

Memorandum on the Economy, Science and Transport (EST) Draft Budget Proposals for 2014/15

Enterprise and Business Committee – 17 October 2013

1.0 Introduction

This paper provides information on the EST budget proposals as outlined in the draft budget announced on 8 October.

2.0 Summary of Budget Changes

In overall terms, the total EST MEG budget allocations for 2014/15 and 2015/16 (excluding Annually Managed Expenditure (AME)) have increased by £75.63m and £70.786m respectively when compared to the June 2013 Supplementary Budget allocation, as shown in the table below.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000
Revenue				
Economy & Science	99,569	96,273	(3,296)	94,658
Transport	325,719	306,970	(18,749)	300,441
Total	425,288	403,243	(22,045)	395,099
Capital				
Economy & Science	96,647	118,647	22,000	110,147
Transport	220,674	296,349	75,675	308,149
Total	317,321	414,996	97,675	418,296
Non Cash	110,000	110,000	0	110,000
Total	852,609	928,239	75,630	923,395
AME	47,918	48,946	1,028	60,125
Total DEL	900,527	977,185	76,658	983,520

For the Economy and Science budgets we will aim to deliver the majority of the savings against 2013/14 budgets through efficiencies, reprioritisation and re-profiling of commitments to minimise the impact of the cuts.

As the table shows, Transport budgets form the majority of the EST MEG at 76% (Economy and Science 24%)¹.

Revenue reductions within the Transport budget present a challenge as the budget is made up of several long term contractual

¹ Figures exclude Non Cash and Annually Managed Expenditure

arrangements, some of which require negotiation with and the agreement of the UK Department for Transport. In some cases the contractual arrangements are index linked to inflation which means the costs rise year on year.

Transport revenue budgets support the public transport service and maintain the safety and serviceability of our road network which are key factors in economic sustainability and growth. Negotiations are underway with our service providers, the UK Government and key stakeholders with the aim of achieving savings whilst maintaining service levels. The on-going negotiations are commercially sensitive and it would be inappropriate to share specific details at this time.

The total EST capital budget has increased by £97.675m in 2014/15, which includes additional allocations from Central Reserves (£52m) and from the Financial Transactions Fund (£12m). The additional allocations in 2014/15 support the projects detailed in the table below:

ACTION	2014/15 CAPITAL £'000	2015/16 CAPITAL £'000	STRATEGIC PRIORITY	SOURCE
Motorway & Trunk Road Operations	10,000	30,000	M4 Brynclas Tunnels Carriageway	Central Reserves
Motorway & Trunk Road Operations	5,000	12,000	A55 Tunnels Route Resilience & Life Safety Improvements	Central Reserves
Road & Rail Schemes	0	40,000	A465 – Heads of the Valley Dualling	Central Reserves
Road & Rail Schemes	18,900	24,800	South East Wales Integrated Transport	Central Reserves
Road & Rail Schemes	8,300	2,000	Funding for the Ebbw Vale Town rail extension & station	Central Reserves
Sustainable Travel	9,800	5,000	South East Wales Integrated Transport	Central Reserves
Finance Wales Funds	12,000	42,500	Funding to support access to finance.	Financial Transactions Fund
Total	64,000	156,300		

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

It is important to note that this does not represent the full value of the impact of the Department for Economy Science and Transport in Wales as we also lever additional investment from other funding sources such as the European Commission, UK Government and the private sector. In terms of access to finance, alongside direct intervention by the Department, we support over £30m of investment per year in SMEs via the various funds managed by Finance Wales.

Where possible the Department also makes use of innovative finance solutions to maximise outcomes. A good example of this is the affordable housing development at Ely Mill, which should generate around £60m private sector investment from a Welsh Government investment of £12m. In addition to delivering homes, this investment will create a significant number of construction jobs over the life of the project. The Department is considering expanding the model to other potential sites.

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. This budget has increased from by £1.028m from £47.918m in 2013/14 to £48.946m in 2014/15 in line with market condition indications.

In considering the priorities for the Draft Budget, the Department has placed a strong emphasis on tackling poverty, equality and sustainability. The published 2014/15 Draft Budget narrative outlines our budget priorities in supporting growth and jobs, educational attainment and supporting children, families and deprived communities. We have focussed on tackling poverty by developing spending plans that protect jobs, create employment opportunities and create the conditions that will enable businesses to grow, recognising that employment offers high level of protection against poverty. Equality considerations are integral to our budget decisions and any significant funding changes have and will be considered against their impact on individuals with protected characteristics. We remain committed to the Welsh Government's Strategic Equality Plan particularly with regard to providing employment opportunities.

There is a strong focus on long-term sustainable growth in our approach to economic development. Community benefits are incorporated into procurement activities such as the work being undertaken on major road schemes such as the A465 Heads of the Valleys road enhancements. By supporting training and job creation through supply chain and skills development for local communities' sustainability delivers value for money in both social and economic terms.

3.0 ECONOMY & SCIENCE

3.1 Programme for Government Commitments

Our 2014/15 spending plans are aligned to match our strategic objectives which encompass the commitments made in the Programme for Government. A mapping of our Actions to the Programme for Government Commitments is detailed at Annex B. The annual update of Programme for Government achievements was published in June 2013 and can be found on the Welsh Government internet site.

<http://wales.gov.uk/about/programmeforgov/?lang=en>

In the current economic climate affordability is a major issue and projects and programmes are continually monitored to ensure they are delivering their outcomes and targets. Where they are not found to be delivering as planned, the resource is reallocated to interventions that will deliver jobs and growth.

The principles of Delivering Results are embedded into the decision making for the Department. There are robust processes in place to underpin the value for money considerations, such as the Five Case Business Model for investments with appropriate Office of Government Commerce Gateways for major infrastructure projects. All capital allocations for strategic projects are supported by business cases. Comprehensive due diligence is conducted for all applications of support and assessed in terms of outcomes and the wider long-term sustainable development. Investment Panels both internal and external ensure that investments are approved in an accountable and transparent manner and support the efficient utilisation of financial resource.

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

The implementation of strategies and action plans for key sectors

The Sectors continue to develop targeted strategies supported by panels of industry experts. A report on the progress and future remit of the Sectors and the Panels can be accessed at:

<http://business.wales.gov.uk/sector-panel-report>

The delivery of the priorities is supported by £88.9m funding which includes £20m for the Wales Economic Growth Fund 2 and £12m financial transaction funding to support the sector strategy and respond to emerging opportunities.

The Partnership for Growth: Tourism Strategy 2013-2020

In order to support and encourage the development of the tourism sector we have allocated £12.8m for marketing and development work in 2014/15. In addition to this, we have also allocated £4.5m for Major events which have a significant role to play in raising the profile of Wales. The implementation of the “Partnership for Growth” Strategy has the potential to realise significant growth with a challenging target to grow tourism earnings in Wales by 10% or more by 2020. There is strong evidence to support that investing in tourism maximises the return on the expenditure.

The promotion and attraction of trade and inward investment activity

The Trade and Inward Investment team work with the sector teams, the European and External Affairs Division and other partners (both internal and external). It helps companies in Wales internationalise through exporting globally and to attract inward investment - both foreign direct inward investment and investment from elsewhere in the United Kingdom. Whilst the primary aim is to increase the stock of overseas owned companies in Wales through winning new investments, reinvestments have played, and will continue to play, a significant role in our overall inward investment results.

