UK Shared Prosperity Fund

Investment Plan for South West Wales

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Contents

1.0 INTRODUCTION

1.1 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's Levelling Up agenda and will provide funding over the next 3 years up until March 2025. All areas of the UK will receive an allocation from the Fund via a funding formula rather than a competition. Its mix of revenue and capital funding can be used to support a wide range of interventions to build pride in place and improve life chances.

1.2 The UKSPF total for the region is made up of 'core' funding, which will fund most of the Fund's Priorities and the Multiply programme which focuses on supporting adult numeracy initiatives. The allocation for each of the local authorities across the region is as follows:

Total	Core UKSPF	Multiply	Total
South West Region	£ 113,985,414	£ 17,970,430	£ 131,955,844
Carmarthenshire	£ 32,002,918	£ 5,045,437	£ 37,048,355
Neath Port Talbot	£ 28,448,295	£ 4,485,031	£ 32,933,326
Pembrokeshire	£ 19,125,971	£ 3,015,315	£ 22,141,286
Swansea	£ 34,408,230	£ 5,424,647	£ 39,832,877

1.3 This funding will be invested across three priorities of the UKSPF by 31 March 2025:

- Communities and place: to enable places to invest to restore their community spaces and relationships and create the foundations for economic development at the neighbourhood-level, to help strengthen the social fabric of communities, supporting in building pride in place.
- Support for local businesses: enabling places to fund interventions that support local businesses to thrive, innovate and grow.
- People and skills: funding to help reduce the barriers some people face to employment and support them to move towards employment and education. Places can also target funding into skills for local areas to support employment and local growth.

1.4 The Programme is broader in scope than previous EU funds, but with a considerably reduced budget like for like. The Programme cannot be used to replace statutory provision.

1.5 In Wales, UK government supports delivery across the four regional strategic geographies on the economic development footprint. Local government has been given responsibility for developing a regional investment plan for approval by the UK government, and for delivery of the Fund thereafter. A 'lead local authority' for the region will receive the Region's allocation and have overall accountability for the funding and how the Fund operates. Swansea Council has been nominated to act as the lead Authority on behalf of the South West region.

2. Regional Investment Plan

2.1 In order to access their allocation, lead local authorities have been asked to complete a Regional Investment Plan, setting out how they intend to use and deliver the funding at a very high level. This investment plan was submitted to UK government in August 2022.

2.2 Due to the short timescales involved, each local authority prepared a local investment plan which has fed into this wider Regional Investment Plan for South West Wales.

2.3 Approval was received 5 December 2022.

2.0 COMMUNITIES AND PLACE INVESTMENT PRIORITY

2.1 LOCAL CHALLENGES

South West Wales has a diverse economy and a unique set of natural and cultural assets. Economically, our industrial heritage combines with some of the UK's most significant marine energy potential, driving major opportunities for decarbonisation and the growth of the UK's Green Economy. Environmentally, the coastline and countryside – including the Pembrokeshire Coast and Brecon Beacons National Parks and the Gower Area of Outstanding Natural Beauty – contribute to a superb visitor offer and quality of life. Culturally, the region encompasses the dynamic, growing university city of Swansea, a diverse and distinctive network of rural towns and an increasingly vibrant Welsh language.

The region contains much diversity, especially within the rural/ urban dimension. Despite diversity across the region, there is substantial commonality, and some of the big opportunities have a region-wide footprint. However, some of them extend beyond the region itself, and outward facing links will be important. A range of key questions present themselves under the banner of community cohesion:

- How we respond to the needs of our ageing population so that people can live healthy, long and good lives;
- How we can continue to deliver excellent public services whilst unprecedented cuts to public spending continues;
- How we can reduce the gap between the least and most deprived in each county, especially our children and young people so that every child has the best start in life;
- How we help communities to sustain themselves and build a climate where people look out for one another;
- How we balance the changing expectations of a generation who demand services through new technologies, whilst making sure that those who are presently digitally excluded are not left behind;
- How we make sure we protect and enhance our local environment so that it can be appreciated for many generations to come;
- How to address loneliness, isolation, mental health;
- How we rebalance the distribution of opportunity and wealth between urban centres and rural / valley communities.

Common challenges across the region under the Communities and Place priority are:

Revitalising City Centre, Town Centres and Villages
Swansea City Centre, our towns and smaller communities are the focal points for economic and social activity across the region. The move away from the high street to internet and out-of-town shopping, coupled with a lack of fit for purpose commercial and retail premises were creating growing levels of vacant premises and declining footfall even before the covid pandemic.

Declining footfall and increasing costs are reducing businesses' ability to invest in the appearance of their premises. This has a negative impact on attractiveness of high streets and local pride in place, and creating a downward spiral. This situation has been exacerbated by the pandemic, with the failure of local and national retailers leading to increased numbers of vacant premises and successive lockdowns hitting footfall, marring the vibrancy of high streets across the region.

Springboard data for June 2022 shows that, whilst footfall in Swansea city centre is starting to recover it remains 24.2% below pre pandemic 2019 levels. In Pembrokeshire, vacancy rates remain above Wales' national average for Fishguard, Haverfordwest, Milford Haven and Pembroke Dock. Milford Haven town centre recorded the highest vacancy rate of A class units in Pembrokeshire in 2021 at 29%.

There is an imbalance in uses across places between retail, leisure, hospitality, residential – and the start of a shift that occurred during the pandemic to build on. There is a lack of smaller scale commercial space for micro businesses and opportunities to capitalise on the potential for co-working spaces in local communities to provide an alternative to the increase in home working that has occurred during the pandemic.

This is a continued need to invest in the city centre, town centres and villages across the region to:

- encourage sustainable growth and their transformation into places to live, work, learn and take part in leisure activities;
- Attract a greater diversity of uses;
- Enhance the town centre environment, public realm, heritage and cultural offer, both for existing residents and for new investors and visitors;
- Improve accessibility (for example, building on the experience of the new Port Talbot transport interchange);
- Secure alternative uses for redundant properties, including meanwhile use;
- Attract commercial investment;
- Develop opportunities for community ownership and leadership.

Up to this point a predominance of capital funding and lack of revenue support has constrained the ability to design targeted interventions to support communities and business such as events and other footfall generators.

Covid Recovery, Poverty and Cost of Living Crisis

In common with all parts of the UK, South West Wales continues to suffer from the impact of the Covid pandemic and subsequent global economic shocks impacting on cost of living. For example, approximately 21,000 working age adults and 7,500 children live on an income of less than 60% median in Neath Port Talbot, household incomes (£16,262 in 2019) in Swansea are below Wales (by 5.8%) and UK levels (by 24.1%) and growing more slowly, 29,444 households in Carmarthenshire are living in poverty. These lower wage levels are being squeezed by the cost of living crisis with rising energy and food costs making it increasingly difficult for households to make ends meet, with fuel and food poverty impacts amongst others. Those in the most difficult circumstances prior to these shocks are now in an even worse position. Food banks are prevalent across the region.

The pandemic has increased loneliness and isolation, reduced confidence and had a negative impact on mental health. Limitations in information flow within communities, and an over-reliance on social media, leaves out significant part of demographics of places. We need to create opportunities to bring people back into local community activity, and build capacity in local communities and empower more grass roots activity to reduce the dependency on the public sector
According to the End Child Poverty Coalition, commenting on DWP data from May 2020, Pembrokeshire has the highest rate of child poverty in Wales with 31.3% of children living in poverty after housing costs were taken into account. The effect of poverty on children has been well-researched, and is known to result in poorer physical and mental health, lower educational attainment and impaired life chances whether measured in terms of career progression, contact with the criminal justice system or life expectancy.

Poverty is found in every part of the region, and in many places there are above average rates of poverty and deprivation that will require more targeted interventions. In the 2019 Welsh Index of Multiple Deprivation (WIMD), Swansea has an above average proportion of its Lower Super Output Areas (LSOAs) featuring in the most deprived 10% in Wales, with 17 (11.5%) of its 148 LSOAs in the 191 (10%) most deprived. In Neath Port Talbot, the greatest concentrations of deprivation according to WIMD 2019 were in Sandfields and Aberavon within the Port Talbot urban area, Briton Ferry, parts of Neath and the area around Croeserw in the upper Afan Valley. More generally, the distribution of deprivation is associated with parts of urban Neath and Port Talbot and with the post-industrial upper Valleys.

With the continued increase in the cost of living the challenge is to improve living standards to ensure those in employment are not worse off than they were on benefits. There is an increased requirement for additional welfare rights support, debt advice, financial support and digital inclusion to access online services, as well as ensuring access to wellbeing enhancing facilities and open spaces, but also extends to involvement in and benefiting from community-based measures to reduce the cost of living.

Ageing population

Responding effectively to the needs of ageing population can place additional pressures on services, therefore helping people to age well and lead as independent lives as possible is both a challenge, and an opportunity. A key consideration in this regard is ensuring that older people have access to existing cultural, historic and heritage institutions to counter the effects of isolation. This extends to ensuring that older people have access to local sports facilities to enjoy appropriate and relevant activities to increase wellbeing. In addition, the rates of older people in poverty are increasing, thought in part to be as a result of individuals entering retirement with insufficient savings or earnings. This is made worse by the rising cost of living and compounded by the fact that pensioners have very little opportunity to increase their income to counteract these effects. Evidence also indicates that pensioners are least likely to check what benefits they are entitled to. It is therefore imperative that older people are able to benefit from community-based measures to reduce the cost of living.

Disability and Health Conditions

A significant cohort of individuals with disabilities or limiting health conditions exists across the region. It is particularly important therefore, that consideration is given to ensuring that these individuals are able to make positive contributions to their local communities and enjoy the services and activities available. There are opportunities here to ensure that improvements made to existing (or the creation of new developments) are designed with these individuals in mind. This is both an access issue and a relevance issue. In addition, individuals from this group are more likely to be detrimentally affected by the cost-of-living crisis and therefore there are opportunities here to support these individuals through inclusion in developments designed to counter these affects (as noted above). Since the onset of the pandemic, there has been an increased complexity in support needs seen with mental health issues, contributing to individuals needing longer and more intense periods of support.

There is much evidence which substantiates the positive impacts that the natural and built landscape can have on wellbeing, serving to counteract the sometimes-devastating effects of mental health issues for individuals and their families. There are clear opportunities here for consideration to be given to the design of community-based interventions and in improvements made to the accessibility of these services.

