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Welsh Government

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# LONGITUDINAL SURVEY OF ENTERPRISE ZONES IN WALES

## WAVE 1 - KEY HIGHLIGHTS



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## Background

The Minister for Economy, Science and Transport has confirmed seven locations for Enterprise Zones in Wales. Each area designated as an Enterprise Zone focuses on a key sector of employment or industry.

The Enterprise Zones are located in the following areas.

- Anglesey
- Central Cardiff
- Deeside
- Ebbw Vale
- Haven Waterway
- Snowdonia
- St Athan – Cardiff Airport.

In broad terms, Enterprise Zones aim to deliver benefits through economic growth, job creation and sustaining existing businesses, supported by focused activity on specific geographic areas.

The objectives are to;

- Grow the local economy and provision of new jobs
- Act as a catalyst for growth elsewhere in Wales
- Improve the attractiveness of the Enterprise Zone for investors
- Strengthen the competitiveness of the Welsh economy.

The Welsh Government has developed a set of Key Performance Indicators to measure WG expenditure and related success of Enterprise Zones in terms of the extent to which the desired outcomes, such as jobs and growth, are being achieved. The KPIs have been published at <http://wales.gov.uk/topics/businessandconomy/publications/welsh-gov-ezw-key-performance-indicators/?lang=en>

Alongside these KPIs measuring impact of WG directly supported projects and investment, we also wish to capture the attitudes and perceptions of all businesses located within the Zones in terms of impact, value added and effectiveness of being located within the Zones. As a result in October 2013 we commissioned a longitudinal survey of businesses in the Wales Enterprise Zones in the form of an independent quantitative telephone survey. Enterprise Zones are a long-term approach to economic development and their performance will need to be measured over the longer-term, and so we have commissioned an initial survey followed by further smaller sample surveys over a two year period.

This document summarises the findings of the initial survey (the 'first wave') of the Enterprise Zone longitudinal survey. This wave saw telephone interviews conducted with 247 businesses located across the seven Welsh Enterprise Zones from a total of 522 companies identified

## Key Highlights of Wave 1 of the Survey

### 1. Awareness of Enterprise Zone location and benefits

- On average 7 out of 10 businesses were aware that they were located within an Enterprise Zone. *(Note: in the Central Cardiff EZ, this reduced to 32%; researchers indicated this is likely due to the fact that the EZ is closely aligned to the major attraction of Cardiff city centre in its own right. A forthcoming proposed marketing campaign targeted at Cardiff aims to redress this).*
- More than half (53%) of businesses perceived that being located within an Enterprise Zone adds value or brings benefits to their business.
- Almost half of businesses surveyed were aware of the business rates support.
- Over 40% of businesses surveyed were aware of the support available for training and development.
- One in five of businesses surveyed were aware of the recently launched preferential loan rates from Finance Wales.
- One in five businesses surveyed were aware of support for Superfast Cymru.

### 2. Profile of businesses in Enterprise Zones

- Over two thirds of businesses surveyed located in Enterprise Zones were long established (over 10 years) with almost half trading for over 20 years.
- Just over half of businesses surveyed had 10 or fewer employees; a third had between 11 and 49 employees; and the remainder had 50 or more employees. *Note, this reflects a high proportion of businesses in the 11-49 employees category compared to the rest of Wales.*
- The survey suggests that businesses located within the Zones have an impact and reach far further than the Enterprise Zone boundaries themselves, with 7 in 10 businesses surveyed supplying other UK markets and 4 in 10 trading internationally.

### 3. Take up of Enterprise Zone benefits

Just under half of businesses surveyed had taken advantage of one or more of the benefits offered to them due to their location in an Enterprise Zone.

- One in five businesses surveyed had benefitted from support for training and development.

### 4. Impact of Enterprise Zone benefits

- Almost three quarters of respondents (72%) reported that the impact of the benefits of the Enterprise Zone on their business (where noted) had been positive or very positive.
- A third of businesses surveyed had created new jobs in the last 12 months.
- A third of businesses surveyed had safeguarded jobs in the last 12 months.

- Almost half of businesses surveyed were confident that their company would grow in the future.
- Around a half of those surveyed thought that their Enterprise Zone location would help them to safeguard jobs (53%) or create new jobs (48%) in the next 12 months.

## **5. Business obstacles and Welsh Government support**

- The two most commonly cited barriers to achieving business objectives were a lack of (or slow) broadband access and business rates. These are areas where the Welsh Government has specific initiatives in place within Enterprise Zones that will directly benefit businesses.
- Enterprise Zones are a priority under the Superfast Cymru programme. Roll-out is already underway in Enterprise Zones or will start this Spring.
- A total of £4.5m has been committed to approved applications to the first two rounds of the Enterprise Zones Business Rates Scheme and a planned third round offering up to £4m in funding will increase assistance with this key issue even further.
- Larger businesses particularly reported that the next most pressing barriers were related to the local labour market in terms of recruitment and skills. This is another area where specific support is already available, and is being developed further in 20014/15, in order to overcome these issues in the Enterprise Zones.
- The survey suggests that existing Enterprise Zone incentives on business rates, broadband and training and skills are aligned to the issues which businesses themselves have identified as barriers to growth.