In 2014/15 £2.1m has been allocated for trade and inward investment activity. The outcomes are monitored closely in terms of delivering value for money. UKTI’s annual report for 2012/13 shows that the number of inward investment projects attracted to Wales in the year to the end of March 2013 increased from just 23 in the previous financial year to 67 – a year-on-year rise of 191%.

The significant rise in project wins – a combination of new investments, expansions by existing foreign owned companies and merger and acquisition activity – represented 4.2% of the total number of foreign direct investment projects for the UK of 1,559. During the year, Wales secured 7,047, an increase of over 100% on the previous year and it represented 4.1% of the UK total.

The projects secured promise the creation of 2,605 jobs, 4.4% of the UK total. Projects include those at Toyota, Sony, Ford, Meritor, Airbus, as well as the acquisition of Bilcare by United Drug.

Access Broadband Cymru

The Access Broadband Cymru scheme is the successor to the Welsh Government’s highly successful Broadband Support Scheme. The scheme is one of the early stage interventions to support the estimated 4% of premises that will not receive access to next generation broadband services through the Superfast-Cymru project. It contributes to the Programme for Government commitment to ensure that rural communities are not left behind in the delivery of

fast broadband and that work will continue to eliminate "not-spots" and that there is fair and equal access to higher broadband speeds across the whole of Wales.

To maximise on the significant investment made under the Superfast Cymru programme, support under the Access Broadband Cymru scheme will be targeted in areas where roll-out of Superfast Cymru is not expected. A total commitment of £6m (profiled £2.5m 2013/14; £2m 2014/15 and £1.5m 2015/16) has been allocated based on anticipated demand. It is predicted that as the fibre footprint under Superfast Cymru increases, the demand for the Access Broadband Cymru scheme will reduce. Therefore the total commitment has been estimated on a sliding scale over three financial years.

3.2 Measuring Performance - Outputs and Outcomes

The Department uses a wide range of outcomes and outputs to measure delivery. As part of Programme for Government a set of macro-economic indicators are used to understand economic progress:

- Gross Disposable Household Income (GDHI) per capita
- Primary Income per capita
- Gross Value Added (GVA) per capita
- Employment rate.

These should not be considered indicators upon which the Welsh Government's policies alone can seek to have direct, obvious or significant influence, particularly in the short-term.

A wide range of indicators are used to measure delivery by the operational areas of EST and these are made up of 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 WEFO regulations when European Funding is utilised and to provide local indicators for individual business areas.

As part of the annual business planning process EST requires business areas to submit baseline targets against indicators when budgets have been agreed. The targets for 2014/15 will be agreed in line with the detailed plans which are in progress at this stage of the business planning cycle. Targets have been agreed for 2013/14 and the table below sets out a summary against key delivery areas.

EST Key Outputs Targets 2013/14*

	Jobs Created	Jobs Safeguarded	Investment Induced (£000)
Sectors	2,777	1,921	106,612
Entrepreneurship	4,000	775	0
Science and Innovation	156	2	0
Access to Finance inc SIF, Finance Wales	4,272	2,342	162,342
WEGF 2	1,300	1,000	11,738
Others	216	0	19,155
Total	12,721	6,040	299,847

* It should be noted that these figures were agreed at the start of the financial year to provide the baselines used to support business planning. They are subject to in-year changes dependent on a number of factors and will be re-forecast to meet any changes.

In addition the Department aims to assist over 13,000 jobs in 2013/14 and a separate report on the outputs for Enterprise Zones will be published in December 2013.

3.3 Policy Development

Our key to delivering growth is by working in partnership with both internal and external stakeholders to maximise resources and intelligence and to deliver policy aims. A number of policies are cross cutting and collaborative, the principles being embedded in the strategic priorities in the relevant business areas identified during the budget planning process. These policy developments have also been highlighted as part of the scoping for EU structural funds.

City Regions

The City Regions Report published in July 2012 identifies three strategic benefits: more efficient labour markets, larger markets for goods and services and a greater exchange of knowledge, ideas and innovation. Significant work has been undertaken, both internally within the Welsh Government and externally, as buy-in is critical to the success of City Regions. There is no designated budget for City Regions as the delivery and monitoring is embedded in the individual programmes.

There are clear linkages between City Regions and other approaches that are being developed such as Enterprise Zones aiming to attract investment and create jobs. Public transport is integral to the success of city regions.

Business Rates

The Welsh Government continues to examine whether business rates can be used as a lever to support economic development and growth. The Welsh Enterprise Zones Business Rates Scheme which runs from 2012/13 to 2015/16 aims to deliver benefits through economic growth and job creation.

The new schemes Open for Business and New Developments will further incentivise businesses. The New Development scheme is expected to cost around £2.8m aims to encourage construction and new development by extending the exemption period from empty property rates to 18 months. The scheme will run until 30 September 2016. The Open for Business Scheme estimated at £2.5m aims to bring long term property back into use by offering a business rates discount of 50% for eligible properties up to twelve months from the occupation date. The scheme will run until 31 March 2015.

In assessing value for money the business rate schemes will be monitored in terms of the number of enterprises receiving relief; type of business with the associated jobs and premises refurbished or created. The Business rates initiatives are supported with funding of £4m in 2014/15.

Town centre businesses have been supported through the provision of clearer guidance and funding to support Business Improvement Districts. This has assisted charities and social enterprises on the high street.

The Welsh Government has also successfully lobbied the UK Government to extend Small Business Rate Relief and to make changes to Empty Property Rates.

Co operatives and Mutuels

The Welsh Commission on Co-operatives and Mutuels is due to provide a report in the autumn. Any resource implications will be considered in line with the recommendations.

Improving Access to Business Finance

The Department continues to work closely with the banks to ensure that the business funding offered by Welsh Government is used, where possible, to bridge a gap between bank lending and the funding needs of viable, growing Welsh SMEs. Through Finance Wales, a number of funds have already been established to help businesses access finance which is not readily available from the high street. These include the Wales SME Fund, Micro Business Loan Fund, Property Development Fund, the JEREMIE Fund and the Welsh Life Sciences Investment Fund. Together these funds invested over £31m in 2012/13 in Welsh Businesses and it is anticipated that investment of £34.1m will be achieved in 2013/14.

Most of these funds have the major advantage that they will provide returns that can be reused to support future investments in businesses across Wales. This Draft Budget includes additional financial transaction funding of £12m in 2014/15 which will support new investment funds in Finance Wales that are currently in development.

The Access to Finance Review conducted by Dylan Jones Evans examined whether the High Street banks are meeting the funding needs of Welsh SMEs. The second part of the review will look at the alternative sources of finance for Welsh businesses and SMEs in particular. This is an important review and the recommendations will be considered further in developing future policy and remaining responsive to the needs of the business community.

Enterprise Zones

Business and investment activity within the seven Enterprise Zones is a powerful market signal for further investment. The budget of £13m includes £9m to support development of the infrastructure and incentives to deliver the distinct priorities in the sectoral approach for a lasting legacy of jobs and continued growth. Capital proposals are supported by business cases and opportunities to lever in additional funding are always part of the evaluation. A report detailing information on the performance and outputs associated with Enterprise Zones will be published by the end of this year.

Innovation Wales

As a strategy rather than a programme, Innovation Wales does not have a hypothecated budget. The principles in delivery inform and prioritise existing portfolio budgets. The Innovation Wales strategy includes a series of recommendations designed to increase the flow of UK and European research, development and Innovation funds from UK and European sources.

