

Q&A for FSB Newsletter

1. Why did you launch a new policy for economic renewal?

We need to position Wales to meet the economic challenges and opportunities as we emerge from the downturn. The new direction will help facilitate a stronger and more sustainable economy through investing in infrastructure, skills, research and development and improving the conditions within which all businesses operate. I have valued highly the partnership developed through the Economic Summits and decided to build on this to develop the new direction through engagement with stakeholders.

2. What are the key elements of Economic Renewal: a new direction?

Economic Renewal sets out a new role for Government, where we are very clear about our rationale for action and states that where we do intervene we focus resources on the activities with the widest impact. Our five priorities are:

- Investing in high quality and sustainable infrastructure
- Making Wales a more attractive place to do business
- Broadening and deepening the skills base
- Encouraging innovation
- Targeting the business support we offer to help us gain competitive advantage.

3. Will the Flexible Support for Business website and phone number still be available for businesses to contact, or where else should businesses go for help?

The Flexible Support for Business brand will be phased out but the new direction makes a very clear commitment to the important role that the Assembly Government has in providing information to business. We will provide more and better quality information for business by focussing on developing our online content and services. An online approach will ensure services are available at the click of a mouse twenty four hours a day, seven days a week. This offers businesses greater flexibility and access to the information they need.

4. The perception is that the new structures will be weighted towards supporting larger businesses. What business support will the Welsh Assembly Government provide for an average Small Medium Enterprise in Wales?

It is not true that we are favouring big business. Our new policy direction aims to be better and fairer for all businesses, small, medium and large. We are not diluting our commitment to SMEs in favour of large businesses but how we support them is changing and our new structure will reflect this. Our

previous approach limits our resources to the small number of businesses we have directly supported. We are taking a new direction by giving less of a priority to working directly with individual businesses and more towards helping all businesses to compete effectively by fostering favourable conditions and through improved infrastructure. This means our policies and actions will be felt by businesses of all sizes. This is fairer and better for SMEs. As well as benefiting directly from our interventions, SMEs will be fully involved, individually and through representatives, in making sure we deliver on our commitments, and that we are open and responsive to their needs.

5. Does anyone qualify for any additional support?

We will provide repayable financial support to businesses where appropriate and in line with the policies set out in Economic Renewal. This will be judged on a case by case basis. Where we do provide financial support this will be better targeted and delivered in a more efficient and effective way. But our new direction is about more than financial support to individual businesses. It is about a genuine mix of support that can help attract new investors to Wales as well as support existing businesses. This means investing in the right skills, the right infrastructure, R&D and the business conditions that will enable business to succeed.

6. Half the budget for business support is being diverted to infrastructure, what will this be spent on, and how will this be the best use of the money?

Our commitment to supporting the right infrastructure in Wales is real. We looked at a range of information and data and the evidence is strong on the importance of good infrastructure to the economy. It helps people to access work, improves competitiveness, promotes greater efficiency, and increases the likelihood of co-location and clustering. Around half of the Single Investment Fund resources will be diverted toward supporting infrastructure. This will include supporting our commitment to ensure that all businesses in Wales have access to next generation broadband by 2016 and all households by 2020. We will also ensure that all our infrastructure interventions across ICT, property, transport, regeneration and housing are properly co-ordinated to maximise the benefits.

7. Business rates are one of the highest expenditures for small business. Why did you decide not to provide additional rate relief to businesses in Wales?

As a Government, we have already made changes to business rates to help businesses. From 1 October 2010, around half of small businesses in Wales will pay no business rates for the year and roughly 20% more will see their business rates significantly reduced. In addition, the non-domestic rating multiplier for 2010-11 has reduced by 16% and 60% of business in Wales will see a reduction in their bills before any small business rates relief is taken into account following the 2010 non-domestic rating revaluation. We have already commissioned an evaluation of the rate relief scheme which will be complete

in Autumn 2010 and will keep the issue of small business rates relief under review, whilst recognising the challenges of reducing public expenditure. With increasing pressure on public sector budgets we do have to make some tough choices on where we focus our resources for greatest impact. We believe that investments in economic infrastructure, skills and re-focussed business support will give the best benefit to the economy.

8. How were the sectors selected?

The Ministerial Advisory Group for Economy and Transport recommended a sectoral approach and for Economic Renewal we have prioritised six sectors - ICT, Energy and Environment, Advanced Materials and Manufacturing, Creative Industries, Life Sciences and Financial and Professional Services. The six sectors are projected to perform well into the future, are of significant importance to Wales and contain a genuine mix of businesses – large, medium and small. They align with the Cabinet's approved Research and Development priorities for Wales. We have also given priority to sectors which are enablers within the wider economy, for example in providing opportunities for exploiting ICT, creating green jobs, resource efficiency and moving to a low carbon economy.

9. Will you continue to support start-ups?

Yes. We are committed to encouraging enterprise and new business start-ups. We will refocus our start-up service to ensure it meets business need and we will launch a revised Youth Entrepreneurship Strategy in the autumn and place a greater emphasis on supporting self-employment.

10. Why do you think this new direction will be successful?

There is widespread consensus that investments in skills and infrastructure play an important role in the economy. Feedback from our engagement with business and other stakeholders has also indicated a clear need for a more focussed role for government in economic development. In addition, we have received consistent messages on the need to better align our wider policies for economic development in areas such as planning, procurement and regulation. So there is a range of support that our new direction is relevant to today's challenges. We will publish a framework for measuring success in the Autumn.

*For more information about Economic Renewal : a new direction visit:
www.wales.gov.uk/economicrenewal.*