



Summary of an Inquiry Report of the:
Economy & Culture Scrutiny Committee

**PLACE BASED ECONOMIC
INTERVENTIONS INQUIRY -
SUMMARY**

December 2025



Cardiff Council

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FOREWORD

Investment Zones are the latest in a long line of Place Based Economic Interventions. They bring £160m funding for a range of interventions - tax incentives, research and development, infrastructure, business support and faster planning. On its own, £160m is not a significant sum to deliver a step change in social and economic conditions. However, the design of the Investment Zones means that they have the potential to lever in a significant level of additional funding and resource and deliver real change in the local and regional economies.

Members recognised that we need to know how best to realise the potential and maximise the benefits and legacy accruing from our Investment Zone. We were interested to understand best practice from relevant, previous Place Based Economic Interventions: What do we need to avoid? What do we need to do? We were also interested in hearing views from stakeholders and to learn from their experiences and knowledge and we thank all those who gave their time to contribute to this Inquiry.

Our findings focus on the key aspects of the Investment Zone – the location, interventions mix, operating model and governance. We have extracted evidence on maximising benefits and legacy that cut across all of these and presented them in their own section, for ease of reference.

I would like to thank my fellow task group Members for their commitment to undertaking this Inquiry in record time; it is no easy task to get to grips with a complex topic and distil evidence to key findings and recommendations, particularly in such a fast-moving environment. We hope these are of help in coming months and that the design, reach and implementation of the Investment Zone delivers the real benefits that all those we spoke with believe it can.



Councillor Peter Wong
Chair, Economy & Culture Scrutiny Committee
December 2025

TERMS OF REFERENCE

1. Explore the key factors influencing the success and failure of Place Based Economic Interventions, including spatial focus, interventions focus, operating model, and governance.
2. Identify the mechanisms used by Place Based Economic Interventions that successfully maximised local benefits and legacy, including direct and indirect consequential outcomes.
3. Draw out the lessons that are relevant to the Cardiff and Newport Investment Zone (CCR-IZ).
4. Use the information gathered during the Inquiry to make evidence-based recommendations to Cabinet to inform work on the CCR-IZ.

APPROACH TAKEN

- M1. Members undertook this Inquiry during October 2025 – December 2025.
- M2. Members received evidence from the following internal stakeholders who attended question & answer sessions:
- Cllr Huw Thomas - Leader
 - Jon Day – Operational Manager – Tourism and Investment.
- M3. Members received evidence from the following external stakeholders who attended meetings with the task group:
- Prof. Nick Clifton – Professor of Economic Geography and Regional Development, Co-Director Regional Innovation and Regeneration Centre, Cardiff Metropolitan University
 - Louise Harris – CEO, Tramshed Tech
 - Elin Lloyd Jones – Head of Business Engagement and Partnerships, Cardiff University
 - Colan Mehaffey - Director of Policy, Impact & Partnerships, Cardiff Capital Region (CCR)
 - Daniel Sawko – CEO, Shipshape
 - Huw Swayne – University of South Wales
 - Dr. Gary Walpole - Co-Director Regional Innovation and Regeneration Centre, Director Circular Economy Innovation Community, Cardiff Metropolitan University
 - Prof. Roger Whitaker – Pro Vice Chancellor – Research, Innovation and Enterprise, Cardiff University
 - Toby Williams – Head of Investment Zone, Cardiff Capital Region (CCR)
- M4. In addition to the above, Members considered briefing reports provided by the Principal Scrutiny Officer, attached at Appendices 1-3, which provided an overview of the Investment Zone approach, details of other UK Investment Zones, and an overview of lessons learned from previous UK Enterprise Zones and University Enterprise Zones.
- M5. Members commissioned Scrutiny Research to undertake a desk-based examination of existing reviews of city-based economic interventions in Europe and US, that are similar to Investment Zones, in order to produce a briefing report that identified and highlighted the key success/ failure factors and any mechanisms used to successfully maximise local benefits and legacy. The Scrutiny Research report is attached at Appendix 4.
- M6. The evidence has been used to identify suitable findings from the Inquiry.

