

COUNCIL FOR ECONOMIC RENEWAL

ECONOMIC FRAMEWORK

1. Introduction

1.1 This document has been developed through the Council for Economic Renewal. It has also involved working across relevant Government Departments to ensure a fully joined up approach to delivering on the Government's commitments to jobs and growth.

1.2 The Framework is not a new Economic Strategy. It is a tool which can be used by the Council to guide its work and provide a greater understanding of policies and actions to encourage jobs and growth in the Welsh economy. It will also identify the policies and priorities that will help position Wales for the opportunities and challenges as the economy grows.

1.3 Focused around three core themes - **Business, People and Place** - the document sets out a robust statement and strategic context for the Framework. It restates ongoing commitments and outlines a clear narrative for economic priorities which reflect Wales' economic environment. In this respect, it provides a strong anchor for delivering long term growth whilst enabling a flexible approach to respond to ongoing changes in the economy.

2. Strategic Statement

2.1 Economic growth, sustainable jobs and tackling poverty are at the heart of the Programme for Government and delivery against these is the Government's over-riding priority.

2.2 The challenges facing the Welsh economy are threefold. First, there are entrenched structural issues which have developed over generations and continue to characterise economic outcomes across Wales. These issues existed before the recession and are well-understood contributory factors to Wales' relative economic position – these include the productivity gap, the demographic profile, employment rates, and spatial variations between rural and urban areas.

2.3 Second, there are a wide range of strategic challenges being faced by Wales and other developed countries, for example, the increasing integration of the global economy, restructuring of employment across sectors, and the growing importance placed upon knowledge, skills and infrastructure.

2.4 Third, work to shape a strong and distinct agenda for Wales is set against significant consolidation in fiscal policy by the UK Government, with a resulting reduction in spending across the UK. Furthermore, Wales has not been sheltered from wider economic currents and pressures.

2.5 Given the fragile economic environment and the events of recent years, there has been a need for policies and actions to address the challenges as they have arisen. Our focus has rightly been on mitigating the worst effects of an unprecedented recession, both in terms of its length and its depth.

2.6 Whilst the economy appears to now be in the early phase of recovery, uncertainties remain as to the future course of that recovery and much of the damage caused by the recession remains to be undone.

2.7 All these factors must be reflected in a 'new normal' view for the economy of Wales, requiring us to view the world simultaneously in both the short and longer term to find solutions which are flexible for both ends of the spectrum. This presents challenges but also opportunities to view the economy through a refreshed lens and to bring a renewed clarity to the commitments to deliver jobs and growth.

2.8 The balance of the policies and interventions in Wales have evolved in recent years to reflect the fast changing times and challenges faced, and critical to this has been listening and responding to the needs of business and stakeholders. The ability to continue to respond effectively in the short-term whilst also laying strong foundations for sustainable growth for the future therefore remains imperative. This changing balance between short, medium and long-term policy interventions is reflected in the labour-market where declining unemployment must now be accompanied by longer-term measures to strengthen the labour market to provide higher value, sustainable

employment opportunities alongside an environment that supports investment.

2.9 In an increasingly competitive and fluid global economy, Wales needs to have a general business climate that is attractive and conducive to investment. In recognising this, Government has drawn upon advice from the business community and partners in developing the sectors and other aspects of support for business. Similar advice has also been provided in the development of City Regions, Enterprise Zones and Local Growth Zones - a spatial approach which focuses efforts across the Welsh Government and wider partnership working. This builds upon the principles of the Economic Renewal Programme, whilst also representing a new dimension to economic policy and delivery in Wales.

2.10 In addition, the frameworks for European Structural Funds are being developed together with an accompanying Economic Prioritisation Framework. Regional Aid Guidelines and the UK Assisted Areas map are also under review. These will shape the manner and means by which European funding is used to support economic development across Wales over the next decade or so and reinforces the need for a whole Government approach alongside meaningful dialogue with the business community and others.

2.11 Strengthening the economy in engineering, technology and manufacturing is a key strategic challenge. We have many successful companies in Wales and the aim is to build on this by helping existing companies, of all sizes, to grow and attract new businesses and new industries to Wales. We are working with industry to support this and the increasing interdependencies between the technology and manufacturing base.