Wellbeing

Covid-19 has had a severe impact on mental health. Mind Cymru has reported that more than half of adults (60% of those over 25) and three quarters of young people (74% of those aged 13-24), said that their mental health has worsened during the period of lockdown restrictions in spring 2021. Loneliness affects the mental health of young people more significantly than the mental health of older people. While over three quarters (78%) of young people said that loneliness had made their mental health worse during lockdown, this rose to 85% for 18–24-year-olds.

Isolation is not limited to older people - there are also many young people that lack the confidence and ability to access services, many of whom do not have access to transport.

Rural and Valley communities

South West region is characterised by rurality, which sets our places and destinations in stunning natural environment, but also presents challenges in delivery of and access to services in areas of very low population density, ongoing viability of small farming communities, transport connectivity, and balancing pressures of destination management from a tourism/visitor perspective, and sustainable development and survival of local communities.

All four counties have a significant part of their geography in rural settings, which read as a continuous green and coastal belts. Around the city core of Swansea and suburban town centres, 60% of the county is rural in nature, with significant pockets of semi-rural settlements interspersed with suburban zones. An estimated 61% of the population of Carmarthenshire live in rural settings. Beyond the coastal strip and the major towns of Neath Port Talbot, the county borough is extensively rural, containing several relatively remote, primarily post-industrial communities. North of the M4, settlement patterns follow the main valleys: east to west, these are the Afan Valley, the Vale of Neath, the Dulais Valley, the upper Swansea Valley and part of the upper Amman Valley around Gwaun-Cae-Gurwen. Rural Neath Port Talbot also contains important natural and heritage assets, including Afan Forest Park and the Aberdulais Falls. These read across to Clydach, Mawr and Pontardulais in Swansea county, leading through to Ammanford and the West. Carmarthenshire is characterised by a relatively high number of sparse settlements anchored by three main towns; Carmarthen, Llanelli and Ammanford. Home to over 190,000 people it is the 4th largest county in Wales in terms of population size and exhibits a comparatively low population density of 80.2. Carmarthenshire's topography is one that creates a number of challenges and subsequent opportunities, the most pertinent are explored below in the context of some key themes.

These communities face unique challenges and opportunities when compared to the urban areas that are consistent with the rural economy across Wales. Close proximity to larger urban centres in the region often overshadows the unique rural challenges faced in the region.

Public transport is a major challenge and a barrier to accessing employment to those within valley and rural communities. Reliance on public transport has become more and more difficult due to service bus cuts - where buses do run they run on a limited time schedule which is not appropriate for early morning or late evening shift working. Transport availability impacting on the health of residents within rural and valleys areas due to being unable to attend hospital, dental and GP appointments.

Tourism is a key sector in the rural economy, and there is an established and growing network of local food and drink producers that are putting South West Wales on the map as a food destination.

The stunning natural environment is at the heart of the 'quality of life' proposition, and of central importance to the wider region's tourism offer and to its attractiveness to potential residents and investors. The close proximity of the natural environment and dense urban settings is both a challenge and a major unique selling point, but needs to be handled sensitively and sustainably.

Links between production and the network of large and small retail centres throughout the region were highlighted during the early months of the Covid pandemic, and even a small shift in buying habits was more than small traders could cope with, pointing to a 'making do' situation on smaller high streets that retains vibrancy and a good income for small traders where appropriate.

Delivery of services and the subsequent access to those services creates specific challenges including:

- Lower population densities make achieving relative economies of scale difficult, this can include a low number of customers for services to support,

making delivery costs expensive as well as limiting potential engagement opportunities.
- Large travel distances increase the time and cost for accessing services, this can hinder an individual's ability to feel connected to their communities, worsen isolation and reduce feelings of local pride and belonging. This is especially pertinent for marginalised groups.
- Poor digital connectivity and issues with 'the last mile of connectivity' remain a significant challenge for many in the most rural areas, although this has improved somewhat in recent years.

There is a need for interventions to support the recovery and growth of rural towns and their surrounding areas, including opportunities to enhance physical, cultural and social ties and amenities through focusing investment to create quality places that people want to live, work, play and learn in.

Access to Services

21.4% of Carmarthenshire's and 38% of Pembrokeshire's Lower Super output areas are identified within the top 10% most deprived in relation to access to services (Wales Index of Multiple Deprivation 2019). This is largely due to the rurality of the counties. The third sector plays a significant role in delivering services and reaching vulnerable residents within these counties, and across the wider region, which has been particularly evident during the pandemic. There are opportunities to expand and build on the third sector's role in delivering effective and resource efficient services and to further support structural changes within the sector.

Climate emergency/ decarbonisation and Nature Emergency

Dealing with the climate and nature emergency, and contributing to net zero ambitions by supporting local communities and businesses to reduce their carbon footprint, improve habitats and enhance biodiversity. This includes the need to consider climate risks and interventions for climate adaptation and maximising the potential for renewable energy and increasing green infrastructure and urban greening in communities vulnerable to climate change. There is a lack of signage and legibility of green spaces where these intersect with urban settings.

Environmental challenges include:
- Air quality;
- Flooding in our main town centres;
- A lack of green space and play space required to enhance biodiversity and improve health and well-being.
- Loss of habitat and key infrastructure as a result of flooding, storms and erosion, agricultural intensification. Invasive non-native species and development pressure worsened by the effect of climate change and a need to improve resilience of infrastructure on the back of this
- Reduced biodiversity

Linked to town centre regeneration, there is still a challenge in achieving accessible good quality green spaces, and access to the natural environment from our urban spaces across the region. Consideration needs to be given to access for marginalised groups.

More needs to be done to reap the benefits of green infrastructure in all its variations from buildings and infrastructure to low carbon climate resilient infrastructure, renewable energy generation and skills development to prime the workforce for the Green economy.

In addition, more needs to be done to harness the potential of the circular economy which is a key element of the net zero agenda and has many elements (from re-fit, repair, re-making through sustainable design and manufacture to considerations of natural resources and land use). In addition, the circular economy approach can also be used to engage citizens and raise awareness of climate change and the decarbonisation agenda. This will promote investment in a more circular / regenerative economy - promoting more sustainable use of our natural resources and using waste as a resource.

Crime

A rise in anti-social behaviour has been recorded across town centres. In the year to June 2021 there was a 5.7% decrease in overall recorded crimes in Swansea, on the previous 12 months, but the biggest increases (over +10%) occurred in possession of drugs and public order offences. Anti-social behaviour and street homelessness are influencing perceptions of local high streets and there are opportunities to introduce targeted structured longer term interventions to address these issues. New Public Space Protection Orders have been put in place for parts of Swansea City Centre, Morriston high street and Haverfordwest. Of the 10% (190) most deprived Lower Super Output Areas (LSOAs) in Wales in terms of Community Safety, six are within Carmarthenshire which cover the three community areas of Carmarthenshire's biggest three towns; Llanelli, Carmarthen and Ammanford, 15 are in Swansea, 6 in Pembrokeshire and 5 in Neath Port Talbot.
Some of the challenges linked to Anti-Social Behaviour are as follows:

- Difficulty to evidence the issues and put in place appropriate interventions due to under reporting;
- Youth disengagement and the need for diversionary activities in our communities, particularly post covid / lockdown;
- Public perception - there has been significant investment recently to regenerate and develop our towns which is overshadowed by bad press and media about a small number of individuals causing issues;
- Neighbour disputes have increased dramatically during lockdown and there continues to be issues around some of these, despite restrictions lifting.

Challenges around domestic abuse is as follows:

- The changing picture of domestic abuse as technology has moved on over the past few years - we are seeing more issues about stalking, scams, cyber-crime in domestic abuse cases;

- Number of victims with very complex needs who need more than just support for domestic abuse but other factors like mental health or addiction, we need to make it easier for people to access the support;
- There have been gaps in Relationship and Sexuality Education (RSE) delivery throughout lockdown and we are now seeing the effects of that, with children not as aware of healthy relationships as they would have been, or consent and similar topics.

Tourism, Sport & Leisure, Culture

Tourism and cultural activities are an important driver for the region, both in terms of employment and economic contribution. There are opportunities for further growth. Experience of place is a key mission of the Regional Economic Delivery Plan based on the rich fabric of destinations interspersed throughout the region. The sheer variety of offer within easy travel reach presents a compelling offer, but challenges remain, and securing sustainable growth with respect to net zero and respecting impact on local communities and how to harness the opportunity successfully to their benefit not detriment. This sector has also been severely impacted by the effects of the pandemic and behavioural change which has a lasting legacy for workforce and capacity. Research shows that leisure and cultural activities are key to ensuring we have positive well-being and help alleviate loneliness and provide a sense of purpose. Increasing access to such facilities is also a key priority.

Some of the key challenges include:

- Encouraging overnight stays to increase the economic contribution of tourism;
- Establishing regional destinations as an ‘alternative’ destination with on-going investment in the tourism product;
- Changing the perceptions of parts of the region as predominantly urban or industrial area to gain recognition for regional assets in terms of valley and rural areas, coast and urban areas.

Swansea received over 4.79m visitors in 2019, with tourism generating over £477m expenditure in the local economy. Investment is needed in tourism, cultural, sporting and leisure assets across the county to improve quality, breadth and sustainability of the ‘experience’ offer for both visitors and residents alike. Promotion of this offer more widely will raise the profile of Swansea as an attractive place to live, work, visit, study and invest and increased participation of local residents in cultural, sporting and leisure activities will have a positive impact on wellbeing

Heritage

In some areas there is a lack of interpretation of key sites and destinations and understanding of heritage of these places for local and civic pride, and reading as a destination on the back of those stories. For example, in Swansea whilst there is a rich industrial heritage there are difficulties supporting key listed buildings and structures and ‘heritage for heritage sake’ is impacting on lack of civic pride in place. Run-down buildings and facilities in parts of county, and in particular character features e.g. locally manufactured brick and pennant stone features, are not understood or emphasised.

Active Travel

Overall priority of private vehicles is also having a major impact on legibility of places, and damaging character and destination. Active travel routes need to take priority to enable people to move safely and sustainably between local communities to access local services and employment. Large sections of our population are in transport poverty needing to spend 10% or more of their income to run a car for example (Sustrans Cymru).

Transport is frequently raised as an issue which exacerbates loneliness and isolation. Smaller and lower density rural and valley communities face particular challenges where access to public transport is poor especially for those with mobility issues. Even in urban areas people have difficulty accessing transport as in many instances they cannot get to the bus stop. Community transport is provided to enable older people, many of whom live alone, to access social activity which reduces isolation and keeps attendees mentally active, but employment zones are often difficult to reach with limited timetables from mainstream transport providers, which needs consideration. Timing of services rarely takes account of shift working patterns etc.