The strategy has been important in prioritising the Research, Development and Innovation (RD&I) additional requirements for new programmes. The new round of Structural Funds will present a major opportunity to support these new activities. There is no designated budget as the delivery and monitoring is embedded in the individual programmes.

Local Growth Zones

The development of local growth zones is an important factor in the economic sustainability of towns and rural communities as a more appropriate model than Enterprise Zones. In 2014/15 £0.1m has been allocated to support projects and stakeholder groups to explore the potential for policy options to encourage and support jobs, economic growth and offer the opportunity of testing different types of interventions. This will initiate in Powys and be extended to the Teifi

Valley. For example, the deployment of Superfast Cymru and the A483/A489 Newtown bypass are key supporting interventions in Powys. Final recommendations will be fully evaluated report in line with economic priorities.

3.4 Preventative Spending

As stated above, the Draft Budget gives clear priority to accelerate economic recovery, create employment opportunities and establish the foundations for long-term promotion of economic growth and sustainable communities. The entire budget for Economy and Science supports intervention aimed at growth in the economy to increase prosperity. In terms of preventative spend, this has positive outcomes for health and social challenges and assists in establishing a fairer and more equal society.

Employment offers a high level of protection against poverty for individuals and families. We are working to tackle worklessness and poverty by encouraging and supporting employment retention and creation across Wales. The Science and innovation budget is important in supporting the improvement in education, training and research to assist in tackling unemployment.

3.5 Provision for Legislation

Our contribution to the cross cutting legislation supports the conditions that can create jobs, growth and wealth in the Welsh economy. Considering the interests of business is a statutory duty in the Government of Wales Act. The Department continues to work in collaboration with all stakeholders to ensure that the needs of Welsh business and the economy are fully reflected in the proposed legislation:

- Planning Bill
- Public Service Workforce Bill
- Fairer Generations Bill

Financial resources are sufficient to accommodate Regulatory Impact Assessments for legislative and policy proposals.

4.0 ECONOMY & SCIENCE - FUNDING OF SPENDING PROGRAMME AREAS

The 2014/15 proposed total budget for Economy and Science has increased by £18.704m when compared to the 2013/14 Supplementary Budget (excluding Annually Managed Expenditure).

This includes a decrease to the resource budget of £3.296m as a result of revenue reductions and an increase of £22m to the capital budgets, as shown in the table below.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000	2015/16 Changes £'000
Revenue	99,569	96,273	(3,296)	94,658	(4,911)
Non Cash	1,309	1,309	0	1,309	0
Capital	96,647	118,647	22,000	110,147	13,500
Total	197,525	216,229	18,704	206,114	8,589

4.1 Sectors & Business

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sectors and Business	Revenue	51,089	(24)	51,065	48,985
	Capital	56,519	21,625	78,144	88,633
	TOTAL	107,608	21,601	129,209	137,618

The total budget of £129.209m in 2014/15 provides funding for Sectors, Legacy SIF, Entrepreneurship and Business Information, Trade and Inward Investment and Enterprise Zones. There is a decrease in the revenue budget of £0.024m which is made up of a number of incremental changes between years and movements in budget areas in year to align commitments. There is a net increase of £21.625m in the capital budget which reflects additional allocations of £32m from central reserves and the financial transactions fund which is offset by a £10.375m reduction in capital commitments for legacy SIF.

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.

4.2 Legacy SIF

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Legacy SIF	Revenue	2,360	(657)	1,703	1,703
	Capital	20,700	(10,375)	10,325	10,325
	TOTAL	23,060	(11,032)	12,028	12,028

This budget supports the Department's 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 reduction of £11.032m reflects the reducing level of commitment as projects are completed.

4.3 Sectors

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sectors	Revenue	34,206	2,058	36,264	34,386
	Capital	35,819	32,000	67,819	78,308
	TOTAL	70,025	34,058	104,083	112,694

The budget of £104.083m supports the delivery of the Sector priorities, Enterprise Zones and Trade and Inward investment. A detailed breakdown of the activities by Budget Expenditure Line is included in Annex A. The Sectors budget includes an allocation for pipeline activity of £39m to ensure that funding is available to respond quickly to projects as they are developed.

The increase of £32m in the 2014/15 capital budget for Sectors reflects additional allocations from reserves and financial transactions as follows:

1. £20m for the Wales Economic Growth Fund Phase two for businesses with a funding requirement of over £100,000 to concentrate on the creation of new jobs.
2. Financial transactions funding of £12m to support economic development initiatives to provide access to finance to and support business growth, exports and create / safeguard jobs. Detailed plans on the allocation of these funds to existing or new funds are currently under consideration and will be announced in coming months.

4.4 Entrepreneurship

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Entrepreneurship and Business Information	Revenue	14,523	(1,425)	13,098	12,896

The Entrepreneurship and Business Information budget of £13.098m supports youth entrepreneurship, start-ups, SME and micro-businesses and responsible business practices. It also ensures that the mutual and co-operative sector has access to appropriate and robust business advice. Responsible Business practices will facilitate corporate social responsibility commitments by requiring businesses to behave ethically and contribute positively to the economic development.

The re-profiling of EU funding and an increase in the intervention rate for the "Start Up" programme has reduced the core budget requirement by £1.425m in 2014/15. This has no impact on service delivery.

4.5 Science and Innovation

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Science & Innovation	Revenue	14,269	(1,067)	13,202	12,882
	Capital	3,613	8,366	11,979	2,979
	TOTAL	17,882	7,299	25,181	15,861

The funding of £25.181m supports initiatives to deliver the Science for Wales Strategy and Innovation Strategy.

4.6 Science

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Science	Revenue	2,882	428	3,310	3,234
	Capital	3,113	8,366	11,479	2,479
	TOTAL	5,995	8,794	14,789	5,713

The budget includes revenue and capital funding of £5.539m to support the Ser Cymru and National Science Academy (NSA)

initiatives. The Ser Cymru funding contributes to the total £50m Welsh Government commitment to this five year programme, which is also supported by Health and Education budgets. The NSA encourages young people to engage with Science, Technology, Engineering and Mathematics subjects.

The increase in the capital budget largely reflects additional capital reserves allocated for the Science Park in the 2013/14 final budget. Revenue and capital funding of £9.25m in the Menai Science Park (2013/14 £1m) will provide facilities to support the establishment of new companies and grow existing companies creating employment and opportunities.

4.7 Innovation

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Innovation	Revenue	11,387	(1,495)	9,892	9,648
	Capital	500	0	500	500
	TOTAL	11,887	(1,495)	10,392	10,148

Funding of £10.392m is allocated to encourage businesses to invest in innovation and develop links with academia through the Business Innovation, A4B and SMART Cymru Programmes. These are all EU funded projects. There is a reduction in core funding of £1.495m following a realignment of budgets within the MEG and a review of commitments.

4.8 Major Events

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Major Events	Revenue	4,740	(284)	4,456	4,354
	TOTAL	4,740	(284)	4,456	4,354

The £4.456m budget for Major Events will support work with National, UK and international sports federations to ensure more major events are hosted in Wales. In 2014 Wales will host the Seniors Open Championship for the first time. It also supports a diverse range of cultural events including home grown events such as the Beyond the Border International Storytelling, Swn and Wakestock Festivals to major international cultural events such as WOMEX. The change in the budget of £0.284m has resulted from a managed reduction in line with current commitments.