2.12 This needs to be taken a step further to meet the challenges of an economy where the issues are both complex and fluctuating. The broad consensus is that these challenges are not solely for the Welsh Government. Economic success depends upon ever greater resilience, creativity and agility which involves the business community and other key delivery bodies, institutes and organisations working together. Tough decisions are needed requiring fresh thinking on how we identify, align and deploy resources, using the increased powers and levers within our control. Simply, it is not just *what* we are delivering but *how* we are delivering it.

2.13 An example of how such challenges are being addressed is the skills agenda. A new Policy Statement on Skills sets out a vision for employment and skills policy in Wales over the next 10 years, including the responsible action needed by all stakeholders to develop a resilient, responsive and sustainable post-19 skills system. The Statement also recognises the tough choices ahead if Wales is to deliver the skills needed to raise productivity levels and reduce barriers into employment, focusing on four priority areas: Skills for jobs and growth; Skills that respond to local needs; Skills that employers value; and Skills for employment. This work complements our sectors approach in helping to identify, develop and deliver the core skills

which cut across the sectors and which are important to the economy generally, rather than being of specific relevance to any particular sector.

2.14 There is a close link between education and skills, with the transition from education to employment involving the business community in the skills agenda. The relationship between education, employment, skills and the business community is one that will continue to be nurtured and developed.

2.15 The sectors approach is geared toward supporting quality jobs, but also important is the regulatory and employment law framework which is non-devolved. There is a role for the Welsh Government in influencing these external factors given their impact upon Wales. An example on this is engagement in the recent Department for Business, Innovation and Skills consultation on zero-hours contracts. Work at a UK and EU level to influence and improve regulatory framework in areas such as employment, planning and environment could bring significant economic benefits.

2.16 The Framework is supported by two sets of core principles to guide investment and delivery:

Principles of Approach– to guide our overall approach to economic activity:

- A sustainable approach to economic development which is responsive, customer focused and anchored in a relentless focus on jobs and growth;
- Flexible and agile to address long-term challenges as well as shorter term imperatives;
- Fully aware of macro and micro economic challenges;
- Has a strong partnership approach at its core;
- Makes best use of funding levers/alignment of resources, eg European Structural Funds linked to wider investment packages;
- Makes best use of increased financial powers;
- Helps address poverty through skills and employment.

Principles of Challenge – to ensure actions are prioritised to maximise economic impact:

- Contribution to jobs and growth;
- Cumulative impact / consistency with other policies and processes;
- Value for Money.

3. Framing our Approach

3.1 The economic conclusions underpinning Economic Renewal remain that investments in infrastructure, skills, innovation and improving the business environment and targeted support are essential for positioning Wales to meet the medium to longer-term structural and strategic challenges. This Framework is focused on those areas where intervention will add value to help shape the economic picture for Wales. It should be seen as an evolving document that will better reflect important activities once they have been developed further. These include the Future Generations Bill, the development of City Regions, the response to the Williams Commission and the work on the Planning (Wales) Bill.

3.2 The Framework is therefore focused around three core themes:

Business (Employment Opportunities)

3.3 The overarching objective under this theme is to strengthen the conditions that will enable businesses in Wales to create jobs and sustainable economic growth.

3.4 There are three key outcomes supported under the Business theme:

- Increased number, survival and growth of business
- Increased productivity and employment growth across businesses
- Increased commercialisation of research and innovation.

3.5 These are supported by *policy activities and levers*, *activity measures* and *progress indicators* which are detailed in next section.

People – (Skills)

3.6 There are four key outcomes supported under the People theme:

- Skills for Jobs and Growth
- Skills that respond to local need
- Skills that employers value
- Skills for employment.

3.7 These are supported by *policy activities and levers*, *activity measures* and *progress indicators* which are detailed in next section.

Place – (Connectivity)

3.8 There are three key outcomes supported under the Place theme:

- Improved transport connectivity
- Increased access to first class communications networks
- Increased employment opportunities through strategic spatial development.

3.9 These are supported by *policy activities and levers*, *activity measures* and *progress indicators* which are detailed in next section.

