016 the Committee will be speaking to stakeholders and scrutinising the Minister about progress since the Act came in to force. This will include scrutiny of whether the estimates of the financial impact of the bill have been borne out. Should we have further comments following that work, I will write to you again.



William Graham

Chair, Enterprise & Business Committee



William Graham AM
Chair
Enterprise and Business Committee

21 December 2015

Dear William

I am writing in response to two actions following my attendance at the Enterprise and Business Committee on 9 December on Business Rates.

I undertook to raise with Local Authority Leaders the issue of hardship relief and its application across Wales. I have written to Leaders and will be meeting with them towards the end of January. I will provide an update for the Committee following this.

I also agreed to look at the data publicly available on business rates schemes. In terms of the schemes that I operate through my portfolio, I already provide information on the Business Rates scheme in Enterprise Zones which can be accessed by the following link:

<http://gov.wales/docs/det/publications/141203-ezw-progress-update-en.pdf>

Information on the other reliefs I currently support through my Department will be published on the Welsh Government website by the end of January.

Some data on the collection of business rates, and amount of relief awarded by local authorities, is available at the following link

<https://statswales.wales.gov.uk/Catalogue/Local-Government/Finance/Non-Domestic-Rates>

I will, however, make enquiries as to whether there is more information the Valuation Office Agency can publish and whether there are opportunities to do so in the next valuation cycle.

Edwina Hart

Agenda Item 5.5

Julie James AM / AM
Y Dirprwy Weinidog Sgiliau a Thechnoleg
Deputy Minister for Skills and Technology



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref: SF/JJ/2664/15

William Graham AM
Chair – Enterprise and Business Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

14 December 2015

Dear William

Further to my appearance at the Committee on the 21 October 2015, I agreed to write with some feedback regarding the Global Wales initiative following the launch on 11 November 2015.

The Wales Forum on Europe event – Internationalising Higher Education, launched the new Global Wales initiative. Global Wales is a partnership approach to international Higher Education in Wales involving the Welsh universities, British Council Wales, the Welsh Government (Department for Education and Skills, European and External Affairs Division, Trade & Invest, Visit Wales) the Higher Education Funding Council for Wales and Universities Wales.

The aim of the programme is to deliver a consistent message about the quality and diversity of the Welsh offer; support international activities; grow sectors contributing to the Welsh economy through attracting inward investment and tourism. It will also facilitate business partnerships with key Welsh business sectors to further develop international links

The event was hosted by the EU Ambassador, Dr Hywel Ceri Jones. The event was opened by Huw Lewis AM, Minister for Education and Skills with a closing speech given by Jane Hutt AM, Minister for Finance and Government Business.

The event was well attended with over 60 delegates from across the Welsh University sector and local government.

Also for information I attach the opening address by Dr Hywel Ceri Jones and links to all the presentations given on the day which highlight the importance of internationalisation. (Annex A).

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

English Enquiry Line 0300 0603300
Llinell Ymholiadau Cymraeg 0300 0604400
Correspondence: Julie.James@wales.gsi.gov.uk

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I also attach a presentation from Alexandra Hamer, who as a student studied abroad; she gave an invaluable insight of what studies abroad did for her both in terms of her studies and personally.

This event was followed up later in November with an information session by the National Agencies on Erasmus+ and the new calls for funding. The event in Cardiff Bay was again well attended and the interest in student mobility and internationalisation appears to be very prominent currently.

Yours sincerely,

A handwritten signature in cursive script that reads "Julie James".

Julie James AC / AM

Y Dirprwy Weinidog Sgiliau a Thechnoleg
Deputy Minister for Skills and Technology

Wales in Europe Forum Cardiff City Hall 11 November 2015-11-10

Introduction by Dr Hywel Ceri Jones

A very warm welcome to all of you from different corners of Wales, from the different universities as well as other Welsh organisations . It is great to see such large participation today .I extend a very warm welcome to the two Ministers who will take part in our conference : Huw Lewis , Minister of Education and skills , and Jane Hutt , Minister for Europe as well for Finance , who will join us a little later .A special word of welcome to Adam Tyson from the European Commission , Director for Higher Education and for Erasmus +. He has played a leading role in the modernisation agenda for European universities and in managing the global outreach of Erasmus . Adam will participate later on in our panel discussion .