4.9 Infrastructure

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Infrastructure	Revenue*	20,642	(1,196)	19,446	20,397
	Capital	36,456	(8000)	28,456	18,456
	TOTAL	57,098	(9,196)	47,902	38,853

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

The 2014/15 budget of £47.902m provides support for Property Related Infrastructure, ICT Infrastructure and the Next Generation Broadband for Wales project (NGBW - also known as Superfast Cymru).

4.10 ICT Infrastructure

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
ICT Infrastructure	Revenue*	8,326	(340)	7,986	8,386
	Capital	26,304	0	26,304	16,304
	TOTAL	34,630	(340)	34,290	24,690

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

The £34.290m ICT Infrastructure budget supports the delivery of a number of key projects, including Superfast-Cymru project, Public Sector Broadband Aggregation (PSBA) and Access Broadband Cymru. There is a small reduction of £0.34m which reflects efficiency savings of £1.869m in delivery of the Superfast Cymru project offset by £1.529m for PSBA to the Welsh Government Invest to Save Fund. Improving telecommunications networks and assuring all parts of Wales have access to adequate broadband facilities for their economic needs is one of the seven high level priorities in our Wales Infrastructure Investment Plan. High quality ICT infrastructure is fundamental in creating a thriving, competitive digital economy and increasing growth, jobs and wealth.

By the end of the Superfast Cymru project, the total investment will be approximately £425m comprising £89.5m European Regional Development Funding; £56.9m UK Government funding; £28.6m EST capital budget, £30m Central Reserves funding and £220m private sector investment.

PSBA is a collaborative public sector activity based on a co-operative, shared ownership model. Its objective is to deliver effective, efficient and affordable connectivity that enables the entire

public sector in Wales to deliver services to meet the needs of citizens. PSBA has typically saved organisations around 20% compared to the prices they were paying previously for an independent network.

The new Access Broadband Cymru scheme is important to the implementation of the Welsh Government's Digital Wales Strategy which recognises the need to provide better, more cost effective and accessible services for citizens. The scheme aims to assist businesses, third sector organisations and communities to improve broadband speeds.

4.11 Property

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Property	Revenue	11,007	(856)	10,151	10,702
	Capital	10,152	(8,000)	2,152	2,152
	TOTAL	21,159	(8,856)	12,303	12,854

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 within EST.

The reduction of £0.856m in the revenue budget reflects efficiencies in portfolio management arising from a review of partnership arrangements to achieve long term savings. The reduction to the capital budget reflects a specific allocation of £8m made in 2013/14 support land for development initiatives (using a similar model for Ely Mill).

4.12 Strategy and Corporate Programmes

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Strategy & Corporate Programmes	Revenue	10,138	(725)	9,413	9,349
	Capital	59	9	68	79
	TOTAL	10,197	(716)	9,481	9,428

The 2014/15 budget of £9.481m supports the core funding for Finance Wales, Marketing, Health Challenge Wales Programme, National Loans Fund (NLF) repayments, and strategy support activity. It also supports the economic analysis and developments in

legislation which underpin many spending decisions.

4.13 Corporate Programmes

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Corporate Programmes	Revenue	3,294	(147)	3,147	3,083
	Capital	59	9	68	79
	TOTAL	3,353	(138)	3,215	3,162

The revenue reduction of £0.147m reflects efficiencies were identified in the operational costs of the Customer Relationship Management (CRM) database by re-scoping core ICT departmental programmes. The capital budget supports the NLF repayments profile.

4.14 Marketing

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Marketing	Revenue	2,815	0	2,815	2,815
	TOTAL	2,815	0	2,815	2,815

Marketing supports key campaigns and activities to help communication and success of delivery of the Department's programme and projects. The initiatives are particularly important to communicate offers to businesses and support the development of the Wales brand.

4.15 Finance Wales

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Finance Wales	Revenue	3,500	(500)	3,000	3,000
	Capital	0	0	0	0
	TOTAL	3,500	(500)	3,000	3,000

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 £0.5m following identification of operational efficiencies.

4.16 Strategy Programmes

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Strategy Programmes	Revenue	529	(78)	451	451
	TOTAL	529	(78)	451	451

The budget supports the economic analysis and strategic engagement to inform key strategies spending decisions and the reduction will be managed in line with research requirements.

5.0 TRANSPORT

Transport has a critical role to play in improving Wales' economic competitiveness and providing enhanced access to jobs and services. The current transport investment programme ensures that it is focused on improving Wales' economic competitiveness. It is without question that an affordable, effective and efficient transport system is important in tackling poverty and is integral to delivering interventions and policies for growth and jobs. Therefore we continue to provide substantial investment in major transport infrastructure improvements, such as road improvements on the A477 St Clears – Red Roses; A470 Gelligemlyn and Maes yr Helmau – Cross Foxes; A487 Glandyfi, A465 Brynmawr to Tredegar A487 Caernarfon – Bontnewydd and Cardiff Eastern Bay Link. In recognising the role that rail plays in promoting economic growth and enabling greater access to jobs and services, we have chosen to invest to bring forward improvements in network capacity and the accessibility and quality of stations.

The links to the Written Statement below provides further information on our Transport infrastructure priorities:

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/transport/?lang=en>

<http://wales.gov.uk/about/cabinet/cabinetstatements/2013/railpriorities/?lang=en>

The statements on capital priorities were based on an assessment of the economic impact of planned schemes. The views of business groups were also sought to understand their priorities for investment.

It was assumed that projects currently under contract should be delivered as planned and projects that had secured other funding, for example European funding or a contribution from the Department for Transport for rail projects were prioritised. This work largely

confirmed the prioritisation carried out in 2011 but allowed consideration of new options in relation to the M4, the Eastern Bay Link and work on pinch points.

All projects are developed supported by detailed business cases. The procedures for delivery of a roads project require the project to undergo a sequence of assessments, checks and approvals in line with PRINCE2 principles at key stages. This includes following a monitoring and evaluation process that involves exercising financial control of spend, assesses technical compliance and provides assurance that funds are being used to bring about the anticipated benefits.

This procedure is intended to demonstrate, at each key stage, that the objectives and outcomes that formed the business case of the project will be achieved or, if not, provide the option for the project to be re-evaluated.

As projects providing improved road accessibility, the objectives will include improved safety, reliable and shorter journey times, transfer of traffic away from residential and sensitive environments, all being delivered sustainably and within budget.

The Monitoring and Evaluation Plan is established at the start and applied throughout the delivery process through regular reviews and reporting, end of stage checks and following the guidance on procedures.

As completion approaches, key assessments are carried out:

- The Final Gateway Report
- Contract Cost Reconciliation Report
- Design Effectiveness Report
- Stage Three Road Safety Report

These reports are then included in a Scheme Completion Report that summarises the previous Key Stage Reports and is the equivalent of the Highways Agency 'POPE' report.

To provide assurance that the new asset will be maintained effectively, the Project team hands over a comprehensive compilation of all the relevant documents in a digital format to the team that will be responsible for managing and operating the new asset.

Additionally, as part of the contract, there is a five-year aftercare period during which time the contractor maintains, repairs and replaces the essential mitigation measures. The success or otherwise of this is recorded.