4. Measuring Activity and Progress

4.1 Not only are there many outside influences that have shaped and will continue to influence how the Welsh economy develops, but the long-term, complex economic challenges we face must be tackled collectively. The Welsh Government, business community, social partners and other key delivery bodies need to continue to work together with renewed purpose in order to make a lasting and real difference.

4.2 We also need to consider carefully how we assess progress against the outcomes we strive for. In the following section, activity measures and progress indicators are identified alongside the outcomes we are trying to support. Whilst the purpose of our activities must be to help realise the outcomes, and the progress measures should be ones that we feel able to influence, neither should be regarded as the responsibility of any one organisation or group. They should set a clear context for the collective efforts to address the economic challenges and opportunities we face.

4.3 The purpose of the Intervention Matrix which follows is therefore to provide indicators to help focus the Framework and ensure that we remain focused on the outcomes we are supporting.

5. Intervention Matrix

PfG THEME	OUTCOMES SUPPORTED	POLICY ACTIVITIES & LEVERS	ACTIVITY MEASURES (TO INCLUDE)	PROGRESS INDICATORS (TO INCLUDE)
TO STRENGTHEN THE CONDITIONS THAT WILL ENABLE BUSINESSES IN WALES TO CREATE JOBS AND SUSTAINABLE ECONOMIC GROWTH				
BUSINESS Supporting the Economy & Business	Increased number, survival and growth of business	Delivering against sector strategies Public sector procurement Improving access to finance Supporting inward investment Supporting entrepreneurship Non-domestic rates	Value of contracts placed on Sell2Wales; Investment induced; Enterprises created; Increase in level of exports; UKTI jobs indicators.	Number of all enterprises; Employment by all enterprises; Turnover of all enterprises; Count of birth of new enterprises; Survival of enterprises.
	Increased productivity and employment growth across businesses	Supporting anchor companies and supply chains Encouraging trade and exports Enabling and supporting ICT exploitation Encouraging resource efficiency and green growth Provision of Business Finance schemes Supporting Enterprise and Local Growth Zones	Jobs created, safeguarded and assisted; EZ performance metrics; Enterprises gaining access to improved infrastructure; Enterprises adopting or improving Environmental Management Systems.	Turnover per employee; Numbers in employment and business turnover; GVA per hour worked; Value of Welsh exports; Lending to and medium-sized business (SMEs).
	Increased commercialisation of research and innovation	Delivering against Science for Wales priorities Supporting a smart specialisation approach Encouraging industrial collaboration Supporting technology transfer from HEIs Improving international links and partnerships	Collaborative R&D; Funding secured; Investment induced; New or improved products, processes or services launched.	Business Expenditure on Research and Development; Number of innovation active enterprises; Average share of total turnover from product and novel innovation.

PfG THEME	OUTCOMES SUPPORTED	POLICY ACTIVITIES & LEVERS	ACTIVITY MEASURES (TO INCLUDE)	PROGRESS INDICATORS (TO INCLUDE)
TO STRENGTHEN THE CONDITIONS THAT WILL ENABLE BUSINESSES IN WALES TO CREATE JOBS AND SUSTAINABLE ECONOMIC GROWTH				
PEOPLE Improving Skills for Employment	Skills for Jobs and Growth	Introduce a flexible fund targeted at recruitment and skills needs of strategically important companies; Continue to strengthen joint delivery arrangements for skills delivery, for example across Further and Higher Education sectors, to meet employer need; Extend opportunities to develop higher level skills; Use procurement as a route for promoting skills development by linking with social clauses	Higher level framework opportunities in apprenticeships; Numbers of employers supported via DfES funding; Numbers of individuals accessing higher level skills opportunities.	% of working population with a qualification at level 4 or above; % of the working population with a qualification at level 3 or above; Increased proportion of 16-24 apprenticeships and higher proportion of higher level skills; Numbers of jobs created/ safeguarded.
	Skills that respond to local need	Implement a simplified and streamlined model of employment and skills delivery via a new Skills Gateway for employers wishing to access skills support; Respond to the skills needs of employers at local level, and capitalise on regional labour market opportunities; Support high quality and innovative training provision by strengthening the registration and professional standards for teachers/assessors	Numbers of participants/ employers supported via DfES Skills Gateway; Numbers of employers supported by locally available skills provision; Numbers of registered tutors and assessors.	Destination data for young people (%into employment) across Wales; Number of jobs created/ safeguarded.
	Skills that employers value	Enable employers to utilise the skills of their workforce by embedding High Performance Working practices; Work with employers to develop and review National Occupational Standards (NOS); Support employers to recognise the value of, and invest in, skills across their workforce	Sector Qualifications Advisory Panels established which respond to employer need; Numbers of employers supported via DfES funding.	Numbers of jobs created/safeguarded; Number of employers assessed as operating HPW practices; Level of employer investment in skills.
	Skills for employment	Provide individuals with information they need to access employment support and improve their skills via the Skills Gateway; Support individuals to improve Essential Skills; Refocus Employer Pledge to ensure it plays a key role in increasing employer investment in skills, including Essential Skills	Numbers of participants accessing skills provision via the Skills Gateway; Numbers of participants accessing Essential Skills provision.	Destination data for young people (%into employment); Numbers of jobs created by DfES employment programmes, eg Jobs Growth Wales; Reduction in the percentage of working adults with an Essential Skills need.

