

Committee for the Scrutiny of the First Minister

Meeting Venue:
Committee Room 4 – Ty Hywel

Meeting date:
14 November 2012

Meeting time:
09:15

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

- 1. Informal Pre-brief 09:15 – 09:30**
- 2. Introduction, Apologies and Substitutions 09:30**
- 3. Scrutiny of the First Minister 09:30 – 11:30** (Pages 1 – 6)
- 4. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**
Item 5
- 5. Consideration of Evidence 11:30 – 11:45**

Agenda Item 3

COMMITTEE FOR THE SCRUTINY OF THE FIRST MINISTER

EVIDENCE PAPER – THE LEGISLATIVE PROGRAMME

Introduction

1. This paper provides written evidence to inform the Committee for the Scrutiny of the First Minister on the matter of the Government's Legislative Programme.

The Legislative Programme

2. In July 2011 I announced the Government's five-year legislative programme aimed at improving public services and creating opportunities for everyone. At that time I announced that the Government would bring forward over 20 Bills during the Fourth Assembly, and in July this year I updated the Assembly on our plans for eight of those Bills to be introduced in 2012/13.
3. To date we have introduced Bills on Local Government Byelaws, School Standards and Organisation, Public Audit and a mandatory Food Hygiene Rating scheme. Before the end of this year we intend to bring forward the Local Government (Democracy) (Wales) Bill and the Human Transplantation (Wales) Bill.

Developing the Legislative Programme

4. Individual legislative proposals are made by Ministers based on policy development by Departments, looking ahead to the future needs of Wales, and the priorities of Cabinet. The Programme is agreed by Cabinet before being announced in my annual legislative statement. The Programme is ambitious, and reflects my aims for legislation in Wales in the context of the current powers available under the Government of Wales Act 2006.

Capacity and expertise

5. Delivering the legislative programme is one of the top priorities for this Government, and I have spoken to civil servants individually and collectively about the importance I place on this.
6. However I recognise that the capacity and capability of our civil service to deliver the legislative programme needs to be strengthened. There are fewer officials than there were before, and many of them have not developed primary legislation before. For those that have legislative experience this has generally been in the context of working with Whitehall Departments on legislation to be passed by Parliament for or in relation to Wales.
7. The primary law making powers of the National Assembly for Wales are new, and I want to ensure that the skills and capabilities of civil servants working for the Welsh Government are developed to prepare legislation for scrutiny in the

Assembly. This has included increasing the drafting capacity of the Office of the Legislative Counsel.

8. I welcome the appointment of the new Permanent Secretary who will, together with his senior team, ensure that the skills and capabilities of our officials are developed as we need and governance arrangements are strengthened. A new legislative training programme has been designed and will shortly be rolled out; this is designed to support the skills and behaviours necessary to develop and deliver legislation in Wales. Also a Legislative Programme Board has been established, which is overseen by the Director General for Strategic Performance, Finance and Planning; the Board is responsible for ensuring the delivery of the legislative programme.

Impact of legislation

9. Assessing the impact of legislation on those it affects is an essential part of the policy development process. In particular, and especially as we are moving through a period of significant financial constraint, we must be able to identify and quantify the financial implications of our proposals – what they are and where they fall. We have a procedure for doing this – the Regulatory Impact Assessment (RIA) within the Explanatory Memorandum – which applies equally to all pieces of our legislation. Working through this will ensure that we develop and publish a costed options appraisal alongside the justification and rationale for the Bill.
10. The effect of this can be seen in all our Bills. However, I accept that we may not have always got this aspect of our legislative preparations quite right and some of our stakeholders feel we could do more to engage with them at an earlier stage.
11. Preparing coherent policy is at the core of any Bill and officials work extremely hard to ensure that is done. Translating the impact of those proposals into practice and evaluating the full range of consequences, requires detailed analysis. In the past we have, rightly, prioritised this and in doing so sometimes not got to grips with the detailed financial implications until relatively late in the process. This was identified in the Counsel General's review at the end of the last Assembly.
12. We are therefore seeking to make sure that the timing of the preparation of the RIA is more realistically built in to the legislative process. But, altering the timing alone will not increase the quality or improve the robustness of the product, which is required to maintain the credibility of a draft Bill more widely. We need to engage stakeholders as well.

Engagement

13. In principle, I am committed to ensuring that there is early and open engagement with those who will be affected by our legislation, such as local authorities, or the health service or business. However, it is inevitable that our policy approach will change through the preparation of Green and White papers, the Bill itself; and

again through Assembly scrutiny. Consequently, the RIA, financial implications and, to some extent the balance of the options appraisal will also change. It is therefore important that we are able to make those modifications in a neutral way, rather than being seen to be making fundamental changes to the policy approach.

14. This raises questions as to the nature of the engagement with stakeholders. I see two distinct elements of engagement – first, the technical and operational that will drive the production and modification of RIA itself; and second, the proper debate through consultation and scrutiny. It is important that the two can be advanced separately (but often in parallel) which will demand discipline – and confidence - from the Government and stakeholders alike. And, those technical and operational discussions will have to take place against a background of trust and respect to enable the free and frank exchange of views that will form the basis for properly robust conclusions.
15. The Government has, to date, consulted upon three draft Bills, seven White Papers, four Green Papers, and a further nine policy consultations connected to legislative proposals. I would like to place on record my thanks to those individuals and organisations who have taken the time to attend consultation events, write into the Welsh Government or give evidence to the Assembly during its scrutiny of our legislation. This engagement has proved extremely useful in understanding the impact of the proposals, the matters that need to be considered for effective development, and preparing to support implementation.
16. I am confident that our ambitious legislative programme will be delivered in full during this Fourth Assembly.