KEY FINDINGS

Headline Findings

- HF1. This Inquiry found many examples of the Investment Zone approach addressing the weaknesses of previous Place-Based Economic Interventions. Lessons have been learned regarding the need to:
- avoid short-termism
 - minimise displacement
 - take into account net gains and additionality
 - work in partnership with academia to maximise research and development opportunities, and
 - focus on and lock-in higher value opportunities.
- HF2. The ability to cluster innovation and strengthen the innovation ecosystem in Cardiff is key, with the Investment Zone providing a clear opportunity to boost business support and investment in research and development and innovation companies for the benefit of the local, regional and national economy.
- HF3. To be successful, it is important that the Investment Zone addresses and removes barriers to innovation, reducing bureaucracy, enabling knowledge exchange, driving product innovation and bringing together research and business.
- HF4. Location is key to the success of an Investment Zone; locations must be accessible, sustainable, and provide the ability to cluster innovation and remove barriers to innovation.
- HF5. Involving the public, improving accountability and transparency, and ensuring good governance, are essential to ensure the Investment Zone maximises its benefits and legacy.
- HF6. The CCR approach addresses many of the concerns and challenges of previous place-based economic interventions. There is an opportunity to build on this, to use the Investment Zone to lever long-term social and economic benefits for Cardiff, the region and the whole of Wales.

Key Findings

Location

- KF1. Research has demonstrated that the following locational factors are key in influencing the performance of place-based economic interventions:
- Comparative advantage – attractiveness of location to businesses and potential for growth
 - Ease of development – straightforward land assembly and clean sites

- c. Meeting the needs of the selected priority sector industries and businesses – suitability of location for production/ service delivery/ scale-up, and enabling businesses to connect with one another
- d. Aligning sites with existing place-based assets – such as academia, skills and training providers, transport provision, and business support networks.
- e. Presence and quality of comprehensive infrastructure – good public transport and active travel links, to enable accessibility and inclusivity, and good public services, to enable good social and environmental conditions.
- f. Convenient for businesses and academia – to enable and generate interaction.

KF2. A review of other UK Investment Zones found that they are using a range and mix of sites, choosing sites that fit with their priority sector focus and have good transport links, including city centre sites, suburban sites, and peripheral sites.

City Centres

KF3. Analysis of previous Place-Based Economic Interventions, specifically UK Enterprise Zones, found that city centres were the most successful, with the latest round of these generating 63% jobs growth despite covering just 6% of the total land covered by these zones. The first iteration of UK Enterprise Zones found those in urban zones with good transport links grew the fastest.

KF4. This Inquiry heard support from stakeholders for the use of Cardiff city centre as part of the Investment Zone offer, for the following reasons:

- a. Accessibility – for workers, businesses and investors with the main train station in Wales as well as the bus station located in the city centre
- b. Creation of a front door for the Innovation ecosystem in Cardiff
- c. Visibility – enhancing inclusivity and reach by raising awareness and increasing transparency, helping to build trust
- d. Enabling the clustering of start-ups and innovation communities in a location they wish to be based, which will assist in attracting inward investment, enable knowledge exchange, drive product innovation and break down barriers, bringing together research and business.

KF5. Members were struck by the fact that several other Investment Zones across the UK are utilising city centre sites for innovation, with innovation corridors, knowledge quarters and innovation zones all being used, as set out in Appendix 2. The Inquiry heard that these Investment Zones have spread their focus within their identified priority sectors, recognising that the real value of Investment Zones comes from ensuring the wider supply chains and ecosystems are part of the overall approach and benefit from interventions.

Proposed sites

KF6. This Inquiry heard from CCR that they have been working with partners to carry out the assessment and evaluation of multiple sites, resulting in the identification of three proposed sites – one in Newport and two in Cardiff. CCR explained that these sites aim

to maximise the benefits flowing from an Investment Zone, with the site in Newport focusing on the manufacturing and production of Compound Semiconductors and the sites in Cardiff seeking to enable associated digital and technological application of these in products and services, thus maximising the benefits and legacy of the Investment Zone approach.

- KF7. Witnesses set out the following strengths of the two proposed sites based in Cardiff:
- a. Both sites fit well with Investment Zone criteria and provide huge opportunities for Cardiff, the CCR region and the whole of Wales
 - b. Both sites provide visibility for the Investment Zone, which helps build transparency and trust, and have good connectivity, which assists accessibility and inclusion
 - c. Both sites are in or adjacent to significant areas of social housing, meaning the Investment Zone will offer these populations access to a range of good opportunities on their doorstep and will lead to these areas becoming more socially mixed
 - d. Both sites connect well with the Newport site
 - e. Both sites have straightforward land ownership and assembly.