Two days ago , the Welsh Economy Minister , Edwina Hart , joined with Jane Hutt to announce a new £39 m .Fund to bolster world – class scientific capacity in Wales , and launch the second phase of Ser Cymru .One of many examples of synergy between EU and Welsh Government strategy and funding .

Today Ministers Huw Lewis and Jane Hutt are present for the launch of Global Wales and to stress the strategic value of internationalisation of study and teaching in Welsh universities – important for the international reputation of Wales and Welsh universities and also for Welsh participation in Erasmus. A further powerful example of synergy between EU and Welsh strategic interests .

The brand image and reputation of Erasmus – a centrepiece of the EU 20-20 overall strategy for growth and jobs -is already widely recognised across Europe . Through Erasmus Mundus this brand is working world –wide , connecting universities across the globe . By 2020 – we can expect the total number of ex Erasmus students to pass the 5 million mark , from 3 and a half million today .

In my capacity as one of 3 EU Funding Ambassadors for Welsh Government, I was asked specifically to examine Welsh participation in Erasmus + and I hope this event today can be a step towards building a Wales- wide picture of our relative strengths and weaknesses in this regard so that we can all in turn make Wales a truly dynamic knowledge based society.

To my mind ,today provides an excellent opportunity to marry and combine the 2 brands on the world stage : Erasmus and Global Wales . The one complementing and reinforcing the other to the enhanced benefit of Wales and Welsh universities. I hope in the presentations we will hear later that we can be inspired to learn of the leverage and potential of strategic partnerships and knowledge alliances as a necessary investment for all universities in Wales to engage successfully with their chosen partners on the global stage.

WALES FORUM ON EUROPE – INTERNATIONALISING HE EVENT

DELEGATE LIST

Title	First Name	Surname	Company
Dr.	Lisa	Davies	University of South Wales
Ms.	Emma	Gwynnett-Davies	University of South Wales
Mrs.	Kathleen	Griffiths	University of Wales Trinity Saint David
Ms.	Jenny	Scott	British Council Wales
Ms.	Lowri	Gwilym	WLGA
Ms.	Alison	Cummins	British Council Wales
Prof.	Julie	Williams	Welsh Government
Prof.	Julie	Lydon	University of South Wales
Mrs.	Vanessa	Janes-Evans	Monmouthshire Council
Mr.	Huw	Hughes	Cardiff and Vale College
Mr.	Gregg	Jones	National Assembly for Wales
Miss	Sarah	Jones-Morris	Bangor University
Mr.	Alastair	Davies	Welsh Government
Mr.	Geraint	Green	Welsh Government
Mr.	David	Hughes	European Commission in Wales
Mr.	Lloyd	Powell	Cardiff Metropolitan University
Mr.	Dougie	Singh	Welsh European Funding Office
Ms.	Helen	Taylor	Cardiff Metropolitan University
Mr.	Andrew	Gwatkin	Welsh Government
Mr.	Paul	Smith	WEFO
Mr.	Jonathan	Jones	WEFO
Mrs.	Sian	Holleran	CollegesWales
Mr.	Nick	Bodycombe	Cardiff University
Mr.	M C	Shaw	Ceredigion County Council
Mr.	Brian	Herbert	Welsh Government
Mr.	Kevin	Rothwell	Aberystwyth University
Mr.	Iwan	Hopkins	Cardiff University
Mrs.	Lesley	Jenkins	Cardiff Central Library Hub
Mr.	Rob	Davis	Cardiff Central Library
Mr.	Christopher	Lewis	British Council Wales