PAPER TO THE SCRUTINY OF THE FIRST MINISTER COMMITTEE 14 NOVEMBER 2012 – PROMOTING ENTERPRISE

Introduction

1. The purpose of this paper is to set out written evidence on promoting enterprise for the Scrutiny of the First Minister Committee. Growth and sustainable jobs are at the heart of the Welsh Government's Programme for Government, and delivery against these is the overriding priority. The Welsh Government is taking forward a range of measures to promote enterprise by improving the position of businesses in Wales and the environment within which they operate.
2. It is important to both take a long term view of our policies, addressing the structural issues in the economy, as well as easing the pressures faced by individuals and businesses in the short term. This evidence is therefore centred upon activity that has been taken forward across two broad areas: helping business through challenging times and investing for future growth and jobs.

Helping business through challenging times

3. We have introduced a range of new funds to make it easier for business to access finance. These include the £30m Wales Economic Growth Fund, £40m Wales SME Investment fund, £100m Life Science Fund and the £330k Energy and Environment SME Growth Fund.
4. To date 118 projects have been approved through the Wales Economic Growth Fund, which are expected to create some 1800 new jobs and safeguard around 1600 jobs. The Wales SME Investment Fund is expected to support the creation of 4000 jobs. The Life Sciences Fund will make Wales an even more attractive location for life sciences R&D. The pilot Energy and Environment SME Growth Fund that will initially run for two years is anticipated to help create more than sixty new jobs and safeguard around forty jobs in the first twelve months.
5. We have also extended the Digital Development Fund and allocated additional funding of £1.5m to support businesses in the creative industries sector.
6. These funds complement the existing £150m European-backed Wales JEREMIE fund that provides our main source of commercial finance for eligible SMEs. In just over two years, over £95m has been invested in more than 430 businesses through the Wales JEREMIE fund.
7. In addition, the Micro-Business Task and Finish Group report highlighted the significant challenges that the micro-business sector faces. We responded immediately by setting up the £6m Micro-Business Loan Fund which will provide scope to support at least 300 businesses and will become operational in the 2012/13 financial year. We also continue to take action to implement the other recommendations outlined in the report.
8. We are also taking a range of actions to make it easier to start and grow a business. We have established a network of Business Entrepreneurship Champions to

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promote entrepreneurship and business start up and to advise on what support is needed to help start-ups and small firms and how the Welsh Government can embed an entrepreneurial culture in Wales.

9. We launched our £2m High Potential Starts Project to encourage new high growth business ventures and we continue to provide businesses with high-quality business advice and support through our Business Information Helpline, the Business Start Up Service and our network of twelve Regional Centre Service Centres.
10. Developing a new generation of Welsh entrepreneurs is a key part of our focus and the Youth Entrepreneurship Strategy (YES) is an important part of that. Over the last year significant progress has been made across all 10 actions identified in the YES Action Plan.
11. We have also taken significant steps to deliver a change in our approach to trade and investment. We established a new team to lead on high quality inward investment and trade activity and to work closely with sector teams and staff in overseas offices, as well as with UKTI. Good relationships with UKTI are essential as we look to secure increased exports for Welsh businesses.
12. Throughout the year we have hosted a number of high profile visits from UKTI and led on a number of Trade Missions. Furthermore, the focus of the most recent meeting of Council for Economic Renewal was on how we boost Wales's exports further and attract foreign investment.

Investing for future growth and jobs

13. We have developed a range of policies and actions to support long-term, local growth and jobs. We continue to make progress with Enterprise Zones in Wales. The Enterprise Zone Boards have prepared their strategic objectives in plans for each of the Enterprise Zones. These are currently being considered starting with the infrastructure proposals as in many cases, capital investment needed to create the right conditions to attract businesses. In addition, Marketing plans have now been completed for the seven Enterprise Zones, including individual delivery and targeting strategies, detailed marketing propositions and planned activity. These are being used to promote the Zones in the local and international marketplaces. The BETS Minister will provide a further update in plenary on 27 November.
14. The Enterprise Zone approach is not the only approach towards spatial economic development that we are exploring. Tailoring how we support jobs and growth to the different local economic circumstances of Wales is central to our approach. The Powys Local Growth Zone report provided us with much to consider in addressing the challenges facing rural areas and market towns in Powys, and indeed throughout the rest of Wales. The BETS Minister will update Members through an Oral Statement in early November.

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15. City Regions are another approach. Evidence shows that City Regions can lead to larger and more effective labour markets, more competitive markets for goods and services, facilitated by better planning and improved connectivity. Other benefits can include a range of transport improvements and identifying a small number of regionally significant projects able to maximise benefits of future funding.
16. We are also seeking to improve our science and innovation base. That is why we launched 'Science for Wales – a strategic agenda for science and innovation in Wales'. This included an additional £50m for Science R&D in Welsh universities over the next five years. We have also enhanced the Knowledge Transfer Partnership Programme, enabling Welsh businesses to participate in international transfer projects.
17. Finally, we are taking significant steps to improve information communications and have signed an agreement with BT to deliver the Next Generation Broadband for Wales project, subject to finalising European State Aid and Major Project approvals. The aim of the partnership with BT is to bring the benefits of fibre broadband to the vast majority of those areas which are outside the commercial investment plans of the private sector. Details of the roll-out will be published later in the autumn, once we have received our state aid and major project approvals for the project.

Summary

18. The evidence in this paper outlines some of the steps that are helping to deliver our commitment to support and invest in high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales.

**First Minister
31 October 2012**