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TO STRENGTHEN THE CONDITIONS THAT WILL ENABLE BUSINESSES IN WALES TO CREATE JOBS AND SUSTAINABLE ECONOMIC GROWTH				
PLACE Improving our Infrastructure	Improved transport connectivity	Improving access to strategic sites for jobs/ freight Improving access to key settlements Enabling people to travel to work Effective and safe management of the trunk road and motorway network Investment to improve transport infrastructure Investment in public transport services	Investment in transport infrastructure and services; Jobs created, safeguarded and assisted as a result of investment.	Performance and satisfaction data for rail and bus services.
	Increased access to first class communications networks	Increase access to next generation broadband networks Improve mobile coverage across Wales	Superfast Cymru premises passed data; Increase in mobile coverage.	NGB broadband business coverage across Wales; Take-up of NGB services by businesses; Mobile coverage across Wales.
	Increased employment opportunities through strategic spatial development	Supporting the economy through planning reform Encouraging growth through regeneration – Vibrant and Viable Places Collaborating on the development of city regions Property-related activity to support jobs & growth Strategic infrastructure investment - WIIP Developing / supporting social and private housing	ha land made available; Floorspace created; Investment leveraged; Capital allocations against priorities; Boosting investment through innovative funding; Additional social housing created.	LDOs in place / adopted; Overall rental incomes; Occupancy rates; Buildings restored to use; Town centre footfalls; Housing completions; Businesses accommodated.

6. Focus on Delivery

6.1 Significant actions have been undertaken to improve the position of businesses in Wales and help to deliver real and lasting benefits for the Welsh economy.

6.2 During the last few years, to take account of the difficult economic circumstances, actions have been taken to address immediate pressures faced by businesses across Wales, alongside our longer-term actions to meet structural and strategic challenges within a testing fiscal context.

6.3 Actions to address the short term barriers to investment and help businesses through the economic challenges and uncertainties of recent years include:

- Making it easier for business to access finance;
- Making it easier to start and grow a business;
- Supporting international trade and investment;
- Promoting Wales as a tourism destination.

6.4 Actions to support growth to address the medium to longer-term structural and strategic issues in the economy include:

- Supporting a more balanced and sustainable economy;
- Developing long-term, local growth and jobs;
- Improving our science and innovation base;
- Supporting a high-quality infrastructure.

6.5 In common with the core themes of this document, these actions can be summarised and grouped in terms of:

- A) Business - supporting the economy and business
- B) People – improving skills for employment
- C) Place - improving our Infrastructure.

6.6 The summary of activity and delivery below is not an exhaustive list of all of the activities undertaken to support growth and jobs. Its purpose is to highlight some significant activity upon which the Framework builds.