Digital

The Covid-19 pandemic has changed the way we live our lives for many of us. Being online has been invaluable during the pandemic, allowing us to remain connected with family and friends, access information and guidance, work from home and use a wide range of services. While many have embraced new ways of accessing digital services, however, there is an increasing digital divide - 11% of our citizens remain offline and excluded from the vital services they need as more and more government and local authority services go online. The lack of digital skills and internet access have a huge impact on people’s lives. Access to digital connectivity, technology and skills, are essential to ensure that everyone has an equal opportunity, and nobody gets left behind in this digital society. 41% of people aged 75 plus still do not use the internet. Support for older people to get online is a priority to reduce social isolation and have access to the essential services they need.

Welsh Language

A key overarching theme to be considered in the capitalisation of the opportunities mentioned above is the Welsh language. This extends to the protection, promotion and facilitation of the Welsh language in everything that we do, recognising its importance in creating a sense of place for Carmarthenshire and its people. This is in line with the Welsh Government’s ambition to have 1 million people in Wales speaking Welsh by 2050 and more local strategic ambitions at a Carmarthenshire level.

2.2 LOCAL OPPORTUNITIES

Each local area is working constructively through local regeneration partnerships to formulate responses to the challenges set out above. These are presented in the context of our South West Wales Regional Economic Delivery Plan, and relevant local plans and strategies.

Regional Economic Delivery Plan

The Regional Economic Delivery Plan's three 'Missions' will guide future activity over the next ten years and beyond. They are designed to give a clear direction of travel, while remaining sufficiently broad to accommodate a wide range of potential investments that will come forward over time. The three high-level Missions are as follows:

Mission 1: A UK leader in renewable energy and the net zero economy

Looking to 2030, we aim to make South West Wales a UK leader in renewable energy. That means taking advantage of our natural assets and our industrial and R&D capabilities to build an internationally-significant presence in future fuel technologies and to drive the decarbonation of our industrial base and the wide economy

Key Actions:

- Additional Capacity to drive forward the agenda
- Progressing the region's major renewable energy generation projects
- Attracting and driving forward industrial investment
- Decarbonising transport and the housing stock

Mission 2: Building a strong, resilient, and embedded business base.

"Business is at the centre of our strategy to 2030. It will be through the expansion of existing firms and the start-up and attraction of new ones that new employment will be generated and productivity growth secured. That means supporting sustainable business growth – both at the 'leading edge' of technology and innovation and across the economy"

Key Actions:

- Accelerated adoption and innovation support (linked with the recommendations of Wales 4.0 in relation to business, skills and innovation support)
- 'Progressive procurement' within a local business and supply chain development system

Mission 3: Growing and sustaining the South West Wales 'experience' offer

"South West Wales enjoys a superb environment and a unique 'quality of life' offer. This is a key asset for the region, and one which we must protect and enhance. We will make South West Wales known for the quality and breadth of its 'experience' offer', bringing together urban and rural environmental quality, 'quality of life' and culture. This will support a high-value visitor economy – but it will also be locally owned and a central part of our investment proposition".

Key Actions:

- Targeted and coordinated capital investment, including in town and city centres
- Balancing of initiatives at a regional, local and community-driven scale

Cities, Towns and Villages

South West region contains the second largest and smallest of Wales' cities in Swansea and St David's.

The larger district centres in Swansea were largely born of the legacy of the industrial revolution as dormitory zones for the major metal and mining industries across the county, but as the worst effects of the industries fade, attention is turning to telling the story and as part of that enabling local entrepreneurship in all its senses to flourish from a strong base of community and voluntary activity to new micro businesses across all sectors many of whom are beginning to breathe new life into ailing high streets. There is a need to create affordable, attractive and sustainable places to live, learn, work and play across all settings which enhance footfall and patronage to embed local resilience to help weather current and future shocks.

Revitalisation of City Centre, Town Centres and Villages

- Achieving positive influence on places to help foster successful balance of commercial premises of differing sizes, affordable and market housing and complementary facilities.
- Easing 'reading' and navigation of places through softening of public realm, clear and attractive signage and making the most of digital technologies
- Meanwhile space support building on successful pilots and emerging learning and changes in working practices to reduce vacancy rates on high streets and increase footfall to support local businesses
- Increase in events, cultural, sporting and leisure activities to add vibrancy and drive footfall in the city centre and high streets
- Building 'passcards' to enable fluid access to local and central venues to work
- Targeting investment on core towns and villages to strengthen their offer and help them become centres for growth, locations for key hubs to re-engage communities and achieve holistic provision of services.
- Working in partnership, to build sustainable places with excellent public transport and active travel infrastructure, integrated green infrastructure, and critically, mixed-use town centres that meet local needs.
- build on the key role that town centres have in building sustainable places as identified by the Welsh Government Town Centre First principle, which requires new commercial, retail, education, health and public services to be located in town centres.
- Following place-based regeneration model for town centres following the 'Placemaking Wales' approach to create sustainable places and ensure they are appropriate to the place and best support the community

- maximise the opportunities of our town centres and to boost the variety of services on offer in towns – creating flexible working and living space; and increasing access to services and leisure. A number of activities are emerging from the strategy for towns including:
    - The conversion of vacant commercial floor space into residential accommodation;
    - Enhancement and upgrade of vacant commercial floor space into beneficial business use;
    - The provision of green infrastructure and biodiversity projects;
    - The provision of small-scale public realm enhancement schemes;
    - Small-scale acquisitions;
    - The development and enabling of local markets;
    - The establishment of temporary meanwhile or pop up uses in vacant premises;
    - Collective external shop frontage enhancements;
    - Digital towns to support Wi-Fi analytics and Lora Wan networks;
    - Provisions supporting or facilitating active travel routes;
    - Dedicated support to provide toilet provisions;
    - The provision of outdoor play facilities, multi-use games areas (MUGAs) and outdoor recreational pursuits.

Covid Recovery, Poverty and Cost of Living

- Activities to help people emerge from pandemic isolation and embrace opportunities through existing and new community activities, e.g. utilise community buildings to create easily accessible 'warm places' in local communities that can provide a focal point for services and create a place for people to meet, eat and use shared facilities. Helping people to reduce costs and addressing loneliness and isolation.
- Improve local measure for information flow within communities outside of social media
- Providing opportunities for people to engage in volunteering and local community activity, to build capacity in local communities and empower more grass roots activity to reduce the dependency on the public sector
- support communities with the cost-of-living crisis with a focus on fuel and food and other poverty that impacts on our citizens. Build on the work of the 'safe and well' initiative established as the humanitarian response to the pandemic and continue to maximise the impact of working in partnership with the Third Sector.
- The Covid-19 pandemic placed significant strain on our local communities, places and services - introducing socio-economic challenges and exacerbating existing ones. As part of the effort to build back stronger and encourage investment we need to focus our attention to the areas of the region that are key to delivering these outcomes.

Maximising Heritage, Tourism, Culture and Sport Potential

- Feasibility and works for conservation areas and key listed and other important historic structures that embody pride in place, unique selling points and destination, including enhancement of features constructed of local materials

and character e.g. locally manufactured brick and pennant stone features that are not understood or emphasised;
- Better means of telling the story of places for local communities and visitors
- Step-change in interpretation of key sites and destinations and understanding of heritage of these places for local and civic pride and reading as a destination on the back of those stories
- Building capacity and investing in tourism, leisure, sporting and cultural facilities and activities to improve quality of life and the 'experience offer' for residents and visitors, and improve health and wellbeing
- Supporting implementation of key masterplans
- Maximising the potential of the region coast, valley and rural, urban centres, heritage and culture
- heritage-led tourism regeneration opportunities for the development of the visitor economy including community focus to enable heritage groups to play an integral part in the decision making process around the future of heritage assets and sites alongside other key partners.

Rural and Valleys Communities

- Building on the momentum developed through the Rural Development Programme to support active, resilient and connected rural communities and businesses
- Developing shorter circular supply chains between consumers, producers and suppliers, linking rural and urban areas
- learn lessons from the Leader approach and will develop the opportunity of creating a fund to support our valley and rural communities. Work with partners to develop a strategy to target investment in our valley and rural communities and villages.

Active Travel

- Rebalancing priority of private vehicles vs pedestrians and introducing active travel to improve legibility of places, and enhance character and destination
- Maximising the opportunities of alternative accessible models of transport – utilising community transport, car clubs, car schemes, wheels 2 work and also utilising electric vehicles

Decarbonisation/ Climate Adaption and Supporting Nature Recovery

- Enhancing biodiversity and the connectivity of habitats across the region by investing in green infrastructure in local communities
- Improving energy efficiency and carbon footprint of community facilities
- Capitalising on the potential for low carbon energy generation
- Improving signage and legibility of green spaces where these intersect with urban settings
- Working with partners to develop a more circular / regenerative economy - promoting more sustainable use of our natural resources and using waste as a

resource to mitigate against climate risks and develop interventions for climate adaptation.
- Investing in specific proposals to adapt to changing climate patterns
- Supporting small scale improvements to air and water quality, and mechanisms to unlock development in areas currently restricted by high nutrient levels
- Natural solutions to challenges linked to climate change, health, wellbeing and cost of living (e.g. flood and nutrient load attenuation, community food growing and access to greenspace)

Crime

- Targeted structural long term interventions to reduce anti-social behaviour on local high streets
- There are opportunities to use innovative solutions to tackle Anti-Social Behaviour, to further develop links with Youth Justice and the Youth Service to look at bridging any gaps and further improve on services. There is an opportunity for a joined up approach across all UKSPF priorities to tackle disengagement.
- It is important to continue to increase awareness of all forms of domestic abuse, through a variety of means, and ensure appropriate training is available.

Digital

Digital transformation over the last few years has changed dramatically. The pandemic has forced us to be more digitally connected. People are now able to work from home in a seamless way, which has improved connectivity and collaboration. Still need to provide opportunities for those who are digitally excluded.

Linking in with community groups to deliver digital inclusion sessions in community building to those who do not have internet access or digital equipment. We need to work with individuals and groups to keep them safe when using digital technology and how to use their equipment and devices correctly to get the best out of digital services.

The Council will work with the Third Sector to ensure organisations are promoting digital inclusion by linking in and identify areas that need support to access digital services.

Reasonable broadband provision across the region opens up opportunities for rural businesses and communities to find additional and innovative ways of exploiting digital infrastructure to improve their communities and place.

Community cohesion

- There is an opportunity for Local Area Coordinators to work with the community to identify and respond to the challenges, needs and opportunities of their local areas.
- Provide capacity support to build on community activities which increased during the pandemic and build resilient communities.