Interventions

KF8. Reviews of previous Place-Based Economic Interventions highlight mixed results, which can lead to regional disparities that feed into the '*geographies of discontent*'. There is a need to ensure that the Investment Zone approach learns the lessons from the past by: avoiding short termism; minimising displacement; recognising the need to take into account net gains and additionality; and matching interventions to a relevant goal.

KF9. Investment Zones are allocated £160m and are able to offer a mix of interventions, including tax incentives and funding for research & development, innovation, infrastructure, skills development, business support, and faster planning.

KF10. It is important to understand from the market, industries and businesses what types of intervention they need and to be able to flex interventions to meet market requirements. It is also important for the Investment Zone to intervene where it will get a return because the assets, supply and demand can be brought to bear and provide longer term returns for Cardiff and the region.

KF11. Analysis of the offers from other UK Investment Zones found that all of them are investing in skills, infrastructure, research & development, and business support, to varying degrees, with variable use of tax incentives.

Non-Domestic Rates

KF12. One of the mechanisms available to Investment Zones to ensure long-term impact is local authority retention of Non-Domestic Rates (NDR), over a 25-year period, for new businesses registered on the sites, with monies then recycled into Investment Zone interventions. In England and Scotland, local authorities are able to retain 100% of this category of NDR; in Wales, the Welsh Government has decided on a 50% NDR retention rate.

KF13. This Inquiry recognises that this approach places our Investment Zone at a real competitive disadvantage compared to other UK Investment Zones - significantly reducing the amount of monies available to intervene, affecting the spend profile of the £160m pot, and resulting in less monies being available to provide support across the board - without a compelling rationale to support it.

Tax Incentives

KF14. Centre for Cities research on previous Place-Based Economic Interventions concluded that tax incentives focused on encouraging relocation are unlikely to create new activity or attract higher-skilled jobs. However, research on US Enterprise Zones found that tax credits specifically focused on Research & Development are associated with increased investment.

KF15. Investment Zones can choose whether or not to offer tax incentives – if they choose not to, the whole £160m is available to fund the other range of interventions. Analysis of the offers from other UK Investment Zones found that some of them have decided not to use the tax sites designation, meaning they can use all their £160m on the other range of interventions.

Skills Development

KF16. Research to inform this Inquiry stressed the importance of skills development interventions both to ensure a pool of suitably qualified labour and to enable local people to benefit from the Investment Zone. This will bring benefits to local communities and will also help the longevity of the Investment Zone, creating ‘sticky’ jobs and enhancing capabilities of individuals and organisations.

KF17. The Inquiry heard that the following are key for effective skills development intervention:

- a. Liaise with industry and business about their requirements
- b. Have a skills strategy/ plan
- c. Put in place skills infrastructure
- d. Address barriers - widen participation, provide flexible training, provide targeted activities, provide apprenticeships, and work with Children and Young People
- e. Include transferable skills.

KF18. Critically, this Inquiry heard clear evidence from several witnesses of the need to raise the aspirations of young people in school, ensuring they know about the opportunities flowing from the Investment Zone and creating a pathway for them to access them. Members were pleased to hear Cardiff Council recognise its role, via Cardiff Commitment, of working at all stages of primary and secondary educations to raise awareness and highlight opportunities and routes to access these.

Infrastructure

KF19. A key area for Investment Zone intervention is improving the infrastructure required to address site viability and support sector growth; analysis of the work of other UK Investment Zones found that they are using their monies to this end, as set out in Appendix 2.

KF20. The Inquiry heard that infrastructure investment is required for both Cardiff sites, to address viability gaps and enable their use for the long-term benefit of local residents, the wider region and the whole of Wales as employment catalysts, rather than their use for mainly private-sector residential provision, the need for which can be met by other suitable sites . The decision by Welsh Government to retain 50% NDR, as set out in KF12 and KF13, reduces the monies available to fund infrastructure interventions.