A) Business - Supporting the Economy and Business

Increasing the number, survival and growth of business

- A **Sectors Delivery Plan** has been developed, setting out challenges, opportunities and priorities to frame our actions.
- An **independent review of the availability of funding for SMEs** has been undertaken. It will contribute to development of policy in this area.
- We have enhanced our Business Rates support through a number of initiatives including the **Enterprise Zones Business Rates Scheme**, **Open for Business Scheme** and the **New Developments Scheme**.
- We have also launched a £200,000 scheme to fund the start-up costs of **Business Improvement Districts** in Wales.
- Our **Business Start-up Service** is actively supporting start-ups across Wales the **High Potential Starts** project has been extended to support up to ninety new high growth business ventures.
- We continue to provide **business advice and support**, including through the Business Wales Helpline.

Increasing Productivity and Employment Growth across Businesses

- Formal account management procedures have been established for each **anchor company**.
- **Wales Economic Growth Fund** has committed £30 million to support 120 projects with the potential to create 1800 new jobs and safeguard 1600.
- The **£40m Wales SME Investment Fund** is expected to support the creation of more than 4,000 jobs. This activity complements the existing Wales **JEREMIE** fund which has invested around £120million in over 500 businesses, creating and safeguarding over 8,000 jobs.
- We have targeted specific growth sectors with additional access to finance help. Examples include the **Welsh Life Sciences Fund**; **Advanced Materials & Manufacturing SME Growth Fund**; **Digital Development Fund**; and the **Energy & Environment SME Growth Fund**. We also established the **Micro-Business Loan Fund**
- We have developed our approach to **inward investment and trade** to better explore opportunities in emerging markets and established markets that have been donors of inward investment and receptive to trading opportunities.

- We have developed the new **Tourism Strategy - Partnership for Growth 2013-2020** and continue to provide support through the **Tourism Investment Support Scheme (TISS)**.

Increased Commercialisation of Research and Innovation

- Progress in delivering the key commitments of **Science for Wales**, including National Research Networks in life sciences and health, advanced engineering and materials, and low carbon, energy and environment, with a total investment of over £21million.
- The **Business Innovation Programme** is providing business improvement and growth through innovation and technology support. More than 700 projects have been supported leading to the launch of 369 new products, process or services.

B) People – Improving Skills for Employment

- We have established **Jobs Growth Wales** to support young people to access job opportunities. Over 10,000 jobs have been created so far.
- In 2011/12, the number of successfully completed apprenticeships rose to 13,230 – maintaining a success rate of above 80%. This compares with 12,545 in 2007/08 – a success rate of 66%. Provisional figures show that the number of **Apprenticeship** learning programme starts was 10,435 between April and July 2013 compared with 5,260 between April and July 2012.
- An additional £20m per year has been committed to support **apprenticeship** training until 2016. This is enabling a range of **Higher Apprenticeships** associated with Science, Technology, Engineering and Maths (STEM) subjects and is ensuring that more individuals in Wales are following Work based learning at Level 4 and above than ever before on the Higher Apprenticeship programme. We will continue to support and invest in apprenticeships which are boosting productivity by enabling businesses across Wales to grow their skills base.
- We have invested in programmes such as the **University of the Heads of the Valleys**, which are delivering a blend of vocational and academic routes, working closely with individuals, employers and the local community to shape provision in order to meet employer need.
- The **Sector Priorities Fund** is developing and piloting apprenticeship schemes new to Wales, delivering specific training to meet employer demand and improving sectoral labour market intelligence in order to deliver more employer-responsive skills provision. To the end of July 2013, 3,215 participants had benefitted through the programme, 21 research projects had been undertaken and 2,133 employers had been assisted.

- As part of the **Wales Union Learning Fund** we have invested over £13m since 1999 to support individuals and employers to maximise their engagement with learning.
- Our future employment and skills offer, including a flexible fund targeted at strategically important companies, will build on successful working with employers to support their growth and investment. Since 1st April 2013, 724 businesses have joined the **Workforce Development Programme** with a job creation forecast of 5,523, and **Skills Growth Wales** is currently supporting 129 companies to train 13,875 employees.
- We have developed a new **Skills Gateway** which will be launched in 2014 in order to ensure a single engagement, assessment and referral service for employers wishing to access skills support, aligned with broader government support available to employers across Wales via Business Wales.
- We accepted the recommendations of the **Review of Qualifications for 14-19 year olds** which is informing a clearer strategic direction and vision for qualifications for 14 to 19 year olds.
- We also announced a wide-ranging **Review of Higher Education and Student Finance**, led by Professor Sir Ian Diamond.