- Work with partners to enhance and support community/cultural/heritage and sporting facilities that are important to our communities.
- There is an opportunity to maximise volunteer effort in communities building on the work that has started during the pandemic where communities are taking pride in where they live.

Foundational Economy

There is potential to explore new approaches to community-led economic development, building on the more active use of local public sector procurement, small business growth in the foundational economy. The establishment of community ownership models, where these present opportunities to retain local wealth from key assets (for example through energy generation, where receipts from local renewable energy schemes could help to incentivise take-up); or where community-owned assets might generate a long term return from economic goods that might prove otherwise commercially unattractive (e.g., small-scale commercial property).

Opportunities to drive local business development through 'progressive procurement' models. Typically, these involve weighting local employment and supply chain benefits within the procurement process; and breaking down commissioning into smaller lots to enable smaller local firms to compete.

A Framework for Regional Investment in Wales (FRIW)

Our proposals under this priority are consistent with the outline of the Framework for Regional Investment in Wales and consistent with the priorities outlined therein.

Priority 1: More Productive and Competitive Businesses
"We want to drive recovery and prosperity by supporting entrepreneurs, start-ups and businesses to create and retain sustainable jobs that reflect the principles of Fair Work Wales. We will help businesses to take advantage of opportunities to grow and strengthen the productivity and competitiveness of businesses and social enterprises of all sizes, particularly micro to medium sized businesses. This includes supporting businesses in their efforts to create or improve their share of the export market"

Priority 2: Reducing the Factors that lead to Economic Inequality
"We want to maximise the number of people able to participate in good quality, sustainable work, for which they receive fair pay, ensuring this is shared fairly across geographies and demographics, particularly amongst under-represented groups. Evidence39 shows that inequality has a negative impact on economic growth and social outcomes. In the short term we will focus our efforts on supporting those who have been most adversely affected by the economic impact of the Covid pandemic, notably young people, those in low paid and insecure employment, women, black, Asian and minority ethnic (BAME) groups, and disabled people"

Priority 3: Supporting the Transition to a Zero-Carbon Economy
"The climate crisis is the global challenge of our age. The risks are real for every citizen and business but are greatest for those who are already at a socio-economic disadvantage. The transition to a zero-carbon economy will bring opportunities for

clean, energy efficient economic development, quality jobs and global market advantages, as well as benefits to our environment, our health, our natural capital, and our ecosystem services”

Priority 4: Healthier Fairer, more Sustainable Communities
“A workforce that is healthy and happy, and well-connected communities that are strong and resilient, are economic assets which benefit everyone. The link between well-being and economy has never been clearer. We want to help ensure that communities of place and of people have the resilience and structures they need, so that the people living here can live long, happy lives and fulfil their potential to contribute productively to our economy and society”

Link to Levelling Up Missions

Mission 7. By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years

For men, Healthy Life Expectancy is above the Welsh average (61.5 years) for the period 2018-2020 in both Swansea (61.9 years) and Pembrokeshire (61.8 years) but below in Carmarthenshire and Neath Port Talbot (both 59.7 years). For women, the picture is different with only Pembrokeshire, at 65.8 years, having Healthy Life Expectancy above the Welsh average (62.4 years) for the period 2018-2020, and Carmarthenshire (61.8), Swansea (60.5) and Neath Port Talbot (57.9) all below

The absolute gap in healthy life expectancy for females at birth in each county is starkly different with a 3.3 year gap when comparing the least to the most deprived fifth in Pembrokeshire, 8.9 year gap in Carmarthenshire, 17.2 year gap in Neath Port Talbot and 19.8 year gap in Swansea for the period 2018-2020. For males, the absolute gap in healthy life expectancy is lowest in Neath Port Talbot with a 10.2 year gap between the least to most deprived fifth, followed by Carmarthenshire at 10.8 years, Swansea at 14.9 years, and Pembrokeshire with the largest gap at 15.1 years, for the period 2018-2020.

These values pre-date the pandemic consequently, it is not known what impact the pandemic will have had to these values. Data from Public Health Wales Observatory https://publichealthwales.shinyapps.io/PHWO_HealthExpectanciesWales_2022/

Mission 8. By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.

Mental wellbeing scores, according to the Warwick-Edinburgh Mental Wellbeing Scale, are available for people aged 16 and over from the National Survey for Wales. This data shows that mental wellbeing levels for 2018-19 (the latest data available) were lowest in Pembrokeshire (49.7), followed by Swansea (50.3) and Carmarthenshire (51.1), with only Neath Port Talbot (52.1) above the Welsh average (51.4).

Mission 11. By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.

There is an opportunity for a collaborative approach, working with partners and the community to achieve this target.

2.3 UK SPF OUTCOMES COMMUNITIES AND PLACE INVESTMENT PRIORITY

Jobs created
Jobs safeguarded
Increased footfall
Increased visitor numbers
Reduced vacancy rates
Greenhouse gas reductions
Improved perceived/experienced accessibility
Improved perception of facilities/amenities
Increased number of properties better protected from flooding and coastal erosion
Increased users of facilities / amenities
Improved perception of facility/infrastructure project
Increased use of cycleways or paths
Increase in Biodiversity
Increased affordability of events/entry
Improved perception of safety
Reduction in neighbourhood crime
Improved engagement numbers
Improved perception of events
Increased number of web searches for a place
Volunteering numbers as a result of support
Number of community-led arts, cultural, heritage and creative programmes as a result of support
Increased take up of energy efficiency measures
Increased number of projects arising from funded feasibility studies
Number of premises with improved digital connectivity
None of the above

2.4 INTERVENTIONS COMMUNITIES AND PLACE INVESTMENT PRIORITY

W1: Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs.

W2: Funding for new, or improvements to existing, community and neighbourhood infrastructure projects including those that increase communities' resilience to natural hazards, such as flooding, and investment in locally owned renewable energy generation and waste management to improve the transition to low carbon living This could cover capital spend and running costs.

W3: Creation of and improvements to local green spaces, community gardens, watercourses and embankments, along with incorporating natural features and biodiversity improvements into wider public space.

W4: Enhanced support for existing cultural, historic and heritage institutions that make up the local cultural and heritage offer, including improvements to access to sites to counter the effects of isolation, particularly for older people and disabled people.

W5: Design and management of the built and landscaped environment to ‘design out crime’

W6: Support for local arts, cultural, heritage and creative activities

W7: Support for active travel enhancement and other small-scale green transport infrastructure projects, having regard to the Wales Transport Strategy

W8: Funding for the development and promotion of wider campaigns and year-round experiences which encourage people to visit and explore the local area.

W9: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places

W10: Funding for local sports facilities, tournaments, teams and leagues; to bring people together

W11: Investment in capacity building and infrastructure support for local civil society and community groups

W12: Investment in community engagement schemes to support community involvement in decision making in local regeneration.

W13: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.

W14: Funding to support relevant feasibility studies

W15: Investment and support for digital infrastructure for local community facilities.

2.5 POTENTIAL PROJECTS WHICH FALL UNDER THE COMMUNITIES AND PLACE INVESTMENT PRIORITY

The region has consulted widely in local areas and a range of key programmes have been identified that sit under this investment priority. The following are examples of anticipated projects and programmes:

Historic structures and conservation area feasibility and project fund

Village and town centre small scale improvements recognisable to people in their places to fund both capital and revenue including support to shift towards more diverse town centres, creating digitally smart environments and embracing the greening of town centres and decarbonisation plus dedicated officer support to provide capacity and coordination. To interface carefully with Welsh Government Transforming Towns programme and building on successful ongoing development journey particularly around already identified key sites and priorities throughout the region. A mix of interventions is anticipated bridging across multiple interventions.

Meanwhile Spaces programme – to utilise vacant high street premises to provide opportunities for micro businesses to start trading, add vibrancy and drive footfall

Cultural capacity programme including activities that support the wellbeing of local communities in a range of areas from access to services, sports and leisure facilities, local culture and heritage through to addressing fuel poverty and climate change, e.g. warm hubs.

Pilot Green Energy support programme

Rural economic regeneration and community development programme – targeted rural programme that builds on the momentum of the previous Rural Development Programme across South West region. This will include work on the rural market towns across the region and valleys communities to support their development and sustainability

Community led projects and support for social enterprises designed to create more vibrant and sustainable communities.

3.0 SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY

3.1 LOCAL CHALLENGES

In the years leading up to the Covid pandemic, the South West Wales economy performed strongly in generating new jobs: By 2019, there were some 322,000 jobs in the region, an impressive increase of 20,000 on the 2013 figure.

Reflecting the region's population distribution and historic industrial development, the largest concentrations of employment are in the east, around Swansea Bay. Swansea itself accounts for around 40% of jobs in South West Wales (and is its main commuter destination), and the area around Swansea Bay and Llanelli is defined in Future Wales as a 'National Growth Area' for new jobs and housing. The east of the region also contains a distinctive and extensive concentration of manufacturing activity at Port Talbot, including the UK's largest steel plant and the Port Talbot Waterway Enterprise Zone.

Further west, around 20% of national energy supplies enter Britain via Pembrokeshire, with the Haven Waterway a major centre for existing energy infrastructure and the exploitation of new opportunities. More broadly, Carmarthen and Haverfordwest have important roles as regional centres, supporting an extensive rural economy and food production industry. Reflecting the environmental quality, the region enjoys extensive environmental designations, including the two National Parks and AONB and special protections along much of the coast. This environmental quality supports a large, important and growing visitor economy as well as delivering significant wellbeing benefits to our local residents.

However, there is still a large and persistent productivity gap with the rest of the UK. The region's economic weaknesses are largely structural, linked with long-term processes of industrial change (which in some respects are still ongoing), and are shared with other regions in Wales and the UK. Realising the scale of many of the region's future growth opportunities will require sustained public investment, alongside the private sector.

'Transformational' growth opportunities need to be balanced with the conditions for incremental improvements in resilience, capacity and capability across the whole of economy. There are distinctive opportunities at the 'leading edge' linked to the expertise within Swansea University and University of Wales Trinity Saint David – but long-term employment resilience and wage growth will depend on the sustainability, productivity and expansion of the wider stock of SMEs in the region.

Common challenges across the region under the Supporting Local Business priority are:

Low Productivity and Wage levels

There is still a large productivity gap in South West Wales, which impacts on local prosperity. Productivity (the amount of GVA generated for every filled job) was around £46,300 in South West Wales in 2020. The gap with the rest of the UK has narrowed slightly over time, but it is still substantial: in 2020, productivity was around 80% of the UK level. As well as generating higher output per worker, the key challenge is ensuring that the productivity gain is captured locally in pay, conditions and business opportunities.

