

Clerk of the Finance Committee
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Dear Clerk

Finance Committee : Inquiry into Enterprise Zones

It is my pleasure on behalf of the Board of the Snowdonia Enterprise Zone to provide written evidence to help inform the Committee's inquiry into Enterprise Zones in Wales.

Background/Context

- 1 Snowdonia Enterprise Zone was established by Welsh Government in May 2012 (along with the Haven Waterway), following earlier designation of the five original Enterprise Zones in Wales. The Snowdonia Enterprise Board met for the first time in July 2012 and comprises of representatives drawn largely from the private sector. The Board is advisory in nature and provides advice to the Minister for Economy, Science and Transport in regard to development of the Enterprise Zone at Snowdonia. The Board recognised that each of the Enterprise Zones in Wales are different and are at different stages of development. Work in regard to Snowdonia Enterprise Zones is at planning stage.
- 2 The Snowdonia Enterprise Zone is centred upon the site of the former Trawsfynydd Power Station. For over 50 years, from construction to operation and now decommissioning, the Trawsfynydd site has provided hundreds of high skilled and well paid jobs in Meirionydd – an area which has suffered from the decline of traditional primary and manufacturing industries. It is an area which is rural in nature and has a relatively weak economic base.
- 3 In addition to the high skill base of the workforce, this 50 hectare site contains significant operational assets such as national grid infrastructure, land and premises associated with its former use and other non operational assets which add to the site's offering, including the 1200 acre Trawsfynydd lake.

- 4 The accelerated completion of the first phase of decommissioning in 2016/17 and the resultant loss of 600 skilled jobs and £80m per annum investment by the Nuclear Decommissioning Authority (NDA) poses a major challenge to the local economy and one of the triggers which lies behind the establishment of Snowdonia Enterprise Zone. At the completion of the first phase of decommissioning in 2016/17, all activity at the site will cease and employment will reduce near zero. The reduction in height of both reactor buildings (which are currently in a quiescent state), is currently planned for 2020/21. This is likely to result in employment numbers increasing to circa 150 for a period of time.
- 5 Following advice from the Board, the Minister for Economy, Science and Transport announced in January 2013 that Llanbedr Airfield would be included as part of the Snowdonia Enterprise Zone. Llanbedr Airfield is situated some 10 miles from Trawsfynydd site and covers some 228 hectares. It includes a number of buildings suitable for aviation uses and related activities, including a main runway extending to 7,500 ft and two additional runways/cross runways of 4,600 feet and 4,200 ft respectively.
- 6 The Board recognises that large scale investments in the medium to long term can be focussed at the Trawsfynydd site. However, it is hoped that the inclusion of Llanbedr Airfield will facilitate short-medium term economic benefits.
- 7 The Board have outlined three near-term priorities in regard to the Snowdonia Enterprise Zones as follows:-
 - (i) developing the local and regional supply chain to support the future of the site and improve Meirionydd's economic prospects.
 - (ii) agreeing a preferred option (s) for the development of the sites, outlining necessary infrastructure requirements and options for creating sustainable employment opportunities.
 - (iii) influencing the decommissioning programme and timetable to maintain employment on the Trawsfynydd site between 2016 and 2021.
- 8 In regard to 7(i) the Board is aware that Welsh Government officials, and partners, have been in discussion with the NDA regarding the forthcoming NDA competition for the Magnox sites. The Board is keen to ensure that the Enterprise Zone strategy is understood and, as far as possible, taken into account by NDA and potential bidders.

- 9 In regard to 7(ii), the Board has prepared an initial Strategic Plan for the Minister highlighting opportunities for the Trawsfynydd site around the ICT/digital and energy sectors. For the Llanbedr site opportunities associated with aerospace were identified. However, the Board concluded that further research is required to ensure robust proposals and interventions are pursued for both sites.
- 10 Based on the advice of the Board, the Welsh Government has commissioned Arup to undertake a Strategic Options Assessment to identify options and set out robust proposals which maximise the Trawsfynydd site's economic potential. The Board believe that this comprehensive options assessment and evaluation of the site is fundamental. The study will be considered in the context of 4 key factors:-
- the Trawsfynydd site's unique characteristics and distinctive assets
 - the Trawsfynydd site's decommissioning programme/timetable and any associated plans by the NDA in terms of land availability and/or disposal
 - location within the Snowdonia National Park
 - the overriding objective being the need for high quality, sustainable employment opportunities.
- 11 It is intended that the above study, which is due to be completed by the end of the summer, will establish and enable:-
- a preferred option or combination of options for the site's future economic use
 - detailed feasibility of preferred option(s) to include costed infrastructure requirements to enable the delivery of preferred option(s)
 - delivery of the site to the market and attract investment and job creation.
- 12 In regard to Llanbedr Airfield, the Welsh Government is currently procuring a masterplan for the site on the advice of the Board. The Enterprise Zone Board recommended the development of a masterplan to identify the necessary investments required to maximize the economic potential of the site within an agreed planning framework to deliver jobs and sustainable growth.
- 13 The Masterplan, which is expected to be completed by the Autumn, will establish and enable:-

a masterplan approach aligned to the Unmanned Aerial Systems (UAS) sector strategy

consideration of the current constraints associated with the site and necessary infrastructure investments required to enhance its attractiveness and deliver jobs and sustainable growth

a planning framework to be developed in collaboration with key stakeholders to reduce planning risk for any inward investors or local companies wanting to expand on the site.