In order to evaluate the impact the scheme has on the wider economy a review is commissioned and a report prepared on the

impacts, which can be quite considerable, particularly because a high proportion of the money spent on the construction finds its way into the local economy.

The procedures for delivery of rail projects and programmes are developed using the Five Case Business model, with emphasis placed on the cost/benefit ratio and maximising return on investment. Subsequently, gateway reviews are used to ensure that focus remains on the agreed business case purposes.

Where Welsh Government acts as the delivery agent all procurement is carried out using quality/cost criteria aimed at delivering value for money aligned to the business case purposes and critical success factors. Where third parties act as delivery agents, such as Network Rail, the Welsh Government would ordinarily enter into agreements that are usually regulated to minimise risk.

Project/Programme Boards drive governance, monitor procurement activity, risk and financial performance, and review deliverables against the agreed business case purposes.

In evaluating the National Transport Plan a regular statistical bulletin is produced and subject to continual assessment. Consideration will be given to the best way in which future transport plans should be developed.

5.1 Programme for Government Commitments

The table at Annex B provides a mapping of Programme for Government commitments with details of associated cost.

5.2 Provision for legislation

In progressing the Active Travel (Wales) Bill the existing route maps are anticipated to initially cost £352,300 in 2014/15 (including statement of conformity to the design and consultation requirements), then £146,100 every three years to remap. The integrated network maps are anticipated to cost £400,000 in the first three years, and subsequently around £44,000 every three years to remap.

Costs of making year-on-year improvements will be determined by budget availability. The costs of enhancing provision in new road schemes will be factored into the costs of existing schemes.

Amendments made at Stage 3 would have an estimated cost of £30,800 per annum.

These costs will be met from within Walking and Cycling and the strategy budgets.

Work on active travel is closely coordinated across the two Departments and funding for active travel primarily lies within the

portfolio. Transport officials are supporting the Minister for Culture and Sport in relation to the Bill and one official is assisting the Minister for Culture and Sport to progress work on the promotion of active travel.

There is no impact arising from any UK legislation on the Transport budget.

5.3 Preventative spending

In delivering better outcomes preventative spending measures are important for the long-term. In considering the impact of programmes and policy in concessionary fares, network management and road safety a significant element of the Transport budget may be attributed as preventative spend.

An assessment has been carried out to establish the benefits of the concessionary fares scheme from a preventative spend perspective. This found:

- £10.5 million in indirect health and social care benefits from the Concessionary fares scheme. These arose from delaying the need for local authority funded residential care because the concessionary fares scheme promotes both greater physical activity and more social interaction which both delay the onset of dementia. It also brought other cost savings for the NHS by reducing the number of or delaying the onset of various conditions.
- This means that for every £1 spent on concessionary fares, there is around 14p of savings in the health and social care budgets.
- In considering value for money the concessionary fares scheme is subject to the multi-annual agreement with bus operators and the process for reaching a new agreement requires that the principle of no net gain, no net loss is adhered to and the reimbursement rate tested.

5.4 Cardiff Airport

Transport budgets will support the future improvements to Five Mile Lane which are under consideration to improve the infrastructure around the Airport. The bus revenue support budget includes provision of £0.3m for the bus services to the Airport, which commenced on 1 August 2013.

Cardiff International Airport Limited operates under a business plan which has been agreed by the Welsh Government Holding Company. Progress will be monitored by tracking a number of key performance indicators such as increases in passenger numbers, improvement in customer experience and improved profitability.

6.0 TRANSPORT FUNDING OF SPENDING PROGRAMME AREAS

Compared to 2013/14, there is a £56.926m increase in the total Transport budget for 2014/15, comprising a revenue decrease of £18.749m and a capital increase of £75.675m.

	2013/14 Supplementary Budget £'000	2014/15 Proposed Budget £'000	2014/15 Changes £'000	2015/16 Indicative Plans £'000	2015/16 Changes £'000
Revenue	325,719	306,970	(18,749)	300,441	(25,278)
Non Cash	108,691	108,691	0	108,691	0
Capital	220,674	296,349	75,675	308,149	87,475
Total	655,084	712,010	56,926	717,281	62,197

6.1 Motorway & Trunk Road Network Operations

SPA	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Motorway & Trunk Road Network Operations	Revenue	65,521	(4,066)	61,455	60,307
	Capital	48,551	22,899	71,450	92,550
	TOTAL	114,072	18,833	132,905	152,857

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 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.

This budget funds capital maintenance and improvement of the existing road network. Additional capital allocations from central reserves in 2014/15 of £15m will support the M4 Brynglas tunnels – (£10m for carriageway reconstruction, safety and resilience projects) and A55 tunnels (£5m for route resilience and life safety improvements). The tunnels are a key part of the North and South Wales transport network underpinning economic development, growth and jobs

In addition following priorities set out in the written statement £7.899m has been allocated to remove pinch points on the road

network and to support a trunking programme. The M4 Corridor, A465 and Eastern Bay Link were identified as priorities.

Potential revenue savings of £3.4m on network operations have been estimated, although a detailed review is underway to ensure that these can be achieved with minimum impact on delivery. An additional reduction in the provision for third party claims £0.666m has also been identified.

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

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Improve and Maintain Trunk Road Network (Domestic Routes)	Revenue	108,691	-	108,691	108,691
	TOTAL	108,691	-	108,691	108,691

This budget covers the annual depreciation of the trunk road network.

6.3 Rail & Air Services

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Rail & Air Services	Revenue	173,179	(9,211)	163,968	160,389
	TOTAL	173,179	(9,211)	163,968	160,389

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. The reduction of £9.21m represents an early estimate of potential savings, although realising savings will require significant negotiations with service providers and the UK Government.

6.4 Road and Rail Investment

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Road & Rail Schemes	Capital	109,916	41,850	151,766	152,166
	TOTAL	109,916	41,850	151,766	152,166

The budget funds road and rail capital improvements. In 2014/15 we are allocating £97.2m to deliver road infrastructure priorities and £54.6m to deliver rail investment projects. The increase of £41.85m includes additional capital allocations from central reserves of £8.3m to support the Ebbw Vale Town and Rail extension and station scheme, and £18.9m to support the South East Wales Integrated Transport project. In addition, capital funding of £14.65m has been reprioritised within existing EST budgets for the M4 Corridor, A465 & Eastern Bay Link.

The consultation to improve the M4 around Newport to address capacity and resilience problems was launched on 20 September 2013. In 2014/15 £2.7m is provided to support feasibility studies arising from the consultation. This is a major enhancement and discussions with the UK Government on borrowing powers are ongoing to support the project. Securing value for money will be a key focus in the development of the project. This will be achieved through close management of every stage of project development and delivery and a strong emphasis on value engineering. Business leaders have been absolutely clear that improving the M4 around Newport is their top priority for the economy.

6.5 Improve & Maintain Local Roads Infrastructure

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
General Capital Funding - Roads	Capital	13,667	0	13,667	13,667
	TOTAL	13,667	0	13,667	13,667

This budget reflects the transport capital component of the local government settlement. This funding cannot be used for any other purpose.

6.6 Sustainable Travel

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Sustainable Travel	Revenue	82,302	(4,998)	77,304	75,502
	Capital	41,640	10,926	52,566	42,866
	TOTAL	123,942	5,928	129,870	118,368

This budget supports investment in integrated transport, walking & cycling, active travel, concessionary fares, smartcards and bus, rail and road funding to improve transport outcomes at a regional and local level through grant mechanisms available both to local authorities and via the Regional Transport Consortia.