Research and Development

KF21. Another key intervention area is research and development. This Inquiry heard clear support for the Investment Zone to include a range of interventions, financial and practical, that assist the clustering of start-ups and innovation communities with key anchors. Witnesses highlighted this will assist in attracting inward investment, enabling knowledge exchange, driving product innovation and breaking down barriers, bringing together research and business. Research on other UK Investment Zones identifies the following interventions in this area:

- a. Financial
 - i. Pump priming to assist start-ups
 - ii. Viability gap funding
 - iii. Co-investment funding
 - iv. Revolving investment fund to provide debt and equity finance
- b. Practical
 - i. Provision of facilities
 - ii. Provision of support and advice
 - iii. Access to relevant services, such as accountancy, venture capital advice
 - iv. Networking.

KF22. This Inquiry heard there is a need to support innovation in a broad sense and without too many constraints, with witnesses explaining that innovation happens at the edges and in unforeseen ways and therefore support packages need to enable this rather than be too narrowly focused.

KF23. The Inquiry also heard that it is very important that the Investment Zone aligns with other investment and existing facilities, such as the recently announced AI Growth

Zone, UKRI funding and skills providers, to maximise its benefits and boost innovation, working to ensure they complement one another.

Business Support

KF24. Several witnesses highlighted the need for effective business support to help grow our own businesses and get start-ups investor ready and growth ready. Key to this are:

- a. Understanding the local SME landscape, what their capabilities are, so that business support is designed with them in mind
- b. Having an ecosystem of support for innovation, that ensures people can connect and network, facilitating knowledge exchange.
- c. Provision of innovation programmes
- d. Ensuring that start-up and incubator spaces have support to help new enterprises succeed, from people who are experienced in business support and facilities management.

KF25. Cardiff Council stressed there is a role for it to utilise its local knowledge and connections to ensure support is provided to microenterprises and SMEs so that they benefit from the Investment Zone; there is a need to have a strong local government role in the regionally-led Investment Zone project.

Planning

KF26. This Inquiry heard that Investment Zones need more planning, not less, with a clear masterplan, at an early stage, providing developers with certainty. Witnesses explained that lengthy planning processes deter overseas investors. Cardiff Council stressed the opportunity to improve the planning offer by using Investment Zone monies to provide additional capacity that enables coordinated master-planning and work with statutory agencies.

Proposed Interventions

KF27. CCR confirmed that they have decided not to utilise the tax sites designation. They explained that they are working on bespoke interventions to tackle viability gaps and draw inward investment, including:

- a. Skills and training programmes – *to enable local people to upskill and access opportunities and avoid innovation areas becoming inaccessible islands*
- b. Infrastructure – *transport projects, commercial developments and innovation facilities*
- c. Research & Development/ Innovation – *funding for R&D, innovation vouchers, and help with fit-out costs*
- d. Business Support – *assist engagement with research, support supply chains*
- e. Unified Planning Offer across both Local Planning Authorities – *to accelerate development on IZ sites*
- f. Onshoring Industrial Capacity – *draw inward investment to ensure onshore supply and products.*

KF28. Members were pleased to hear CCR explain that they are looking to develop priority schemes, focusing on additionality and value-added alongside increasing GVA or jobs created.

Operating Model

Focus

KF29. Welsh Government has set the context for our Investment Zone being based on compound semiconductors. Members explored whether the focus should be solely on their manufacture or whether the focus should include the application of this technology. The Inquiry heard that focusing the Investment Zone on only the manufacture of compound semiconductors limits the spillover benefits that can accrue and therefore minimises the potential impact of an Investment Zone. Members were struck by the fact that this narrow focus is also a high-risk strategy given the wider geopolitics of compound semiconductor technology.

KF30. This Inquiry heard that there is more value to be gained from the Investment Zone by ensuring it applies to the whole chain – supply and demand – and ecosystem and that the key is to ensure the Investment Zone supports the innovation around compound semiconductors, in the digital and tech applications, to ‘*go from chips to clicks*’. This enables the Investment Zone impact to be maximised for the benefit of local communities, the wider region, and the whole of Wales. It also aligns with the UK Government’s Industrial Strategy that includes semiconductors in its digital and tech section.