- 14 Work is very much at the planning stage as regards to establishing future uses for both Snowdonia Enterprise Zones sites. Both sites have unique characteristics and the above commissions are key to understanding the issues, constraints and opportunities for their future development.

Inquiry Terms of Reference

- 15 Turning to each of the points raised in your Terms of Reference we offer the following observations on behalf of the Snowdonia Enterprise Zone Board.

(i) *What is the scale of Welsh Government resource being targeted at Enterprise Zones?*

As a Board, we are not sighted on internal Welsh Government budgets. The Terms and Conditions of appointment of Board Members explicitly states that the Enterprise Zone Board will not be a budget holder. Rather our role is advisory, setting out proposals and recommendations for the Minister for Enterprise, Science and Transport. However, in regard to the recommendations for expenditure made by this Board, revenue funding has been forthcoming from Welsh Government to commission the studies for the Trawsfynydd and Llanbedr sites which are detailed above.

It is likely that the plans for both Llanbedr and Trawsfynydd will require significant capital investment in future to upgrade its infrastructure, although it is too early to speculate what scale of resource is required from Welsh Government to enable this investment.

(ii) *What influence are Enterprise Zone boards having on that Welsh Government resource?*

As a Board, we submitted a Strategic Plan to the Minister outlining our initial thinking in regard to the development of the Snowdonia Enterprise Zone. This Plan highlighted the need for further in-depth work and this is now being taken forward by way of specific commissions funded by Welsh

Government. In addition the Board have been able to comment on the emerging criteria for the Business Rate Scheme and to inform and influence marketing activity. It is hoped that the outcome of the two commissions will identify tangible infrastructure requirements at both sites and that these will be factored into Welsh Government capital and revenue budgets in future.

(iii) *What are the strategic objectives of each of the Enterprise Zone Boards?*

As detailed above, the role of the Enterprise Zones is advisory in nature. The Board has submitted an outline strategic plan to the Minister setting out initial thinking in regard to the Snowdonia Enterprise Zone. This is outlined above in the background/context section.

(iv) *What are the specific incentives that are in place to encourage business to invest and locate in each Enterprise Zone in Wales?*

As a Board we share the Minister's aims to stimulate investment and facilitate economic development within Snowdonia Enterprise Zone. A wide range of support – both financial and non-financial – is available to support business from Welsh Government. This includes specific incentives such as business rate support for SME's in Enterprise Zones, enhanced capital allowances (allowable in some Enterprise Zones only); prioritisation of next generation broadband. In addition, assistance is provided in the form of workforce and skills development, access to industry networks, inward investment assistance, international trade support, access to finance etc. More generally, it is anticipated that, as necessary, support will be provided for investment in infrastructure, including site infrastructure, transport and telecoms if identified by the work currently underway.

(v) *What are the specific outputs and outcomes that each Enterprise Zones expect to achieve?*

At this stage it is too early to anticipate the specific outputs and outcomes that might be achieved at Snowdonia Enterprise Zone given that work is at a planning stage. The optioneering work underway is an important step towards developing more specific outputs and outcomes in due course. However, the overarching aim is the creation of job opportunities in the area and stimulation of economic growth.

(vi) *What are the achievements of each Enterprise Zone to date?*

It is important we believe for the Committee to appreciate that each of the Enterprise Zones in Wales are different. The work in regard to the

Snowdonia Enterprise Zone is at initial stages, with the two pieces of work currently being commissioned, key to shaping the future strategy and direction for the development of the Zone.

(vii) *What is the latest position in relation to the use of Enhanced Capital Allowances and what potential is there for extending their use to more Enterprise Zones in Wales?*

The Board understand that the use of ECAs is a non-devolved matter and Welsh Government negotiated the availability of ECAs in Wales with HM Treasury. ECAs do not apply to Snowdonia Enterprise Zone and we understand there is no potential for extending their use to the site at the present time.

(viii) *What is the expected impact on areas neighbouring or outside Enterprise Zones?*

We would expect the impact on neighbouring areas to be positive. We would hope that in the context of Snowdonia Enterprise Zone, the desired impacts would be:-

growth of the local/regional economy and provision of new jobs

acting as a catalyst for growth elsewhere in Wales

improve the attractiveness of the EZ/Wales for investors

strengthening the competitiveness of the Welsh economy

(ix) *How can the impact of Enterprise Zones on the local economy be maximized?*

The impact on the local economy can be maximized in a number of ways, including development of supply chain opportunities, application of business rate scheme, and link to broader education and skills development.

(x) *Are the processes in place to ensure that Enterprise Zones are monitored and evaluated effectively?*

The Board meets on a regular basis and reviews activity and progress.

(xi) *What approach is used to ensure that Enterprise Zones in Wales create additional economic activity?*

The Snowdonia Enterprise Zone Board makes recommendations to the Welsh Government, influencing delivery of sector activity and broader support.

I trust the above will be of help to the Committee as part of its inquiry.

Yours sincerely

Dr John Idris Jones
Chair
Snowdonia Enterprise Zone Board