Allocations for specific budgets are shown in the Budget Expenditure Lines included at Annex A. The budgets have been realigned following priorities laid out in the written statement. The revenue reduction of £4.998m across the sustainable travel budget has been estimated, although detailed reviews are underway to ensure that these can be achieved with minimum impact on delivery.

The capital budget of £52.566m in 2014/15 includes an additional allocation from central reserves of £9.8m for measures relating to the South East Wales Integrated Transport project.

Concessionary Fares: The budget shows funding for the concessionary fares scheme of £61m in 2014/15. This amount is supplemented by the local authorities. Discussions have commenced with the bus industry and local authorities on the duration and value of the next period of financial support. Until those negotiations are concluded this figure remains indicative.

The bus industry acknowledged and welcomed the introduction of the three year funding agreement in 2011. This provided them with certainty and stability and helped in forward planning. It proved useful to them in investment decisions, and the fleet profile across Wales is now probably the best it has ever been. Both the bus industry and local authorities have provided lessons learned papers on the current agreement to assist us in considering and negotiating a new agreement.

Regional Transport Services Grant (RTSG): Local Transport Services Grant and Bus Service Operators Grant both ended on 31 March 2013 and were replaced by RTSG. The principal aim of the Bus Funding Review that introduced the RTSG was to ensure that passengers throughout Wales can look forward to a stable and sustainable bus network, which is better co-ordinated with other public transport services.

The RTSG is administered by the Regional Transport Consortia who have a key part to play through their development of Regional Public Transport Strategies. These identify and prioritise public expenditure in support of bus and community transport services that take account of the needs of protected groups. The Regional Transport Consortia are working with bus operators, Bus Users UK in Wales, the Public Transport Users' Committee, and others, to identify bus and community transport networks that will make the most effective and efficient use of the new RTSG.

One of the main features of the new funding arrangements is that the Regional Transport Consortia have to undertake their own Equality Impact Assessments to establish the effects of decisions that they take about which bus and community transport services to support.

The budget supports three full-time Bus Compliance Officers employed by Bus Users UK in Wales. They monitor bus operators' performance and present their findings to the Traffic Commissioner where that is necessary. The Traffic Commissioner has powers to fine operators for failing to provide registered services or even remove their license to operate bus services.

Prior to the introduction of the RTSG, the community transport sector was supported by specifying that a minimum of 10% of the Local Transport Services Grant had to be spent in support of the sector. For the financial year 2012/13 the 10% under Local Transport Services Grant amounted to £990,000 whilst under Regional Transport Services Grant in 2013/14 our support amounts to £2.5m. Under the Regional Transport Services Grant, it is envisaged that 10% of the funding allocated to the Regional Transport Consortia will be available to support community transport services. This will continue to be the target in 2014/15, subject to the Minister's approval of the Consortia's Regional Network Strategies, which need to identify sufficient, good-quality community transport schemes.

6.7 Improve Road Safety

Action	Expenditure Category	2013/14 Supplementary Budget £'000	Change £'000	2014/15 Proposed Budget £'000	2015/16 Indicative Plans £'000
Improve Road Safety	Revenue	4,717	(474)	4,243	4,243
	Capital	6,900	0	6,900	6,900
	TOTAL	11,617	(474)	11,143	11,143

The budget supports capital road safety engineering improvements on the trunk and local road networks. It also 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 reduction in the revenue budget of £0.474m has been achieved by efficiencies identified in funding arrangements with partnership organisations.

ECONOMY, SCIENCE & TRANSPORT

Annex A

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16		
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000		
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029	Single Investment Fund	2,360	1,703	1,703		
			3765	ICT	7,466	6,820	6,461		
			3764	Life Sciences	1,557	2,824	2,759		
			3763	Financial & Professional Services	176	225	220		
			3762	Creative Industries	1,880	1,284	1,254		
			3761	Advanced Materials & Manufacture	1,309	2,371	2,317		
			3760	Energy & Environment	2,546	2,200	2,150		
			6250	Tourism	7,740	10,837	10,412		
			6255	Strategic Industry and Support	3,925				
			3752	Construction	442	769	751		
			3753	Pipeline Development	2,251	2,696	1,850		
			3754	Trade and Inward Investment	2,142	2,142	2,116		
			3755	Enterprise Zones	2,575	4,005	4,005		
			4051	Regional Engagement	91	91	91		
			3751	Centrally Controlled Programmes	107	0	0		
							34,206	36,264	34,386
				Entrepreneurship	3901	Business Information	5,849	5,511	5,309
			3893		Youth Entrepreneurship	2,091	2,091	2,091	
			3894		Social Enterprise & Economy	881	794	794	
			3895		Start Up Service	5,702	4,702	4,702	
				14,523	13,098	12,896			
		Total SPA		51,089	51,065	48,985			
Innovation & Science	Innovation		3744	Innovation Centres & R&D Facilities	2,918	2,255	2,185		

		3746 Academia & Business Collaboration	6,654	6,255	6,112
		3742 Business Innovation	1,815	1,382	1,351
			11,387	9,892	9,648
	Science	3745 Science	2,882	3,310	3,234
	Total SPA		14,269	13,202	12,882
Total Group			65,358	64,267	61,867

Departmental Structure			CAPITAL	2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Sectors & Business	Sectors & Business	Legacy SIF Sectors	4029 Single Investment Fund	20,700	10,325	10,325
			3765 ICT	1,340	1,053	1,053
			3764 Life Sciences	0	5,855	15,855
			3763 Financial & Professional Services	377	1,065	1,065
			3762 Creative Industries	475	1,049	1,049
			3761 Advanced Materials & Manufacture	8,763	7,900	7,900
			3760 Energy & Environment	2,843	2,584	2,584
			3752 Construction	128	755	755
			3753 Pipeline Developments	19,423	36,298	36,787
			3755 Enterprise Zones	0	9,000	9,000
			3751 Centrally Controlled Programmes	157	0	0
			4051 Regional Engagement	0	260	260
			6250 Tourism	2,313	2,000	2,000
				35,819	67,819	78,308
		Total SPA			56,519	78,144
	Science & Innovation	Innovation	3746 Academia & Business Collaboration	500	500	500
				500	500	500
		Science	3745 Science	3,113	11,479	2,479
		Total SPA		3,613	11,979	2,979
	Total Group			60,132	90,123	91,612

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE	2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Infrastructure	Infrastructure	ICT Infrastructure	3822 Public Sector Broadband Aggregation	15,514	15,942	16,342
			3822 PSBA - Receipts	(12,528)	(11,398)	(11,398)
			3860 ICT Infrastructure Operations	2,986	4,544	4,944
		Property Infrastructure	3860 ICT Infrastructure Non-Cash	5340	3,442	3,442
			4052 Land & Buildings - Expenditure	8,326	7,986	8,386
			1309	1,309	1,309	
			11007	10,151	10,702	
			11,007	10,151	10,702	
	Total Group			20,642	19,446	20,397

Departmental Structure			CAPITAL	2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Infrastructure	Infrastructure	ICT Infrastructure	3822 Public Sector Broadband Aggregation			
			3860 ICT Infrastructure Operations	26,304	26,304	16,304
		Property Infrastructure	4052 Land & Buildings - Expenditure	10,152	2,152	2,152
				10,152	2,152	2,152
	Total Group			36,456	28,456	18,456