PR and Marketing

KF31. Previous Government analysis of UK Enterprise Zones identified the need for clear promotional and marketing campaigns. The Inquiry heard that it is important not only to market the incentives of an Investment Zone but also to emphasise the selling points of Cardiff as well, including, for example, that it offers a good work/life balance and has an economically competitive pool of local, qualified, labour. Members reflected that it is important that Cardiff identifies a USP, particularly in light of the other Investment Zone offers.

KF32. Witnesses highlighted that Investment Zone monies will need to be dedicated to marketing and promotion, working with partners such as Cardiff University to ensure messaging is appropriate. Members highlighted that there is an opportunity to work with local Creatives to use their expertise in this area. CCR explained they will be using events such as MIPIM to promote and market the Investment Zone.

Communications

KF33. Witnesses highlighted the need to ensure the Investment Zone employs effective communication techniques that raise awareness of the Investment Zone, the benefits accruing locally and regionally and the opportunities available. They posited that these messages need to be communicated in a way that is meaningful to people in the city and region, adopting new approaches that reach local communities. Members note the need to ensure accountability and transparency adds to the importance of ensuring

appropriate and effective communication approaches, not least to build trust and understanding and to mitigate misinformation.

Capturing Value

KF34. To maximise the long-term benefits of the Investment Zone, it is important to ensure interventions provide the ability to capture the value created on an ongoing basis. This Inquiry heard about U.S.A, examples where this has been achieved, as set out in this report, and are also aware that some of the other UK Investment Zones have put in place recyclable pots to enable ongoing investment, as set out in Appendix 2.

Members are aware that the CCR has adopted a recyclable-pot approach to its Wider Investment Fund.

Liaison with Universities

KF35. Members are cognisant that there is a need to ensure the Investment Zone plans for how best to maximise the effectiveness of university involvement. Research on previous University Enterprise Zones found that simply linking funding with universities' research and innovation does not automatically mean investment will be successful.

KF36. To date, liaison has largely been focused on Cardiff University, which is the largest local research university and, as such, is a co-signatory of the Investment Zone as required by Welsh Government. Members heard Cardiff Metropolitan University and University of South Wales have also been involved and contributed to development work for the Investment Zone. The intention is that all three universities will play an active role going forward. Members can see that all three universities have areas of expertise that will benefit the Investment Zone.

KF37. There is clear evidence of universities leveraging additional monies to support previous University Enterprise Zones and existing English Investment Zones, as set out in Appendix 3. Universities UK highlight that in University Enterprise Zones established since 2019 this equated to an additional £4.50 for every £1 of initial project funding.

KF38. Members recognise there is a need to reflect and consider on the appropriate equity mix for spin-outs; if the university equity percentage is too high, this will put off inward investors, which is why Cambridge University and some U.S.A. and Dutch universities take a low-equity approach.

Governance

KF39. This Inquiry found evidence that good governance is important to the success of zones. Previous reviews of English Enterprise Zones highlight that their governance arrangements situated management of the zones within a wider economic development plan and were based on a business-led, partnership model. Studies of previous Enterprise Zones have identified the following as key to good governance structures:

- a. They enable clear and appropriate aims and monitoring to be put in place
- b. They reflect the long-term nature of zones

- c. They are flexible, to enable a customised and reactive response as circumstances change
- d. They involve the right actors - enabling coordinated and integrated activity of stakeholders that can provide key inputs required to deliver success.

KF40. The recent House of Commons Business and Trade Committee '*Performance of investment zones and freeports in England - 2023-24*' report highlighted the following:

- a. Investment zones should be linked to a single regional leader, who should be held accountable
- b. Governance structures are only as sound as their implementation
- c. Comprehensive and prompt audit and scrutiny are critical to ensuring value for money for the taxpayer
- d. Effective and inclusive communication and consultation with the public is key to establishing democratic accountability.
- e. Tight control of information enhances the risk of misinformation, and when it is aligned to late reports, a lack of detail, and overt reliance on verbal reporting, it can undermine appropriate decision-making.
- f. It is the responsibility of the public authority to ensure that appropriate checks and balances are in place [which] reflect the Nolan principles of openness and transparency as well as value for money and public returns.

KF41. The report concluded that improved governance was the key challenge to be addressed to allow investment zones to reach their full potential.