In all parts of the region average gross weekly pay for full time workers is below the UK average, with only Neath Port Talbot, at £596.80, having wage levels above the Welsh rate (£562.80). In broad terms the region has an overrepresentation of employment in lower paid, lower skilled sectors and a lower quota in high paid and skilled sectors.

Key Sectors

The region has strengths across a number of sectors - some of which align to the region’s science and research assets in health & medicine, engineering & manufacturing and computing & data science – including advanced manufacturing, agri-food, creative industries, energy, health, care & life sciences and software/ digital. The majority fall outside the traditional foundational economy and offer the greatest potential for higher productivity, higher wages, higher levels of growth and higher employment potential.

Neath Port Talbot has a distinctive economy in terms of its sectoral balance, with manufacturing accounting for around 25% of total output and 19% of employment (compared with 10% in the UK and 17% in Wales). While manufacturing’s share of output has fallen over the past twenty years (from 37% in 1998) and with a sharp contraction – mainly accounted for by the steel industry – in 2014/15, it has since stabilised and remains highly significant. Neath Port Talbot remains one of Wales’ most important manufacturing locations, so the challenge is to build resilience and growth through strategies that focus on diversification, upskilling, developing supply chains to support growing sectors such as renewable energy and the introduction of technological advancements.

Local challenges in Pembrokeshire relate to weakened traditional key strategic sectors, which have been affected by the restrictions imposed during the pandemic, the loss of EU workers or which otherwise need to adapt to the post-Brexit environment, and increased costs in their supply chains. Sectors particularly affected by difficulty recruiting staff include the hospitality and leisure, construction, retail and care sectors. Price increases in the supply chain are particularly evident in the construction industry, and in catering/hospitality.

Reliance on Micro and Small Businesses

There are some important major employers (such as the Valero refinery in Pembroke and Tata Steel in Port Talbot and Llanelli), but the region’s business profile is skewed towards micro and small businesses, with 94.3% of all enterprises being micro businesses (0-9 employees).

In Pembrokeshire, in particular, there is still a preponderance of lifestyle businesses that lack innovation potential or dynamism, and which cannot offer career progression for those working in them, although this is now slowly changing.

If we are to realise notable economic growth and increase productivity, there is a need to focus on supporting small businesses to upscale including social enterprises, co-operatives and employee owned businesses as well as traditional SMEs. Through utilising the rich foundation that already exists we will increase local spend and harness the potential for more localised growth in community wealth and wellbeing, drawing together business, people and place. Social businesses are good employers who often provide work and training opportunities to people considered furthest from the workplace and they usually employ people within a very close proximity to the business's base. There are opportunities to further develop growth in this sector.

An over-reliance on micro and small sized enterprises presents unique challenges and requires business support mechanisms which are targeted, yet flexible and consider the unique set of challenges and barriers to scaling up those businesses face. These include;

- Talent recruitment and retention – Several sectors have faced recruitment and retention challenges following the pandemic. Difficulty accessing the right skills, in the right place, at the right time, stunts a business's ability to meet demand and, in some instances, diversify their service or offering.
- Access to finance and investment – Businesses are often constrained in starting or growing owing to lack of affordable or available finance. The finance support landscape can be complicated for smaller businesses to navigate, and without a dedicated resource seeking out these opportunities many small businesses miss out on financial support available. In many cases the businesses are viable enterprises but lack the sufficient cash within the business and/or personally to make investment. The result of this is that business growth and levels of self-employment/start-ups are stifled. This is evidenced in applications to the Swansea Start-up scheme where it is often cited that the existence of the grant fund has been the primary catalyst in allowing the business to begin trading. Over 40% of respondents to the Swansea Business Needs Survey highlighted that finance (or lack of access to this) is their primary barrier to business growth. In terms of overall business barriers this ranks only second behind overhead/premises costs which in some respects can be related to the former.
- Achieving economies of scale – It is more difficult for smaller businesses to achieve economies of scale since they lack the resources and capital to take advantage of the benefits presented, in many instances the risks far outweigh the benefits of exploring these options, simply because of their size.
- Taking advantage of procurement opportunities – Many small businesses report barriers in taking advantage of local procurement opportunities. Recent primary intelligence gathered indicates that many businesses find the process complicated, or they lack the skills and capacity to undertake the bidding process. Advancing progressive procurement is a key objective in the Regional Economic Delivery Plan, with a focus on community wealth building.
- Access to suitable premises – There is recognition that access to modern and appropriate premises offer businesses a competitive advantage, providing

access to customers and infrastructure which will support the business to grow and develop.

- Access to and making better use of technology – Digital connectivity is an overarching priority for Carmarthenshire and is a key driver in achieving economic growth. Ensuring that businesses have access to ultra-fast and ultra-reliable digital connectivity is crucial, and whilst progress has been made in identifying coverage problems across what is predominantly a rural county, work continues to intervene and improve connectivity where the need exists. This will ensure that businesses are able to confidently operate and compete in a global economy whilst retaining their base in Carmarthenshire.

Low Business Start up Rates

With the exception of Pembrokeshire, the region has a lower 'enterprise density' (the number of enterprises relative to the working age population) than the UK average and in all parts of the region the start-up rate is lower than in the rest of the UK. 5 year survival rates are above the UK average (39.6%) in all counties, while only Swansea (39.9%) and Neath Port Talbot (40.0%) fall below the Welsh average (40.4%)

A stagnant start-up rate is a barrier to growth and suggests a lack of confidence and capacity within the economy. Evidence highlighted in recent work on the Innovation prospects for Carmarthenshire suggests that the potential entrepreneurial capacity of the county is amongst the highest in Wales. Therefore, whilst current businesses within the county need relevant support there is also a need to focus on creating an ecosystem which harnesses existing entrepreneurial flare across the region and making South West Wales an attractive place to start a business.

Whilst many individuals looking to start-up their own business have a strong vision and technical skillset for the business they would like to run, they often lack the necessary business skills in the day-to-day running and management of their enterprise. This often presents in poor understanding of cash flows, marketing plans and/or business strategy.

This issue is exacerbated by the perceived confusing business support landscape. Many are unaware of the support available or overwhelmed by the array of organisations operating in this area. In Swansea, the lack of a Business Centre and Start-up incubators intensifies the issue. The result means that entrepreneurs struggle to access important funding steams owing to schemes' requirements of basic business plans, cash flow forecasts and/or business strategy.

The Swansea Business Needs Survey identified that over 30% of respondents did not access the available business support services because they found the avenues too confusing and/or overwhelming. Almost half of all respondents to the survey were unaware of the support available and in many cases will have wrongly assumed that there is no accessible support available to them.

An opportunity exists to provide targeted and local level support to individuals looking to start a business. This support would serve to complement existing business support initiatives and look to create a wrap-around level of support that is easily accessible and delivered by individuals with invaluable knowledge of the local business landscape.

South West Wales has a strong base of social businesses and has the potential to stimulate more. Research illustrates that social businesses offer additional social impact and value in South West Wales with missions that involve actively improving local communities, improving health and well-being, addressing social exclusion and supporting vulnerable people. Supporting Pre-start/ new start support and small grants for early-stage social enterprises is therefore important, working with communities on the ground to formulate enterprising ideas that address economic and social issues within their area.

Lack of Available Premises

There is a widely-recognised gap between demand and supply for industrial sites and premises, as low rents (and in some cases high remediation and infrastructure costs on ex-industrial land) make viability challenging, especially west of Swansea. The evidence is that this acts as a brake on business expansion, both to new investors and to existing local businesses seeking ‘grow-on’ space . In terms of office space, Swansea dominates the market, although Swansea’s Local Development Plan identifies a lack of available, high quality office space to meet inward investment and economic growth needs, combined with an oversupply of sub-standard office space at central and out of town locations. It is generally regarded that public sector investment is needed before commercial developers are willing to invest.

Access to short-term, affordable premises is limited, and business rates provide a further barrier for small scale, local, independent businesses looking to start up or relocate, particularly around Swansea city centre. This has been highlighted by the Swansea Meanwhile Spaces Pilot Project which has worked to match vacant High Street premises with would-be occupiers, many of whom are micro-scale, start-up and/or locally owned enterprises.

Rising Costs

The spiralling costs of fuel and raw materials (including food) is a significant challenge for businesses and is directly impacting their ability to remain profitable, and in some cases causing business closures. From 2020 to 2021 the average cost of Electricity and Gas for non-domestic consumers rose by 11.8% and 24.4% respectively. Such costs have escalated further in Q1 and Q2 of 2022 and this is a major contributory factor to the rising rate of inflation which is at a level unseen since February 1982 and was recorded at 9.1% in May 2022. Rising interest rates will negatively impact consumer spending and stagnate economic growth, causing further difficulties for local businesses.

Decarbonisation

Currently, regional carbon emissions are much higher than the Wales and UK average. These mostly reflect the role of the huge Tata works at Port Talbot, an industrial installation of national significance that remains reliant on coal inputs.

Neath Port Talbot generated around 7,165 kt of CO_2 emissions in 2019. Between 2005 and 2019, total UK emissions fell by around 36%. Neath Port Talbot's reduction was much smaller – around 9% - from a substantially higher base. While domestic, public sector and commercial emissions largely fell in line with the UK average, the difference in Neath Port Talbot is accounted for by the steelworks at Port Talbot, with the county borough's distinctive industrial structure driving the highest carbon intensity of any local authority area in the UK.

This points to a key environmental and economic risk in the context of the commitment to net zero by 2050 and a nationally significant industrial base with significant challenges in effecting low carbon transition in the medium term.

In striving to meet net zero carbon targets by 2050, businesses across the region have a vital role to play by making changes to save energy, reduce waste and carbon emissions and introduce more climate friendly related policies. However, access to expert advice and training will be a necessity in order to provide the necessary knowledge and recommendations required to deliver these changes.

Localism/ Foundational Economy

The foundational economy is a crucial element of the region's economic identity and makes an incomparable contribution to social wellbeing. This is substantiated by the high numbers of businesses operating within sectors that are deemed foundational. These include, but are not limited to; Wholesale, Retail, Transport, Hotels, Food and Communication. In Carmarthenshire alone there are 3,130 businesses operating within these sectors generating turnover of £2,441 million and employing over 20,000 people. Additional broader sectors include; Construction and Tourism, both key economic and employment drivers within Carmarthenshire and the region as a whole. The importance, therefore, of the foundational economy to the region cannot be overlooked. The effects of the pandemic were acutely felt by businesses operating within these sectors and whilst recovery is progressing well, challenges remain.

The opportunities afforded through the localism approach will look to address some of the most pertinent challenges, ensuring that these businesses are supported to access the right skills at the right time, have access to increased capital investment, have access to better infrastructure and make better use of technology. This will safeguard them, fostering sustainable growth and increased resilience.