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE	2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
	Major Events	Major Events	4231 Marketing & Major Events	4740	4,456	4,354

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
DGOT & Strategy	Strategy & Corporate Programmes	Corporate Programmes	3899	Health Challenge Wales Economy	999	999	999
			4028	National Loans Fund	1,686	1,677	1,666
			4023	Corporate Programmes & Services	609	471	418
				3,294	3,147	3,083	
		Strategy Programmes	3891	Economic Analysis	211	133	133
			3897	Strategic Engagement	293	293	293
	3898		Strategic Policy	25	25	25	
			529	451	451		
	Marketing Finance Wales	Marketing Finance Wales	4230	Operations Marketing	2,815	2,815	2,815
			4024	Finance Wales	3,500	3,000	3,000
		Total SPA			10,138	9,413	9,349

Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
			4028	National Loans Fund	59	68	79
					59	68	79
		Total SPA			59	68	79

ECONOMY, SCIENCE & TRANSPORT

Budget Allocations 2014/15 - 2015/16

Departmental Structure			REVENUE		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Transport		Motorway & Trunk Road Operations	1885	Network Operations	60,951	56,880	55,732
			1884	Network Asset Management & Support	4,570	4,575	4,575
					65,521	61,455	60,307
		Improve and Maintain Trunk Road Network (Domestic Routes) - Non C	1886	Network Asset Management & Support	108,691	108,691	108,691
					108,691	108,691	108,691
		Rail & Air Services	1890	Rail Franchise	171,579	162,368	158,789
			1883	Air Services	1,600	1,600	1,600
					173,179	163,968	160,389
		Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	215	500	500
			1880	Bus Support & Local Transport	26,134	24,501	23,957
			2000	Concessionary Fares	54,453	51,303	50,045
1881	Smartcards		1,000	500	500		
			500	500	500		
		82,302	77,304	75,502			
Improve Road Safety	1892	Road Safety	4,717	4,243	4,243		
			4,717	4,243	4,243		
Total Group					434,410	415,661	409,132
Departmental Structure			CAPITAL		2013/14	2014/15	2015/16
GROUP	SPA	ACTION	BEL	BEL Name	Published Supp Budget £'000	Proposed Budget £'000	Indicative Plans £'000
Transport		Motorway & Trunk Road Operations	1885	Network Operations	48,551	71,450	92,550
					48,551	71,450	92,550
		Road and Rail Schemes	1889	New Road Construction & Improvement Stud	1,100	1,900	1,900
			1888	New Road Construction & Improvement	69,708	95,266	118,366
			1891	Rail Investment	39,108	54,600	31,900
				109,916	151,766	152,166	
		Sustainable Travel	2030	Sustainable Travel & Walking & Cycling	8,150	7,350	8,350
			1880	Bus Support & Local Transport	1,000	0	0
			2000	Concessionary Fares	9,433	9,716	9,716
			1881	Smartcards	7,500	2,100	600
			1882	Regional Transport Plans	15,557	33,400	24,200
		41,640	52,566	42,866			
Improve Road Safety	2040	General Capital Fund - Road	13,667	13,667	13,667		
			13,667	13,667	13,667		
		1892	Road Safety	2,900	2,900	2,900	
		1891	Road Safety	4,000	4,000	4,000	
				6,900	6,900	6,900	
Total Group					220,674	296,349	308,149

EST BUDGET ACTION MAPPED TO PROGRAMME FOR GOVERNMENT COMMITMENTS

Annex B

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Legacy SIF	12,028	Growth and Sustainable Jobs	Supporting the economy and business	Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
Sectors (including regional]	104,083	Growth and Sustainable Jobs	Supporting the economy and business	Build on the relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for companies and businesses to thrive and grow
				Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
				Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
				Work with UK Trade and Investment (UKTI) and others to promote trade and investment opportunities through targeted trade missions and offices abroad
				Promote Wales as a destination making a high quality tourism offer
				Work to extend the tourism season and associated benefits
				Identify opportunities to improve visitor infrastructure and product in Wales
				Support investment in staff training and management to support a high quality [tourism] industry
		Rural Communities	A thriving rural economy	Introduce Enterprise Zones to strengthen the competitiveness of Welsh economy
		Public Services in Wales	Supporting continuous improvement in our public services	Invest in quality tourism businesses and market more effectively Wales' quality visitor attractions, accommodation and food
Safer Communities for All	Reducing the level of crime and fear of crime	Implement the Welsh Government's Digital Wales strategy, using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities		
Growth and Sustainable Jobs	Creating a sustainable, low carbon economy	Seek to establish a Wales Business Crime Unit to tackle business crime		
Culture and Heritage of Wales	Widening access to our culture, heritage and sport, and encouraging greater	Strengthen creative industries in Wales and increase the number of Welsh productions on the main television networks	Ensure that the First Minister takes overall Ministerial lead for energy policy. This will involve convening regular meetings of the key energy companies and co-ordinating the Welsh Government's Departments on this key agenda. We will look to pursue a mixed energy economy.	
			Our aim is that by 2025 up to twice as much renewable electricity is generated annually in Wales as today. By 2050 our aim is that almost all our local energy needs are met by low carbon electricity production. (contributory) Work with industry to move to resilient low carbon energy production. We will bring together the major generators to share best practice in carbon reduction	
				Press for a fairer share of TV production from UK broadcasters such as the BBC, for Wales-based independent production companies