Prof.	Simon	Haslett	University of Wales
Mr.	Paul	Harrington	Welsh Government
Ms.	Joanne	Gillespie	University of South Wales
Mr.	Kevin	Pascoe	The Open University in Wales
Mrs.	Olivia	Jones	Universities Wales
Dr.	Hywel Ceri	Jones	EU Funding Ambassador
Dr.	Grahame	Guilford	EU Funding Ambassador
Mrs.	Gaynor	Richards	EU Funding Ambassador
Mr.	Ian	Thomson	Cardiff University (Cardiff EDC)
Mr.	David	Rosser	Welsh Government
Mr.	Walter	May	GlobalWelsh
Prof.	John	Grattan	Aberystwyth University
Miss	Enfys	Dixey	WEFO
Mrs.	Sarah	Watts-Peters	Cardiff University
Mrs.	Gina	Parselle	University South Wales
Dr.	Tove	Oliver	HEFCW
Ms.	Michaela	Renkes	Welsh Government
Mr.	Ceri	Jones	Swansea University
Mr.	Adam	Tyson	European Commission
Dr.	Alyson	Thomas	HEFCW
Prof.	Catrin	Thomas	UWTSD
Ms.	Jane	McMillan	Welsh Government
Mr.	Huw	Morris	Welsh Government
Dr.	Arun	Midha	HEFCW
Mrs.	Sian	Stoodley	European Commission Office in Wales
Ms.	Leri	Davies	European Commission Office in Wales
Mrs.	Gwen	Williams	Universities Wales
Ms.	Amanda	Wilkinson	Universities Wales
Mrs.	Sian	Impey	Swansea University
Miss	Beth	But	NUS Wales
Dr.	Alun	Hardman	Cardiff Metropolitan University
Prof	Iwan	Davies	Global Wales Board
Mr	Richard	Cotton	Cardiff University
Prof	David	Shepherd	Bangor University
Mr	Huw L	Morris	Swansea University

Annex A

Please see the links below to the presentations given at the Global Wales initiative launch on 11 November 2015

<http://gov.wales/docs/caecd/publications/151126-adam-tyson.pptx>

<http://gov.wales/docs/caecd/publications/151126-david-shepherd.pptx>

<http://gov.wales/docs/caecd/publications/151126-huw-morris.ppsx>

<http://gov.wales/docs/caecd/publications/151126-sian-impey.ppsx>

<http://gov.wales/docs/caecd/publications/151126-alexandra-hamer.pptx>

Agenda Item 5.6

Document is Restricted

Edwina Hart MBE CStJ AC / AM
Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth

Minister for Economy, Science and Transport



Llywodraeth Cymru
Welsh Government

William Graham AM
Chair of Enterprise & Business Committee,
National Assembly for Wales

07 December 2015

Dear William

I am writing to you following the Enterprise and Business Committee's session last Thursday when we discussed bus and community transport in Wales. I very much look forward to the committee's recommendations based on the evidence that the committee, under your chairmanship, has gathered during this inquiry.

During the discussion at committee, I said that I had received proposals from my Bus Policy Advisory Group to introduce a national Welsh Bus Quality Standards for use in Wales. These proposals have been developed by representatives drawn from local authorities, bus operators, passenger and disability groups and are based on the quality standard introduced in south east Wales earlier this year. The group has recommended that payment of Bus Service Support Grant to operators is based on this voluntary standard, to be implemented from April 2016.

I have asked my officials to undertake a consultation exercise with stakeholders to ensure that these standards are relevant and proportionate for the improvement of local bus services in Wales. I consider these standards, which I have attached for your information, a tangible example of working in partnership and would very much welcome the views of the committee on these proposals.

The Bus Policy Advisory Group has also overseen the preparation of guidance by the TAS Partnership. The guidance is intended to provide

advice to bus operators and funding authorities about interventions that can improve the quality of bus services in an area. The interventions highlighted in this report illustrate the improvements that can be achieved when bus operators, public authorities, passenger groups and trip generators work in collaboration for mutual benefit and to meet the needs of passengers.

I have asked my officials to publish the reports that I have attached for your information and circulate them to operators and local authorities in Wales. I trust that the committee will find these reports helpful in their deliberations about how we can work to improve access to quality local bus services and community transport during the next term of the National Assembly for Wales.

I will write to you shortly on the other areas which the committee has raised.

Edwina Hart

Please see the following link to the Welsh Government's Consultation on Voluntary Welsh Bus Quality Standard:

<http://gov.wales/consultations/transport/160107-bus-quality-standard/?skip=1&lang=en>

The reports to which the Minister for Economy, Science and transport refers are available at the bottom of the page in the following link:

<http://gov.wales/topics/transport/public/bus-policy/?lang=en>