Developing sustainable local supply chains will boost the foundational economy and have a direct benefit on the environment, improve continuity of supply, enhance corporate reputation, encourage new partnerships and reduce operational costs. Businesses need support in accessing local supply chains and tendering for local contracts.

Welsh Language

In Carmarthenshire in particular, the Welsh language is an important consideration in terms of business support and at a county level much work has been done in recent years to support businesses to improve and take advantage of their Welsh offer. There is recognition that more can be done in this space, therefore where possible and applicable businesses should continue to be supported to develop their Welsh language presence and offer. This serves to meet the needs of the 43.9% of the local population that speak Welsh but also is an important consideration in the ability of businesses to play a key role in the cultural landscape of the county.

3.2 LOCAL OPPORTUNITIES

Each local area is working constructively through local regeneration partnerships to formulate responses to the challenges set out above. These are presented in the context of our South West Regional Economic Delivery Plan, and relevant local plans and strategies. A consistent menu of project interventions is evolving, but the specific context of local need and requirements is presented below.

Regional Economic Delivery Plan

The Regional Economic Delivery Plan's three 'Missions' will guide future activity over the next ten years and beyond. They are designed to give a clear direction of travel, while remaining sufficiently broad to accommodate a wide range of potential investments that will come forward over time. The three high-level Missions are as follows:

Mission 1: A UK leader in renewable energy and the net zero economy

Looking to 2030, we aim to make South West Wales a UK leader in renewable energy
and the net zero economy. That means taking advantage of our natural assets and our industrial and R&D capabilities to build an internationally-significant presence in future fuel technologies and to drive the decarbonation of our industrial base and the wide economy.

Key Actions:

- Additional Capacity to drive forward the agenda
- Progressing the region's major renewable energy generation projects
- Attracting and driving forward industrial investment
- Decarbonising transport and the housing stock

Mission 2: Building a strong, resilient, and embedded business base.

"Business is at the centre of our strategy to 2030. It will be through the expansion of existing firms and the start-up and attraction of new ones that new employment will be generated and productivity growth secured. That means supporting sustainable business growth – both at the 'leading edge' of technology and innovation and across the economy".

Key Actions:

- Accelerated adoption and innovation support (linked with the recommendations of Wales 4.0 in relation to business, skills and innovation support)
- ‘Progressive procurement’ within a local business and supply chain development system

Mission 3: Growing and sustaining the South West Wales ‘experience’ offer

“South West Wales enjoys a superb environment and a unique ‘quality of life’ offer. This is a key asset for the region, and one which we must protect and enhance. We will make South West Wales known for the quality and breadth of its ‘experience’ offer’, bringing together urban and rural environmental quality, ‘quality of life’ and culture. This will support a high-value visitor economy – but it will also be locally owned and a central part of our investment proposition”.

Key Actions:

- Targeted and coordinated capital investment, including in town and city centres
- Balancing of initiatives at a regional, local and community-driven scale

Carmarthenshire Opportunities

Carmarthenshire Economic Recovery and Delivery Plan (CERDP)

Theme 1 - Business
“Safeguarding our existing businesses, supporting new start-ups and growing businesses in our foundational and growth sectors to become more productive and competitive”

Theme 2 – People
“Protecting jobs, responding to significant expected unemployment, helping people gain the skills needed for the jobs that will exist, and creating new and better-skilled employment”

Theme 3 – Place
“Ensuring a fair distribution of opportunities through investing in the infrastructure and adaptation of our strategic growth areas, town centres, the rural economy and regenerating our most deprived communities”

Four cross-cutting priority ambitions:

- Ultra-reliable digital connectivity, digital culture and skills – improving connectivity, tackling the associated challenges to deployment and intervening to make improvements in digital connectivity both now and for the future.

- Skills - supporting people and businesses to retrain, re-skill, and up-skill through blended traditional, online and work-based learning.

- Green economy – adding economic value through keeping resources in use and where waste is avoided, invest in low carbon and climate-resilient infrastructure, renewable energy and sustainable homes.

- Fair and equal economy and support for the Welsh language and culture – supporting peoples culture and well-being with local, fair, decent and secure employment

Exploring the Innovation Prospects for Carmarthenshire (EIPC)

The purpose of this study was to review the current position of Carmarthenshire and to inform CCC's local innovation strategy in the coming years. The following 4 opportunities conclude the report and have been derived from consultations with stakeholders and documentary analysis:

- Opportunity 1 - Digital: Enhancing Digital connectivity and exploiting Digital opportunities across Carmarthenshire
- Opportunity 2 - Health: Development of a dispersed living laboratory
- Opportunity 3 - Foundational Economy: Sustainable food procurement
- Opportunity 4 - Circular Economy: Leveraging a CE approach for the Net Zero Agenda

Neath Port Talbot Opportunities

The **Neath Port Talbot Economic Recovery Plan** identifies a number of opportunities which fall under the Supporting Local Business Investment Priority, including:

Transitional Economic Base

One of the four key areas for action in the Neath Port Talbot Economic Recovery Plan is *'Entrepreneurial and resilient economy: Strengthening our SME base – in all sectors and across the county borough - through a better coordinated approach to support, premises and finance and a renewed focus on sustainable 'indigenous' business growth at community level'*

Neath Port Talbot has a distinctive economy, with a large industrial base, including the UK's largest original steel producer and a wide range of SME manufacturers. It also contains significant opportunities for future growth, especially associated with the major waterfront sites and the Enterprise Zone, the potential for industrial decarbonisation and the prospect of future Freeport designation. In addition to the concentration of strategic sites and industries in the M4 Corridor, the county borough is diverse, including the towns of Neath, Port Talbot and Pontardawe; and the Afan, Amman, Neath, Dulais and Swansea Valleys. Looking beyond Neath Port Talbot itself, there are strong links with Swansea, and along the M4 to Cardiff and beyond.

Sectors

Neath Port Talbot Council is ambitious for the future and takes a proactive approach to economic development and providing support to encourage innovative business growth. As the economy emerges from the Covid-19 crisis, and to complement the Wellbeing Assessments, the Council has developed an Economic Recovery Plan for the medium-to-long term, focused on achieving employment and business growth within a more diverse and resilient economy.

Employment concentrations are smaller and more dispersed in the post-industrial and rural parts of the county borough, with, in general more limited prospects for employment growth at scale although there are significant opportunities coming forward, such as the Global Centre for Rail Excellence at Onllywn).

Decarbonisation

Despite the substantial challenges presented by high industrial carbon intensity, Neath Port Talbot has significant opportunities associated with industrial decarbonisation (which is itself a key focus of the Regional Economic Delivery Plan).

In May 2020, Neath Port Talbot Council launched its Decarbonisation and Renewable Energy (DARE) Strategy – which sets out how the Council will act to counter climate change, both by reducing its own carbon footprint and by working with others to bring forward key investments in renewable energy and low carbon technologies. During a recent visit in March 2022 by the UK's Climate Change Committee, they commented on how impressed they were to see the Council not just writing reports but actually delivering on its initiatives. They were also impressed at the collaborative nature of working arrangements across the county borough between industry, academia and local government which works incredibly well for all concerned. A number of opportunities linked to decarbonisation include:

- Advanced Manufacturing in low carbon technologies
- Demonstrating the potential of low carbon technologies and industries
- Developing renewable energy potential
- Decarbonising infrastructure and the built environment – Neath Port Talbot CBC recently commissioned a ground breaking initiative with the construction of the award winning £7.9m Bay Technology Centre which was completed in 2022 and is the first commercially energy positive building in Wales which has recently won the prestigious Net Zero Award in this year's Constructing Excellence Wales (CEW) Awards held in June.
- Significant potential to take a lead in the drive to decarbonise the economy, through existing assets (e.g.., the Hydrogen Centre at Baglan and renewable energy capacity) and scope for innovation and adoption within industry.

The Council will work with **academia** and **industry** to realise these opportunities via direct support through growth funds and support.

The Council also recognise that SMEs will be key to successfully delivering any decarbonisation programme as they will need to adapt to new employment opportunities. This presents a challenge as the pandemic has affected investment and work schedules so finding the time and resources to invest in upskilling staff or in new ways of working such as retrofitting and green skills, may not be at the forefront of their immediate plans. In addition, there does seems to be a disconnect between Net Zero policy goals and the appetite of business to engage – until there is a market for these new skills and products, SMEs may not be keen to “buy into” these new concepts.

Capacity for growth – Infrastructure

There are a number of opportunities for growth including:

- **Transport** – to maximise road infrastructure, rail connections and the Port of Port Talbot
- **Digital connectivity** – ensuring all premises have high speed reliable digital connectivity
- **Commercial property -** Despite Neath Port Talbot’s position as a major industrial location and evidence of high demand for industrial stock, supply remains relatively constrained with a viability gap and the need for direct public intervention to bring forward significant schemes to address the lack of industrial premises across the county borough including the valley and rural areas. .

Key area for action in the Neath Port Talbot Economic Recovery Plan:

Transformational investment and change: Ensuring continued investment in (and the capacity to deliver) our major strategic sites at Port Talbot Waterfront and Baglan Bay; the key opportunity associated with the Global Centre of Rail Excellence; and the range of long-term – but in some cases emergent – actions to support industrial decarbonisation.

Key employment sites

There are nationally-significant strategic sites (e.g. at Baglan Bay) with potential for major development over time – the sites are linked with excellent connectivity and have significant commercial interest. There are a number of strategic sites with potential for further growth, including:
Baglan Energy Park
Harbourside
Port Talbot docks

Opportunities to build on the knowledge base include the fact that much of Swansea University is within Neath Port Talbot, with potential for stronger industry links and the role of the universities as economic drivers themselves. The **Swansea Bay City Deal** projects and programmes have been designed to provide a catalyst for future opportunities which will be progressed with the UKSPF programme of interventions.

The opportunities listed above together with skills provision outlined in the People and Skills section will improve productivity and increase pay, giving everyone the opportunity to access value added jobs. The Council also recognises the opportunity of the Third Sector contribution to the local economy

Pembrokeshire Opportunities

Within Pembrokeshire, the following opportunities will be likely to form the basis of UK SPF “Supporting Local Business” investments, subject to the assessment and selection process:

Strategic Development Sites. The Port of Milford Haven (including onshore energy sites), Pembroke Dock (Port of Pembroke) and Pembroke Dock Llanion are all important strategic sites around the Milford Haven waterway that are critical to our ambition to create the UK Green Energy Capital contributing at least 20% of the UK's hydrogen production and 10% of the UK’s Floating Offshore Wind (FLOW) targets, as set out in the British Energy Security Strategy. The Milford Haven Waterway Future Energy Cluster will also support the development of low carbon liquid fuels, CO_2 shipping, marine renewables and energy storage, thus playing a pivotal role in supporting an accelerated transition to a net zero economy while stimulating substantial economic growth.