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Entrepreneurship & Business Information	13,098	Growth and Sustainable Jobs	Supporting the economy and business	<p>Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow</p> <p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Expect any business seeking Welsh Government support, including public procurement contracts, to sign up to our principles of corporate social responsibility, with a commitment to sustainable development, training and good employment practice. This will include supported employment settings such as Remploy.</p> <p>Review what entrepreneurial support is needed by start up and small firms with real potential to thrive and grow, and how we can embed an entrepreneurial culture in Wales</p> <p>Ensure that the mutual and cooperative sector has access to appropriate and robust business advice and that Ministerial lead will be in the Economy Department</p> <p>Implement the recommendations of the Welsh Government's commissioned report, Barriers to Procurement opportunities, across the public sector (contributory)</p>
		Environment and Sustainability	Living within environmental limits and acting on climate change	Recognising and living within environmental limits, locally and globally, ensuring that all our policies take the environment into account in accordance with our statutory Sustainable development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future. (contributory)
Innovation	10,392	Growth and Sustainable Jobs	Supporting the economy and business	<p>Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales</p> <p>Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities</p>
Major Events	4,456	The Culture and Heritage of Wales	Widening access to our culture, heritage and sport, and encouraging greater	<p>Work with Cardiff to explore the feasibility of bidding to host the Commonwealth Games in 2026</p> <p>Work with national, UK and international sports federations to ensure more major events are hosted in Wales in the future, ensuring that the whole of Wales reaps the benefits of this ambition</p>
Deliver Property Related Infrastructure	12,303	Growth and Sustainable Jobs	Supporting the economy and business	Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Corporate Programmes	3,215	21st Century Healthcare	Preventing poor health and reducing health	Health Challenge Wales funding will contribute to preventing poor health and reducing health inequalities
Marketing	2,815	Growth and Sustainable Jobs	Supporting the economy and business	Use digital technologies to take Wales to the world and bring the world to Wales by establishing a web gateway on what Wales can offer - in terms of tourism, investment, educational opportunities and culture - to the outside world
		Public Services in Wales	Supporting continuous improvement in our public services	
Finance Wales	3,000	Growth and Sustainable Jobs	Supporting the economy and business	Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow
				Support high performing, quality companies in all those parts of the economy which can create employment, wealth and a sustainable Wales
Strategy Programmes	451	Growth and Sustainable Jobs	Supporting the economy and business	Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
				Build on relationship Welsh Government has with the business community and our social partners to create the flexible framework and conditions needed for businesses to thrive and grow
		Tackling Poverty	Tackling worklessness and raising household income	Implement and further integrate our economic, education, skills and planning policies across all relevant Welsh Government departments and other delivery bodies. The overarching priority over the next Assembly term will be delivery. We will review and refresh our actions based on fresh evidence to ensure the maximum effectiveness and flexibility of all those Welsh Government departments and other organisations providing support for businesses
				Maintain our commitment to the Sustainable Development Scheme - One Wales One Planet - that sets out how the Government will use its devolved powers - from health, transport to education - to make all our public services sustainable and reduce Wales' environmental impact on the world (contributory)
		Environment and Sustainability	Living within environmental limits and acting on climate change	Prioritise the National Transport Plan by improving access in deprived communities and retain free bus travel for pensioners, disabled people and their carers, and extend eligibility to seriously injured war veterans and armed forces personnel living in Wales
				Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
				Develop an Anti-Poverty Action Plan bringing together all the levers within the Welsh Government and our social partners to help communities and individuals out of poverty (Contributory)
				Recognising and living within environmental limits, locally and globally, ensuring that all our policies take the environment into account, in accordance with our statutory Sustainable Development duty; stimulating and enabling collaboration across the Welsh public sector; working with business and voluntary sector partners; encouraging individual citizens and communities to live in an environmentally sustainable way, and providing leadership by acting now for the future (contributory)

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Science	14,789	Growth and Sustainable Jobs	Supporting the economy and business	Encourage more young people to gain the skills that will develop Wales' potential for economic growth. Subjects such as science, technology, engineering and mathematics (STEM) are especially important in this regard. We will promote engagement in these subjects across the curriculum and age range into Higher Education and at postgraduate level, through the National Science Academy (NSA) which will be linked to the wider science agenda and the work of the new Chief Scientific Adviser for Wales Continue to build strong links with our anchor companies and develop strategic, mutually supportive and beneficial relationships with these key companies, embedding them in the Welsh Economy through developing close links with our further and higher educational institutions and maximising supply and chain opportunities
		Education	Improving Further and Higher Education	Promote engagement in science, technology, engineering and mathematics (STEM) subjects through the National Science Academy
Deliver ICT Infrastructure (including non cash)	35,599	Growth and Sustainable Jobs	Improving our infrastructure	Seek to ensure that all residential premises and all businesses in Wales will have access to Next Generation Broadband by 2015 with the ambition that 50% or more have access to 100mbps. As with the Welsh Government's previously successful Broadband Wales programme, we believe however that the Next Generation Broadband for Wales Project must be a balance between supply side & demand stimulation actions.
		Rural Communities	Ensuring rural communities have access to broadband and new digital services	Seek to ensure that fast broadband access is made available to rural areas Work with Ofcom to ensure that regulation is used as a tool to ensure that rural communities have access to faster broadband speeds and new digital services
		Public Services in Wales	Supporting continuous improvement in our public services	Implement the Welsh Government's Digital Wales strategy using digital technologies to open up opportunities and provide better and more cost effective and accessible services for all our citizens, businesses and communities
				Use these [digital] technologies to create even greater accountability and transparency in our democratic processes to ensure that all our citizens play a full part in society by making decision making information and services more accessible on-line

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Motorways & Trunk Road operations	132,905	Growth and Sustainable Jobs	Improving our Infrastructure [Transport Network Management]	We will review the arrangements for the winter road maintenance currently undertaken by local authorities and consider the potential for these being carried out by the Trunk Road Agencies in Wales
Improve and Maintain Trunk Roads network (Non cash)	108,691			
General capital funding roads	13,667			
Road & Rail Schemes	151,766	Safer Communities for All	Improving safety in communities [Transport Public Transport]	Implement the National Station Improvement Programme (NSIP)
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	Continue to argue strongly for the electrification of the main South Wales - London Paddington line through to Swansea. We will also develop the business case for the electrification of other parts of the local rail network in Wales Make the case to the UK Government for greater accountability of Network Rail to the Welsh Government
Rail & Air Services	163,968	Growth and Sustainable Jobs	Improving our Infrastructure [Transport Public Transport]	We will examine the feasibility of the Wales and Border rail franchise being run on a not-for-dividend basis, such as Glas Cymru
		Safer Communities for All	Reducing the level of crime and fear [Transport Public Transport]	Support action to deal with the increasing problem of crime and vandalism within the public transport network

Budget Action	2014-15 New Plans Draft Budget	Chapter	Sub-Outcome	Programme for Government Commitments
Sustainable Travel	129,870	Rural Communities	Improving public services for rural communities [Transport Public Transport]	Continue to encourage and support the development of community transport schemes that meet the needs of those living in rural areas
				Examine the best options for providing local bus services to ensure that rural communities have services which are reliable and which provide access to local services and a means to travel to work
		Tackling Poverty	Tackling worklessness and raising household income	Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
				Enhance the National Transport Plan by improving access in deprived communities and retain free bus travel for pensioners, disabled people and their carers, and extend eligibility to seriously injured war veterans and armed forces personnel living in Wales
		Supporting People	Ensuring people receive the help they need to live fulfilled lives	Prioritisation of the National Transport Plan to improve access to key sites and settlements, particularly in rural areas, with an emphasis on improving the quality and provision of healthy and more sustainable travel choices
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport Public Transport]	Extended eligibility for the concessionary travel scheme to seriously injured war veterans and armed forces personnel living in Wales
				Work with partners to enhance the quality, reliability and safety of local bus service provision
				Continue to improve services such as the Trawscambria network and the popular on-demand Bwcabus scheme
Seek to establish a Traffic Commissioner based in Wales				
Environment & Sustainability	Creating Sustainable Places for people	Retain free bus travel for pensioners and disabled people and their carers		
		Delivery of 'Personalised Travel Planning' and 'Sustainable Travel Centres'		
Safer Communities for All	Improving safety in communities	Legislate to place a duty to provide cycle routes in key areas (contributory)		
		Target high-risk users (motor cyclists, young drivers and vulnerable road users) through a combination of measures including education, engineering and enforcement)		
Improve Road Safety	11,143	Safer Communities for All	Improving safety in communities	
			Target high-risk users (motor cyclists, young drivers and vulnerable road users) through a combination of measures including education, engineering and enforcement)	
Across all budgets	0	Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	
			A thriving rural economy	
		Growth and Sustainable Jobs	Improving our Infrastructure [Transport PPP]	
	928,239			Prioritise the objectives of the NTP to ensure that the existing transport funding is used effectively, the level of resources enhanced and that future investment decisions are made against these overarching strategic priorities
Deliver Property Related Infrastructure (Non Cash)	20,000			Consider using the provisions of the Transport Wales Act 2006 to establish one or more Joint Transport Authorities
Motorway and Trunk Road operations (Non Cash)	28,946			
	977,185			