Accountability and Trust

KF42. Stakeholders who engaged with this Inquiry recognised the need to ensure appropriate governance, not only because of the need to account for public monies but also the need to be transparent and build trust, both with those directly involved in the Investment Zone and the wider communities in Cardiff and the region. Research has identified the following are key to ensure appropriate accountability and transparency:

- a. Substantial public involvement in developing and implementing management plans and impact assessments
- b. Transparency at all phases of projects
- c. Public access to comprehensive information
- d. Opportunity for the public to ask questions.

KF43. This Inquiry heard from several stakeholders there is a need to ensure communities voices feed into the governance of the Investment Zone, via local authority representatives and/or other means.

Reducing Administrative Burden

KF44. Several stakeholders stressed the need to ensure that governance arrangements are proportionate, striking a balance between appropriate levels of accountability and transparency without imploding under their weight. They highlighted that bureaucratic and/or fragmented governance arrangements makes it very difficult for SMEs and others to engage. This point is supported by research on US Enterprise Zones and Italian Special Economic Zone (SEZ) - Campania, which found it is essential to simplify

and streamline procedures to reduce the burden on businesses and assist engagement.

KF45. Members heard there is a clear opportunity to deliver a single, coordinated governance structure for the Investment Zone. The Campania SEZ uses a one-stop shop approach to enable access to all essential government and business services, with businesses and entrepreneurs able to access this via a centralised, digital platform.

KF46. However, this Inquiry heard that a one-stop shop approach does not cut through and land with businesses and investors as it implies everything is done by the one-stop shop and when this does not happen, leads to frustrations. Members heard a Concierge Model would be more appropriate, where the '*governance wiring*' – the work to streamline processes across agencies - is hidden from view, so the user experience is of a front door single point of access and being signposted in an effective and seamless manner. This view was supported by other witnesses, who stressed that an intelligent front-end is required, that directs people to the right places and ensures the process for accessing interventions is as easy to navigate as possible to enable SMEs to benefit.

KF47. Members were pleased to hear Cardiff Council acknowledge the need to manage the bureaucratic burden, whilst ensuring accountability and transparency, the need for resources to be invested to ensure there is support for businesses and investors, and that they will be interested to explore the evidence presented in this report to inform their proposals.

Clear separation of responsibilities

KF48. Research has identified the importance of clear separation of responsibilities, with the following being key:

- a. Clearly separating regulatory responsibilities from development and operational roles to prevent conflicts of interest and ensure effective oversight
- b. Legal powers must be robust, supported by formal agreements with other government bodies.

Involving the right actors

KF49. Members received positive feedback from stakeholders regarding their experiences of working with the CCR, not only on the Investment Zone but on other projects, such as work in the Creative Industries sector. Members heard that CCR has established a working group to shape the Investment Zone, bringing together representatives from CCR, local authorities, Cardiff University and others at weekly meetings; Working Group members that this Inquiry spoke to find this mechanism useful.

KF50. However, Members were struck by the fact that this Inquiry struggled to engage with local businesses, perhaps because of low awareness levels regarding the potential of the Investment Zone for SMEs in Cardiff. The Inquiry heard from several stakeholders that taking a quadruple helix approach, with communities, public bodies, businesses

and academia working together to ensure the Investment Zone addresses local needs, would maximise the benefits and legacy of the Investment Zone.

Monitoring and Evaluation

KF51. Monitoring and evaluation systems are key, both for enabling early identification of the need for policy adjustment and in ensuring legal standards are safeguarded as well as enabling accountability and transparency. It is critical that significant thought is given to which metrics to choose to monitor the Investment Zone as these will drive what is delivered – ‘*you get what you measure*’.

KF52. Stakeholders and research highlight the need to:

- a. be clear about what the Investment Zone is seeking to achieve and how progress will be captured, with metrics that recognise the long-term nature of the Investment Zone approach
- b. Ensure there are reflection mechanisms in place to consider progress and identify potential policy adjustments
- c. Ensure metrics focus on outcomes that measure benefit of Investment Zone for local communities.

Flintshire and Wrexham Investment Zone

KF53. Flintshire and Wrexham Investment Zone is the other Investment Zone operating in Wales. They have put in place an Inter Authority Agreement between North Wales CJC, Flintshire County Council and Wrexham County Council, a partnership agreement, which complements the Investment Zone Memorandum of Understanding between UK Government, Welsh Government and the North Wales CJC. The Inter Authority Agreement sets out detailed specifications of the various bodies’ roles and responsibilities, including those of the Councils.