C) Place - Improving our Infrastructure

The Wales Infrastructure Investment Plan is the key vehicle to deliver the Welsh Government's strategic investment decisions. It has driven collaboration across Government and wider afield developing a shared strategic understanding of both infrastructure needs and opportunities. This has acted as a catalyst to drive alignment between prioritisation of our infrastructure investments, European Programmes and wider Welsh Government delivery priorities.

Since publication of the Wales Infrastructure Investment Plan in 2012, additional capital allocations and innovative finance initiatives will deliver around £2bn of new capital investment in the Welsh economy and public services to boost long-term growth and create or support jobs.

Improved Transport Connectivity

- We acquired the share holding of **Cardiff Airport** in March 2013 and this presents an opportunity to develop a vital facility for businesses, tourists and the public more widely.
- We have also taken a range of actions to improve **road and rail connectivity**. This includes investment in new stations, station improvements and capacity enhancements and improvements. We are also taking forward a number of commitments to improve our road

infrastructure. This includes addressing the capacity and resilience problems on the key artery of the M4 corridor around Newport.

- We have set up a **Freight Task & Finish Group** to advise on strategic issues affecting freight transport, focusing on key interventions needed to support the development of Enterprise Zones and commercial and business centres more widely. The Group comprises key freight associations and industry representatives.

- We are changing the way we **plan and deliver transport services** and target and prioritise investment; moving to a framework which serves the needs of businesses, people and communities in an integrated, strategic and sustainable way.

Increased Access to First Class Communications Networks

- **Superfast Cymru** is working to give, when combined with commercial roll-out, 96% of premises in Wales access to fast fibre broadband by 2016.

Increased Employment Opportunities through Strategic Spatial Development

- We are taking forward the development and delivery of **City Regions** in South East Wales (now called Cardiff Capital Region) and Swansea Bay. This follows the work of the City Regions Task and Finish Group. Both City Regions are seeking to work across the private and public sectors and prioritise those projects that are truly transformational. Their starting position, informed by learning taken from successful City Regions elsewhere, is that while economic growth is spatially uneven, development can be socially inclusive provided the City Region is well connected. For these reasons connectivity is a key priority in both City Regions. Their continued progress will be a key driver of future growth.
- In **North Wales** further work has been undertaken in the form of the Dee Region Cross Border Economy Report and the establishment of a **Ministerial Task Force on North Wales Transport**.
- We are continuing to make progress on **Enterprise Zone** delivery. Our actions are framed by the private sector led Enterprise Zone Boards which have shaped the strategic vision and plan for each Enterprise Zone.
- Work is also being undertaken in **Local Growth Zones** in Powys and the Teifi Valley. The **Newport Business Development Taskforce** published its interim findings in December 2013 and over the next few months it will test the viability of its recommendations and produce a plan that indicates potential funding, partners, timescales and outputs.
- We have revised **Planning Policy Wales** and produced **Technical Advice Note 23: Economic Development** which encourages local planning authorities to work strategically and co-operatively to identify

employment land and to steer development and investment to the most efficient and most sustainable location. In addition we will be producing a Practice Guide for local planning authorities to undertake employment land reviews to inform their Local Development Plans which are relevant to prevailing market conditions. We have published research on Local Development Orders and will be encouraging their use through the production of a good practice guide and dissemination events.

- We are investing £100m through the Vibrant and Viable Places regeneration programme in 11 town centres across Wales – creating jobs by developing town centre housing, providing spaces for new businesses and improving the conditions for retail.
- Recognising the importance of our town centres as centres of employment and exchange we have undertaken a number of steps to support them as a location for business. These include:
 - The Wales Retail Relief Scheme which offers a discount of up to £1,000 in business rates bills for retail, food and drink premises with a rateable value of under £50,000.
 - The Open for Business Scheme which seeks to incentivise occupiers to take on long-term empty properties.
 - Our support for Business Improvement Districts. Nine successful areas from across Wales have been announced and we look forward to monitoring these as we move forward.
- In addition, a number of actions aligned to business rates will also deliver benefits to town centres. For example, we recently announced the extension of the Small Business Rate Relief Scheme in Wales. Our other approaches such as City Regions and Local Growth Zones also recognise the importance of town centres.

