



Llywodraeth Cymru
Welsh Government

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LONGITUDINAL SURVEY OF ENTERPRISE ZONES IN WALES

WAVE 2 - 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, and six monthly performance figures, 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 second survey (the 'second wave') of the Enterprise Zone longitudinal survey and also tracks movement in findings as compared to those reported in the initial survey (the 'first wave').

This wave, which was of comparable sample size to the first, saw telephone interviews conducted with 201 businesses (as compared to 247 in the first wave) located across the seven Welsh Enterprise Zones from a total of 592 companies identified (as compared to 522 in the first wave).

Key Highlights of Wave 2 of the Survey

1. Awareness of Enterprise Zone location and benefits

The second wave of the survey reported several increases in awareness of Enterprise Zone location and benefits, particularly the benefits available for business rates and Superfast Cymru:

- On average 8 out of 10 businesses were aware that they were located within an Enterprise Zone. This is an increase on the first wave. **(7 out of 10 in the first wave)**.

(Note: in the Central Cardiff Enterprise Zone, only 32% of businesses were aware of their location in the Enterprise Zone in the first wave; researchers indicated this is likely due to the fact that the Zone is closely aligned to the major attraction of Cardiff city centre in its own right. A marketing campaign targeted at Cardiff to redress this was undertaken and in the second wave, 53% of Central Cardiff Enterprise Zone businesses surveyed reported awareness of their location within the Zone).

- More than half (57%) of businesses perceived that being located within an Enterprise Zone adds value or brings benefits to their business. This is an increase on the first wave **(53% in the first wave)**
- Almost three quarters (73%) of businesses surveyed were aware of the business rates support available. This is an increase on the first wave **(49% in the first wave)**
- Over half (53%) of businesses surveyed were aware of the support available for training and development. This is an increase on the first wave **(43% in the first wave)**
- Almost one third (31%) of businesses surveyed were aware of the recently launched preferential loan rates from Finance Wales. This is an increase on the first wave **(20% in the first wave)**
- Almost half of businesses – 41% - surveyed were aware of support for Superfast Cymru. This is an increase on the first wave **(21% in the first wave)**

2. Profile of businesses in Enterprise Zones

The profile of the businesses surveyed in the second wave of the survey are very similar to those surveyed in the first wave:

- The profile of companies surveyed was very similar to that in the first wave; over two thirds (67%) of businesses surveyed located in Enterprise Zones were long established (over 10 years) with almost half (44%) trading for over 20 years.
- Similarly, as in the first wave, 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 and is as wave one.*

3. Take up of Enterprise Zone benefits

The second wave of the survey reported increases in take up Enterprise Zone benefits, particularly amongst smaller businesses:

- Nearly 6 in 10 (59%) of businesses surveyed had taken advantage of one or more of the benefits offered to them due to their location in an Enterprise Zone. (45% in the first wave)
- Progress has been made in generating usage of the available benefits among smaller businesses. Of businesses with 1 – 5 employees, 56% had used any benefit compared with 37% in wave one. In addition, 58% of businesses with 6 – 10 employees had used at least one benefit, compared with 36% in wave one.
- Just over one in five (21%) of businesses surveyed had benefitted from support for training and development. (22% in the first wave)

4. Impact of Enterprise Zone benefits

The second wave of the survey has revealed that perception of the impact of Enterprise Zone benefits has remained at similar levels to those reported at the first wave:

- Almost two thirds (64%) reported that the impact of the benefits of the Enterprise Zone on their business (where noted) had been positive or very positive. (72% in the first wave)
- Almost a third (29%) of businesses surveyed had created new jobs in the last 12 months. (33% in the first wave)
- Well over a third (38%) third of businesses surveyed had safeguarded jobs in the last 12 months. (32% in the first wave)
- Almost half (44%) of businesses surveyed were confident that their company would grow in the future. (46% in the first wave)
- Around a half of those surveyed thought that their Enterprise Zone location would help them to safeguard jobs (52%) or create new jobs (45%) in the next 12 months. (53% safeguarding; 48% creating new jobs in the first wave)
- A third of businesses reported that being located in an Enterprise Zone had contributed to growth and increased turnover (New question at wave 2)
- Just under a third (30%) of businesses reported that being in an Enterprise Zone had contributed towards them making capital investment (New question at wave 2)

5. Business obstacles and Welsh Government support

As in the first wave of the survey, the two most commonly cited barriers to achieving business objectives were a lack of - or slow - broadband access and business rates. These are both areas where the Welsh Government has specific initiatives in place within Enterprise Zones that will directly benefit businesses:

- More than £7.5m has been committed to approved applications to the first two rounds of the Enterprise Zones Business Rates Scheme to support businesses located within the Zones. A further £173,000 has been committed to support businesses located within the Haven Waterway Enterprise Zone who have been adversely affected by the recent closure of the Murco oil refinery.
- Enterprise Zones are a priority under the Superfast Cymru programme, with roll-out well underway in all Zones. In addition, in December 2014 the Welsh Government launched the Ultrafast Connectivity Voucher Scheme, prioritised for Enterprise Zones, to assist businesses with the capital costs associated with providing an ultrafast data connection.

Similar to the businesses surveyed in the first wave, those now surveyed also reported that the next most pressing barriers were related availability of skills and recruitment issues. This is another area where specific support is already available, and we are taking forward work in all Zones to help to overcome these issues – more information can be found at <http://gov.wales/topics/businessandconomy/business-wales/enterprisezones/?lang=en>

As with the first wave, the survey results suggest that the 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.