This context provides important opportunities to enhance suitable industrial, commercial and office spaces to support energy, marine, engineering and related sector growth around the Milford Haven Waterway, including strategic developments such as an expansion to the Bridge Innovation Centre and associated improvement at Pembrokeshire Science Park at Llanion.

Other significant sites are starting to see the benefit of feasibility work, promotion and wider support from the county and its Private Sector Partners. These include Withybush Airport, where recent feasibility work has identified relatively modest investments that could support the airport’s ability to service the tourist market, in particular. At the same time we are currently exploring a number of leads with aviation innovations, both in terms of enhanced attractions and innovations in the industry which could support a new industry era. Opportunities also present themselves at Trecwn, a former MOD owned site in north Pembrokeshire which has potential for redevelopment and renewal. Its rail and road accessibility, in addition to its close proximity to Fishguard Bay are making the site increasingly attractive to both energy producers and manufacturers. Modest infrastructure investments will secure such developments, enabling much needed employment opportunities in the north Pembrokeshire.

Pembrokeshire Food Park
Pembrokeshire benefits from some of the best quality agricultural land in Wales, an asset we should seek to capitalise upon for the county, its community and in support of wider Welsh and UK food sustainability. Pembrokeshire has benefited from EU and Welsh Government investment to catalyse development of Pembrokeshire Food Park, a joint venture with Welsh Government. This investment has supported further development by the private sector and the creation of Pembrokeshire Creamery alongside the successful and expanded Puffin Produce. Further planned joint venture developments include the creation of a series of incubator units to support fledgling food businesses in the County. We are keen to work with local food businesses to further enhance this trend, seeking funding to invest in development to meet increased demand.

Swansea Opportunities

Swansea Economic Recovery Action Plan

To support the recovery of the local economy from the covid-19 pandemic the Council in conjunction with Regeneration Swansea partnership has developed an economic recovery action plan for Swansea, This sets out the additional actions we need to take to support businesses, support individuals and improve resilience of the local economy in light of the pandemic.

The Economic Recovery Action Plan is focusing on the key aims of:

- Raising Confidence – driving footfall in city and district centres to support local businesses
- Supporting Businesses – business support, small scale financial assistance, access to premises and local supplier development to support start up and existing businesses
- Championing Local Food – to increase accessibility to and promotion of local food, and raise the profile of Swansea as a food destination
- Supporting Tourism – improving market intelligence, destination marketing, online marketing and business engagement and partnership working
- Developing Skills & Employability – extending and adapting employability provision including paid work placements and support for self-employment/ entrepreneurship
- A Sustainable Economic Recovery – new Regional Economic Delivery Plan, regeneration of the city centre and district centres, supporting move towards net zero carbon by 2050, building capability and promoting investment in green infrastructure

Within the context of the REDP and the Swansea Economic Recovery Plan, the following opportunities have been identified through local partnership discussions to respond to local challenges:

Low Productivity and Wage Levels

- Maximising the potential of the research and development expertise in the region's Universities to support local business growth, innovation and productivity gains.
- Securing high profile business conferences to capitalise on new Digital Arena

Reliance on micro and small businesses

- Locally tailored wrap around support for small businesses, complementing Business Wales provision, to support growth and job creation
- Progressive procurement to drive local business development opportunities and shorten supply chains

Low business start up rate

- Small scale business grants to overcome cost barriers to starting new business/ self-employment and co-ordinated local business support offer, complementing Business Wales provision, to nurture start-ups and improve survival rates

Lack of available premises
- Meanwhile space support building on successful pilots and emerging learning to provide low cost opportunities for start up businesses and reduce vacancy rates on high streets

Rising Costs
- Advice and small scale grant support for small businesses to reduce their carbon footprint and associated energy costs – building on pilot green innovation grant introduced with CRF funding

Decarbonisation
- Advice and small scale grant support for small businesses to reduce their carbon footprint – building on pilot green innovation grant introduced with CRF funding
- Developing the market and building expertise for new ideas such as green infrastructure
- Exploiting the potential for local carbon energy sources

Link to Levelling Up Missions

Mission 1. By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

Average earnings in South West Wales (workplace based) have risen by 25.1% since 2011 to stand at £559.30 in 2021, however this is below both the Welsh (£562.80) and UK (£612.8) levels. At county level, Pembrokeshire has the lowest average earnings at £532, with Neath Port Talbot the highest at £596.80 in April 2021.

The employment rate in South West Wales has improved over the last ten years, from 64.8% in 2011 to 71.7% in 2021, although it still lags behind the Welsh (73.1%) and UK (74.7%) levels. Across the region, Pembrokeshire has the highest employment rate at 74.4% with Carmarthenshire having the lowest at 69.1% in 2021.

In 2020, productivity (measured as GVA per filled job) was around £46,300 in South West Wales. The gap with the rest of the UK has narrowed slightly over time, but it is still substantial: in 2020, productivity was around 80% of the UK level. Productivity is highest in Neath Port Talbot at £48,600 in 2020 and lowest in Carmarthenshire at £43,100.

Mission 2. By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government

funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.

The local authorities work effectively with academia and industry by creating the right environment to ensure the region maximises the opportunity of RD&I public investment to support the growing research, development and innovation clustering across the region.

A Framework for Regional Investment in Wales (FRIW)

The proposals for this priority sit comfortably within the Welsh Government Framework for Regional Investment in Wales described as follows:

Priority 1: More Productive and Competitive Businesses
"We want to drive recovery and prosperity by supporting entrepreneurs, start-ups and businesses to create and retain sustainable jobs that reflect the principles of Fair Work Wales. We will help businesses to take advantage of opportunities to grow and strengthen the productivity and competitiveness of businesses and social enterprises of all sizes, particularly micro to medium sized businesses. This includes supporting businesses in their efforts to create or improve their share of the export market"

Priority 2: Reducing the Factors that lead to Economic Inequality
"We want to maximise the number of people able to participate in good quality, sustainable work, for which they receive fair pay, ensuring this is shared fairly across geographies and demographics, particularly amongst under-represented groups. Evidence39 shows that inequality has a negative impact on economic growth and social outcomes. In the short term we will focus our efforts on supporting those who have been most adversely affected by the economic impact of the Covid pandemic, notably young people, those in low paid and insecure employment, women, black, Asian and minority ethnic (BAME) groups, and disabled people"

Priority 3: Supporting the Transition to a Zero-Carbon Economy
"The climate crisis is the global challenge of our age. The risks are real for every citizen and business but are greatest for those who are already at a socio-economic disadvantage. The transition to a zero-carbon economy will bring opportunities for clean, energy efficient economic development, quality jobs and global market advantages, as well as benefits to our environment, our health, our natural capital, and our ecosystem services"

Priority 4: Healthier Fairer, more Sustainable Communities
"A workforce that is healthy and happy, and well-connected communities that are strong and resilient, are economic assets which benefit everyone. The link between well-being and economy has never been clearer. We want to help ensure that communities of place and of people have the resilience and structures they need, so that the people living here can live long, happy lives and fulfil their potential to contribute productively to our economy and society"

3.4 OUTCOMES THE INVESTMENT PLAN WILL DELIVER UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY

Jobs created
Jobs safeguarded
Increased footfall
Increased visitor numbers
Reduced vacancy rates
Greenhouse gas reductions
Number of new businesses created
Improved perception of markets
Increased business sustainability
Increased number of businesses supported
Increased amount of investment
Improved perception of attractions
Number of businesses introducing new products to the firm
Number of organisations engaged in new knowledge transfer activity
Number of premises with improved digital connectivity
Number of businesses adopting new to the firm technologies or processes
Number of new to market products
Number of R&D active businesses
Increased number of innovation active SMEs
Number of businesses adopting new or improved products or services
Increased number of innovation plans developed
Number of early stage firms which increase their revenue following support
Number of businesses engaged in new markets
Number of businesses engaged in new markets
Number of businesses increasing their export capability
Increased amount of low or zero carbon energy infrastructure installed
Number of businesses with improved productivity
Increased number of projects arising from funded feasibility studies
Increased number of properties better protected from flooding and coastal erosion
None of the above

3.5 INTERVENTIONS THE REGION WILL USE WHICH MEET THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY

W16: Investment in open markets and improvements to town centre retail and service sector infrastructure, with wrap around support for small businesses.

W17: Funding for the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally

W18: Supporting Made Smarter Adoption: Providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.

W19: Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities, in both economically important and emerging areas. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices. Investment in doctoral training centres

W20: Research and development grants supporting the development of innovative products and services. Grants to increase the research capacity and level of collaboration between firms to share best practice

W21: Funding for the development and support of appropriate innovation infrastructure at the local level.

W22: Investing in enterprise infrastructure and employment/innovation site development projects. This can help to unlock site development projects which will support growth in places.

W23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks.

W24: Funding for new and improvements to existing training hubs, business support offers, ‘incubators’ and ‘accelerators’ for local enterprise (including social enterprise) which can support entrepreneurs and start-ups through the early stages of development and growth by offering a combination of services including account management, advice, resources, training, coaching, mentorship and access to workspace.

W25: Grants to help places bid for and host international business events and conferences that support wider local growth sectors

W26: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.

W27: Funding to develop angel investor networks nationwide.

W28: Export Grants to support businesses to grow their overseas trading, supporting local employment and investment.

W29: Supporting decarbonisation and improving the natural environment whilst growing the local economy. Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity.

W30: Business support measures to drive employment growth, particularly in areas of higher unemployment.

W31: Funding to support relevant feasibility studies

W32: Funding to support progression of small businesses into productive medium sized firms

W33: Investment in resilience infrastructure and nature based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.

POTENTIAL PROJECTS WHICH FALL UNDER THE SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY

The region has consulted widely in local areas and a range of key programmes have been identified that sit under this investment priority. These include learning from existing funded programmes under EU Structural Funds and UK Community Renewal Fund pilots. A number of emerging areas of activity include:

- Support for indigenous growth SMEs
- Supporting innovation with shared space, equipment, start up space
- Collaborative measures to support economic growth

The following are examples of anticipated projects and programmes:

Business Start-up and Growth Fund - targeted capital/revenue fund to support the development and growth of local businesses and to drive local employment.