7. Focus on the Future

7.1 The economy is at the centre of what we are doing in terms of policy and delivery. The 'new normal' position for the economy of Wales, resulting from ongoing changes to the economic environment, presents an opportunity to bring renewed clarity and substance to our commitment to deliver jobs and growth.

7.2 Demonstrating our commitment in this regard, we are developing the Future Generations Bill which aims to deliver on our priorities for jobs and growth, with a focus on sustainable development as the central organising principle. As part of that, we are developing a green growth policy approach to further enhance our existing work on sustainable development and economic growth.

7.3 Further to this, we are also reviewing our Business Scheme, demonstrating a renewed emphasis on meaningful engagement with the business community. We will continue to engage with expertise outside Government and in particular with the business community through advisory bodies that we have established in the key sectors, on City Regions, Enterprise Zones, access to finance and Local Growth Zones. This external expertise and advice is highly valued and key to the development of policy shaped to meeting business need. We will also continue to work closely with the businesses that we support to maximise their input to the economic well-being of Wales.

7.4 There is potential to explore further the possibility of engaging the expertise of the Social Partners in developing a common approach to core strategic/ leadership skills that are relevant across the public, private and third sectors.

7.5 There will be significant opportunities emerging from the UK Government's full response to the first report by the Silk Commission – which confirms it will devolve new financial powers to Wales to help the Welsh Government boost the Welsh economy. These powers will allow Welsh Government to borrow to invest in new infrastructure projects throughout Wales in support of the economy and jobs. In addition, the full devolution of non-domestic rates and the devolution of Stamp Duty Land Tax and Landfill Tax will allow us to further support business and the housing market.

7.6 The role of the business community has been critical in this process because their support for financial reform has been a powerful, independent voice in demonstrating the economic case behind many of the Silk Commission's recommendations. The Welsh Government will be looking to maintain those links with the business community and others in developing our new powers in the support of growth, jobs and large strategic infrastructure projects.

7.7 European Structural Funds under the current programmes and the 2014/2020 Programme will be a key tool in supporting businesses and the

Welsh economy during the next programme period. This funding, linked to wider investment packages, will be used to encourage private sector investment and employment, helping to increase jobs and growth throughout Wales.

7.8 There will also be opportunities available from the directly managed EU programmes, for example Horizon 2020 as an opportunity for Welsh businesses and universities to compete for considerable European funding to undertake and exploit world class research. In addition, there are potential opportunities for funding transport investments through the Connecting Europe programme and for increasing the competitiveness of businesses in Wales through the new COSME programme.

7.9 Over the coming period the eyes of the world will also be on Wales – starting with our hosting of the NATO Summit in September this year. This is an excellent opportunity to further showcase and promote Wales. The ability to host such major events is key to raising our international profile. Where possible we will seek to develop synergies with our tourism sector as a means of developing Wales' place in the world and in bringing the world to Wales as a place to visit and do business.

7.10 The Welsh Government also recognise the continuing importance of health to the economy, both in terms of health as a sector and the direct business benefits of a healthy workforce. The health and social services sector makes a significant contribution to economic development in terms of capital investments, procurement of goods and services and support for wider research and innovation. The Welsh Government will continue to work with a range of partners on health improvement which can lead to increased business effectiveness, productivity and competitiveness.

7.11 Measuring performance is crucial in ensuring that the actions to support businesses and the Welsh economy are achieving their objectives and are securing the expected benefits. Performance indicators improve understanding of the effectiveness of actions and their impact on businesses and the economy. Indicators including measures of economic output, productivity, incomes and the labour market are important to understand the wider context and the big long-term challenges.

7.12 The Programme for Government includes tracking indicators against which progress against key actions is determined in the shorter term. These are used to judge whether actions are on track to deliver against the goals and give an early warning of potential problems or the need to adapt delivery on key priorities and objectives. In addition, individual programmes are monitored in order to assess the value of our specific interventions and identify what they are achieving in the short to medium term. We will continue to review these indicators to ensure they remain appropriate and relevant for measuring progress.