KF54. Their governance structure includes:

- a. Investment Zone Working Group
- b. Investment Zone Advisory Board – including local MPs and MSs, with UK and Welsh Government representatives expected to attend in an observer role
- c. Investment Zone Skills Steering Group
- d. The above reporting to an Economic Wellbeing Sub-Committee, which in turn reports to the CJC.

KF55. An Annual Delivery Plan will set out progress and delivery details, which will be agreed annually by Leaders of Flintshire and Wrexham Councils.

Proposed Governance Structure

KF56. CCR representatives outlined the proposed governance structure, which they stated UK and Welsh Governments are content with and utilises existing governance arrangements:

- a. Investment Zone Advisory Board reporting to existing CCR Investment Board, which consists of officers and members

- b. CCR Investment Board reporting to CJC for sign off, which consists of the Leaders from the 10 local authorities that make up the CCR.

KF57. Members are aware that the CJC governance arrangements include a Joint Overview and Scrutiny Committee, with scrutiny representatives from across the ten local authorities.

Maximising Benefits and Legacy

KF58. This Inquiry sought to understand how to maximise the benefits and legacy accruing from the Investment Zone, for Cardiff and the wider region, both from being able to directly access the Zone as an entrepreneur or job-seeker, and from spillover of benefits into supply chains and non-associated sectors. Stakeholders identified the challenge as being to ensure that the Investment Zone both promotes innovation and creates more jobs *and* leads to the regeneration of areas by ensuring local communities' benefit.

KF59. Members were pleased to hear stakeholders promoting the need for the Investment Zone to ensure benefits are '*sticky*' and that growth is accessible, inclusive and responsible, as this is socially desirable but also because it will increase Cardiff's attractiveness to businesses, which will value the increased connectivity and pool of loyal, qualified local labour.

KF60. Members note that Moretti's work has demonstrated that places that are very successful re innovation/ knowledge-based jobs over a long period of time benefit those that work in these jobs but also benefit associated and non-associated service sectors because the higher wages filter through and happen over a long period of time. Members recognise this benefit is not felt straight away so, to feel this level of benefit, the jobs need to be long-term and not disappear when the Investment Zone funding ceases. Members were interested to hear about Professor K Morgan's input considering their expertise in urban and regional development and smart specialisation and CCR recognising the need to take steps to avoid '*innovation islands*'.

KF61. It is important that work on the Investment Zone considers its distributional impacts and is clear which communities the Investment Zone will benefit. Members heard that the strength of the CCR begins in Cardiff – it is the hub in the '*hub and spoke*' model and provides opportunities for people across the wider region. The Inquiry heard the Investment Zone will maximise its benefits if it enables inclusive and accessible growth that drives positive social and economic change. The Inquiry identified the following mechanisms to facilitate this:

- a. Ensuring there is a focus on return on investment that prioritises economically '*sticky*' benefits, by supporting long-term jobs, local supply chains and SMEs and improving infrastructure that will benefit local communities as well as investors

- b. Supporting local people to benefit from job opportunities by
 - i. ensuring the skills and training offer is relevant to the needs of business and industry and is flexible, accessible and affordable
 - ii. utilising local hiring requirements
 - iii. investing in local SMEs and other local organisations
- c. Considering how circular economy principles can be supported, helping to ensure more efficient, local supply chains that support sustainable development
- d. Using the Investment Zone as a vehicle to attract other funding streams, such as UKRI and other related investment, by providing a platform that demonstrates the Investment Zone is working at the deepest level to achieve economic and social impact.

KF62. To support the above, the Inquiry found that the following are key:

- a. Involve the right actors – take a quadruple helix approach, with communities, public bodies, businesses and academia working together to ensure the Investment Zone addresses local needs
- b. Consider the possible intended and non-intended consequences of actions and select monitoring and evaluation metrics that focus on those that will make a positive, sustainable difference to region.
- c. Adopt a Corporate Social Responsibility approach – to drive social upgrading by contributing to inclusive and responsible economic growth, bringing additionality into the right areas, and avoiding '*trickle down*' economics.

