

Enterprise and Business Committee
City Regions, the Metro, and Enterprise Zones

Paper from the Minister for Economy, Science & Transport

Introduction

1. The purpose of this paper is to provide written evidence to inform and support the work of the Enterprise and Business Committee.
2. The paper provides information on City Regions, the Metro and Enterprise Zones. These are part of a broader and strategic approach on the economy, which focuses on priority economic sectors, supports the retention of existing employment, the creation of new jobs, and acts as a stimulus to business and infrastructure investment.
3. The paper begins with an overview of the City Regions in terms of background, context and latest developments, before turning to the Metro and Enterprise Zones.

City Regions

4. The case and rationale for City Regions in Wales draws upon an evidence base which highlights the strong link between cities and growth. This evidence base was considered in detail by an independent advisory group, chaired by Dr Elizabeth Haywood. The Group considered that the Cardiff Capital Region, and the Swansea Bay City Region, displayed the potential critical mass, traffic flows and community identification that underpin successful City Regions. It recognised that both Regions constitute functional economic areas, within which people, businesses, and communities, interact across local administrative boundaries for work and leisure.

The Boards

5. To take this agenda forward, I established Boards in both the Cardiff Capital Region and the Swansea Bay City Region with strong engagement from the private sector, as well as Local Authorities and Higher and Further Education. The Boards are well placed to act as powerful advocates for their Region, providing advice to Welsh Government on the opportunities for their respective Regions. Their remit is to:
 - provide the leadership, vision and strategic direction

- prioritise projects which demonstrate the potential to achieve transformational economic change across the Region
 - engage with wider stakeholders to encourage and support a collaborative approach to make the City Region a success.
6. Within the context of their remit, the Boards will also identify the time-frame and key milestones for delivery.
 7. In the Cardiff Capital Region, the Board is chaired by Roger Lewis, whilst in Swansea Bay; Sir Terry Mathews has recently taken on the chairmanship of the Board.

Developments in Swansea Bay City Region

8. The Swansea Bay City Region Board is focussed on strategic priorities for the Region. They have been considering how to ensure best value for money from the forthcoming European funding round, reaching regional consensus, and examining regionally significant projects. In September, a planning workshop was held to support the development of proposals for the Swansea Bay City Region. This brought together a range of senior experts on international architecture; major civil engineering infrastructure project design and delivery solutions; planning and regeneration.

Developments in Cardiff Capital Region

9. The Cardiff Capital Region Board is developing a Strategic Plan which will consider the challenges and opportunities for the Region and will inform, shape and guide its strategic economic development. The Board will complete this task early in the New Year. The Board has also agreed three strategic themes for the Region - Connectivity, Innovation and Skills. The Board has identified the Metro as a foremost priority for the Region, recognising it as a strategic intervention that will have an impact on people, business and communities across the City Region.

Funding

10. City Regions do not currently have a designated, ring-fenced budget because their delivery has clear linkages with other programmes, interventions and activities..

The Metro

11. The progress we have made to date on the Metro, the immediate actions that have been identified for the next phase of delivery, and some new ideas that can be tested out further ahead of future investment are all set out in the update

report that we published in the summer. This update report is available on the Welsh Government's website..

12. Progress on the Metro is an important element in delivering an integrated transport solution, which drives economic activity, and is transformational in effect. Key linkages are being made between the Metro, economic development, regeneration, and planning. There are limitations to our current powers in relation to bus and rail services, but we are seeking additional powers in both these areas. With this in mind, we will give further consideration to how additional powers, if conferred, might be used to enable integrated service provision.

Enterprise Zones

13. Four of the seven Enterprise Zones are located in the City Regions and both City Region Boards are very clear in viewing Enterprise Zones as key strategic employment sites of regional significance. The success of the Enterprise Zones is not just about activity within their boundaries, but activity outside of the Enterprise Zones at the strategic, regional level.
14. The links between the Enterprise Zones and the priority economic sectors underscore their regional significance. In Swansea Bay, the focus of the Haven Waterway Enterprise Zone on the Energy and Environment sector is of importance to the region as a whole, given the strength of the supply-chain and employment flows which support communities across the Region, far beyond the boundary of the Enterprise Zone. The three Enterprise Zones in the Cardiff Capital Region focus on financial and professional services and manufacturing. These are of regional significance in supporting economic activity and jobs in the wider region.

Recent developments in the Enterprise Zones

15. Each Enterprise Zone is different and faces its own challenges and opportunities. The Enterprise and Business Committee received an evidence paper earlier this year, setting out developments and progress in each of the seven Enterprise Zones. We have also published a detailed update report on our website. Recent developments are leading to investments in our Enterprise Zones, north and south, such as Alert Logic's European HQ in the Central Cardiff Zone and the welcome new inward investment from Japanese company, Calbee in the Deeside Enterprise Zone. Other highlights include:
 - the investment in Building 1, Capital Quarter, in the Central Cardiff Enterprise Zone which has already resulted in successful lettings that are

generating an economic return

- a major feasibility study into the potential for an Advanced manufacturing Skills and Technology Centre within the Deeside Enterprise Zone
- shared apprenticeship schemes for the Haven Waterway and Deeside Enterprise Zones, which will support companies that provide high quality training opportunities
- opportunities for commercial property development have been investigated at Deeside, Anglesey and Ebbw Vale Enterprise Zones.

16. I have published performance data for the period April 2012 to March 2014. I have recently committed to publishing data on a six monthly basis and I will be providing this information shortly.

17. We have undertaken research into Local Development Orders (LDOs) and issued a Research Report on Local Development Orders to Local Authorities in Wales. We published a paper which summarises the findings of the report and outlines the potential benefits of LDOs for Enterprise Zones.

18. In addition, we hosted four roadshows across Wales earlier this year to raise awareness of the benefits of LDOs amongst Welsh Local Authorities. Representatives from six of the Authorities in which Enterprise Zones are located participated in the events. However, ultimately the take-up of LDOs is a matter for Local Authorities.

19. On governance, I commissioned the Public Policy Institute Wales to provide advice on best practice governance arrangements for Enterprise Zones. I anticipate that their report will have been finalised at the end of November and I will be happy to share this with the Committee.

Summary of Key Points

20. City Regions, Enterprise Zones and the Metro are three aspects of a coherent policy approach in which their interrelationships, interdependencies and interaction are fully recognised. These are not three separate areas of activity that are being taken forward in isolation, rather they support our broader approach on the economy focussed around priority sectors.

21. The pace of progress is different and the City Regions, Enterprise Zones, and the Metro are at different stages of development and maturity. However, all three areas our policy development and delivery is strongly influenced by a strong role for the private sector, and within in that there is interaction between the City Region and relevant Enterprise Zone Boards.