RECOMMENDATIONS

Having considered the evidence presented to this Inquiry, the Economy & Culture Scrutiny Committee makes the following recommendations to Cardiff Council's Cabinet and the Cardiff Capital Region Corporate Joint Committee:

- R1. Position the Investment Zone as a supportive measure designed to complement and strengthen established strategic frameworks, other investments and existing facilities.
Supported by HF1, HF2, HF3, HF4, KF10, KF21–23 inclusive, KF59-60.
- R2. Review the Investment Zone governance arrangements to ensure these support accountability and build trust by:
- a. Exploring and putting in place mechanisms to inform and involve communities in the development and implementation of the Investment Zone, for example via working with ward councillors, faith leaders, community groups, community representatives, open days, information in local centres such as hubs and libraries, newsletters, and a website.
Supported by HF5, HF6, KF33, KF43, KF50.
 - b. enabling robust scrutiny of its development, management and implementation.
Supported by HF5, HF6, KF39-43 inclusive, KF50, KF53-55 inclusive, KF56-57.
- R3. Explore governance mechanisms that place Cardiff Council and Newport Council front and centre, acknowledging their key roles regarding successful delivery of the Investment Zone and enabling them to exercise leadership of place and demonstrate democratic accountability e.g., an Inter-Authority partnership agreement as used by Flintshire and Wrexham Councils and the North Wales Corporate Joint Committee.
Supported by HF5, HF6, KF39-43 inclusive, KF53-55 inclusive, KF56-57.
- R4. Use the evidence from this Inquiry to support the development and implementation of the Investment Zone in Cardiff, specifically regarding:
- a. City centre location
Supported by HF1, HF2, HF3, HF4, KF1-KF7 inclusive, KF20-21.
 - b. Minimising 'bad' displacement
Supported by HF1, KF8.
 - c. Lobbying Welsh Government to think again about 50% retention rate for Non-Domestic Rates new activity, stressing the need for Cardiff and Newport Investment Zone to be on a competitive playing field with the other UK Investment Zones
Supported by KF12, KF13, KF20.
 - d. Liaising with industry and business to identify their skills requirements to inform the development of the skills strategy/ plan
Supported by KF10, KF16, KF17, KF61.
 - e. Ensuring the focus of the Investment Zone covers the diversity of supply and demand chains and innovation ecosystem and avoids putting all our eggs in one basket

Supported by HF1, HF2, HF3, KF5, KF10, KF21, KF22, KF23, KF29, KF30, KF60-61.

- f. Developing a USP that helps leverage additional, diverse funding, including venture capital and research monies

Supported by KF4, KF21, KF31, KF32, KF61

- g. Making sure the Investment Zone story is told effectively to local communities ensuring they are aware of how to access its opportunities

Supported by KF16, KF17, KF18, KF30, KF33, KF40, KF42, KF43, KF50, KF52, KF58, KF61

- h. Exploring the concierge model to reduce the administrative burden and remove barriers to successful innovation.

Supported by KF24, KF25, KF44–47 inclusive

- R5. Enhance the work already underway to maximise the benefits and legacy of the Investment Zone by:

- a. Ensuring there is a focus on return on investment that prioritises economically ‘sticky’ benefits, by supporting long-term jobs, local supply chains and SMEs and improving infrastructure that will benefit local communities as well as investors
- b. Supporting local people to benefit from job opportunities by
 - i. ensuring the skills and training offer is relevant to the needs of business and industry and is flexible, accessible and affordable
 - ii. utilising local hiring requirements
 - iii. investing in local SMEs and other local organisations
- c. Considering how circular economy principles can be supported, helping to ensure more efficient, local supply chains that support sustainable development
- d. Using the Investment Zone as a vehicle to attract other funding streams, such as UKRI and other related investment, by providing a platform that demonstrates the Investment Zone is working at the deepest level to achieve economic and social impact.

Supported by all findings and specifically HF1, HF6, KF16 –18 inclusive, KF20, KF21, KF 58-61 inclusive.

Economy & Culture Scrutiny Committee Membership

Councillor Peter Wong (Chairperson)

Councillor Anny Anderson

Councillor Rodney Berman

Councillor Catriona Brown-Reckless

Councillor Jamie Green

Councillor Peter Jenkins

Councillor Owen Jones

Councillor Margaret Lewis

Councillor Sara Robinson