Rural economic regeneration programme – targeted rural programme that builds on the momentum of the previous Rural Development Programme and offers support to rural businesses.

Tourism, culture and heritage fund – support to increase the local economic impact of the visitor sector by improving the visitor experience within towns and key tourist "hotspots" across the region

Property Development Funds - package of assistance to support developers and owner occupiers to invest in construction, expansion and refurbishments of property to meet the infrastructure needs of local businesses and to address the current viability gap which exists across the region.

Business support services that dovetail and complement Welsh Government Business Wales provision and ensure successful integration with other relevant interventions under Communities and Place to maximise business survival rates and economic vibrancy.

4.0 PEOPLE AND SKILLS INVESTMENT PRIORITY AND MULTIPLY PROGRAMME

4.1 LOCAL CHALLENGES

South West Region works through its Regional Skills Partnership in coordination and understanding of skills needs working closely with business and providers to understanding the evolving landscape of need and demand.

Common challenges across the region under the People and Skills priority are:

High Economic Inactivity Rates

In South West Wales 20.9% of the working age population (excluding students) were economically inactive in December 2021, above both the Wales (19.9%) and UK (17.6%) averages. Carmarthenshire has the highest economic inactivity rate of the 22 local authorities in Wales at 23.8%. The rate in Neath Port Talbot (21.1%) and is above the Welsh average, while both Swansea (19.5%) and Pembrokeshire (19.3%) are below the Welsh average, but above UK rate. Students are excluded from these figures as the region has an above average level of students.

A number of factors have likely contributed to this higher rate across the region, including:

- The region is home to an above average level of people with disabilities and long-term limiting health conditions which pushes them further away from the labour market.
- The region is home to an above average level of people who are retired.

This is a significant barrier to growth for the region, as the economically inactive represent a significant source of labour supply which is a crucial element of a well-functioning labour market. This is also concerning given that being inactive for a long period of time can negatively impact a person’s wellbeing, health and life-satisfaction. This is therefore a fundamental issue to address in the ambition to improving the life-chances of individuals and grow the local economy.

A key challenge is engagement with the economically inactive, which requires community-based interventions to support to overcome barriers, build confidence and increase motivation to start looking at skills and employment.

Following the pandemic, an increased number of economically inactive have low confidence, are isolated, have disengaged with their communities, and therefore, have difficulties accessing the support needed. There is a need to raise aspirations and awareness of opportunities and to create pathways to accessing the skills and support needed to progress into employment.

Unemployment

Claimant count unemployment rates vary across the region from 3% in Carmarthenshire in May 2022, 3.1% in Pembrokeshire, 3.2% in Neath Port Talbot and 3.6% in Swansea - which is above the Welsh level (3.4%) but below the UK (3.8%). In Swansea, unemployment rose rapidly at the start of the pandemic, and while the unemployment rate has gradually decreased over the past 2 years it is yet to reach levels seen prior to the pandemic in March 2020 (3.4%). In common with other counties, there is significant disparity in unemployment across different local areas of Swansea with disadvantaged areas experiencing unemployment rates above the average - Townhill (8.1%), Penderry (6.9%), Castle (6.6%) in contrast to other areas below the average; Mayals (1.1%), Llangyfelach (1.3%). There is a challenge to ensure that people from the most disadvantaged communities across the region are not excluded, and provision is in place to ensure inequalities to accessing opportunities are reduced within communities.

Barriers to Skills and Employment

Unemployed and economically inactive people in the region face a range of complex barriers, which prevent them from accessing skills and employment opportunities. A challenge under this priority is to engage with, support and motivate the economically inactive and unemployed to overcome these barriers to progress them into the labour market.

The effects of the pandemic have increased loneliness and isolation, reduced confidence, motivation, self-belief and aspirations and has had a negative impact on people’s mental health and their ability to engage with support services. A key challenge is rehabilitating these individuals to become more confident leaving the house and increasing their motivation levels to look for employment. This challenge is even more acute due to delays in accessing specialist support services including counselling and therapy support. There is a need for consistent one to one support e.g. a key worker.

Some of the key barriers people face include:

- Lack of Confidence and motivation, wellbeing and aspiration.
- Social isolation, digital exclusion.
- Issues with mental and physical health
- Low or no skills, lack of specific skills or qualifications, lack of experience in the workplace.
- Rising costs of living-poverty, transport barriers
- Availability of quality, flexible and affordable childcare
- Geographical locations make learning inaccessible for some living in our valley and rural areas as transport is a major barrier, especially when most learning provision is in town centre locations.

On skills, a key challenge for local people in accessing opportunities is the lack of relevant qualifications, knowledge of skills needed and life and employability skills. A further challenge is to support people to recognise their personal skills and abilities and to help them, through a personalised skills plan to identify and source the right skills needed aligned to the local labour market demand. This would equip people with the skills needed to access to more opportunities to capitalise on local economic growth and economic development opportunities such as the City deal, in turn, ensuring the local communities are more prosperous and productive.

There are opportunities to provide intensive, wrap-around, one-to-one support led by a key worker to move these individuals closer to the labour market which would provide tailored mechanisms to make the movement from inactivity to employment as simple a transition as possible. This should be in the format of a cohesive system where careers guidance is provided in conjunction with the identification of skills needs which are directly related to the ambitions of that person and the needs of the local economy. This extends to highlighting and promoting the importance of work as well as exploring development in the context of basic skills, work-ready skills and vocational training to reduce the chances of drop-off and discouragement.

Vulnerable groups

There is a gap in current provision focussing on employability and skills for key groups of vulnerable individuals with further complex barriers and challenges to entering the labour market. Investment is needed to provide intensive key worker support and focussed interventions to address the inequality to accessing opportunities for these disadvantaged individuals. Key groups include the following:

- Children Looked After (CLA) aged 16+ and Care leavers
- Young people post 16 linked with the Youth Offending Service
- Young people pre-16 with Additional Learning Needs or at risk of becoming NEET
- Vulnerable young people 16-24 who are disengaged from the labour market.
- People affected by work limiting health conditions and disabilities
- Refugees and Asylum seekers
- BAME
- Women
- Prison leavers and ex-offenders
- People with care responsibilities
- Individuals from Jobless households
- Individuals linked to and referred by the Community Health team
- Over 50s unemployed due to the pandemic

Qualifications Levels Below UK Average

Over time, there has been a steady improvement in qualification levels in the region: in 2021, 36% of the working age population was qualified to NVQ4+, compared with 22% in 2004, and the proportion with no qualifications halved over the same period (partly as new entrants to the labour market gradually replace those who leave). But in relative terms, there is still a gap with the rest of the UK, and substantial variation across the region.

The pace of transition to attain higher-level skills has been slower in Neath Port Talbot, for example, than the rest of Wales and the UK and just 29.3% of the Neath Port Talbot workforce is qualified to NVQ4+, compared to 38.7% for Wales and 43.5% for UK. Swansea has a higher proportion of working age residents with qualifications to NVQ level 3 and above than Wales and UK average however, 7.7% have no qualifications and 8.4% are at NVQ level 1, therefore, 16.1% are considered low or no skilled (APS 2021). Carmarthenshire exhibits a higher than average number of people with no qualifications and a lower proportion than average of people with higher level qualifications.

A barrier to employment for many is a lack of qualifications or skills. This applies to those that have no qualifications at all and those that wish to re-skill or up-skill to better themselves and seek higher level or alternative employment. Skills levels likely impact on residents' ability to access better-paid local employment. In Neath Port Talbot for example, where average skill levels are lower median annual pay at workplaces is around £29,000 – higher than the Welsh average. But the average pay commanded by Neath Port Talbot residents is substantially lower, at around £27,000.

There is an opportunity to support those with no qualifications to gain basic skills qualifications and those up to level 2, which could act as a gateway to gaining employment but also higher-level qualifications. These basic skills include (but are not limited to); English, Maths and ESOL. This would serve to address the gaps in current DWP and Welsh Government provision and allow for the development of local-level interventions which meet local needs.

Furthermore, there is a specific need to develop digital skills and increase levels of digital inclusion. The world of work is changing and reliance on digital technologies within the work-place is increasing at rapid rates. Providing individuals with relevant and transferrable digital skills will therefore not only improve their employability but also make them more confident with regards to accessing wider services online.

Local Skills Needs – Supply and Demand

To create a growing and resilient regional labour market, it is imperative to equip individuals with the skills required by local employers. This is in respect of the skills required now and those that will be required in the future. A forward-looking approach will ensure that local people are able to benefit from future opportunities which present themselves. This is also a crucial step in reducing what is termed as 'brain drain' whereby highly qualified individuals leave the area to take up higher paid employment elsewhere. Developing a stronger skills base will also increase the chance of attracting new businesses to the region and growing existing ones to improve prosperity.

Much work has been undertaken to map regional skills needs by the Regional Learning and Skills Partnership, with employers from key strategic sectors in the region reporting a number of in-demand and desired skills, as outlined below:

Manufacturing & Engineering – Problem solving skills, leadership and management skills, computer literacy skills, skills in new technology.

Construction – Work-readiness skills, communication skills, problem solving skills and manual dexterity.
Agri-food – Comprehension skills, communication skills, leadership and management skills and food manufacturing skills.

Financial, Professional and Digital – Advanced/specialist IT skills, Coding/web development skills, skills in new technology and basic IT skills.

Health and Social Care – Health care skills, communication skills, basic IT skills and skills in new technology.

Public Services – Advanced and basic IT skills, problem solving, oral Welsh language skills, communication skills, leadership and management skills and HGV/LGV driving skills.

Tourism, Leisure and Retail – Marketing skills, chef/kitchen skills, advanced and basic IT skills and coding/web development skills.

Creative Industries – Advanced and basic IT skills, skills in new technology, entrepreneurial skills, coding/web development, creative content development skills and marketing skills.

Taking these skills needs into account, there are clearly opportunities to focus skills delivery in some key areas, with this evidence further substantiating the need to develop the digital and general work readiness skills of individuals. These could be addressed through basic skills delivery up to level 2 with more specialist skills delivered via other methods such as work-based learning or through vocational delivery.

A key challenge is delivering qualifications for employers / employees that respond to current and emerging challenges, opportunities and local skills needs and will complement broader place-based investment across the region. In doing so it will target activities which capitalise on the opportunities and needs of the local area and meet the needs of an increasingly green and digital economy, whilst also providing a universal offer to businesses experiencing workforce challenges and / or demonstrating growth potential of all sizes and across all sectors.

Working in conjunction with local providers, support would serve to fund gaps in local skills provision and explore alternative delivery methods. This could be in the format of bite-sized, module-based delivery of both an accredited and non-accredited nature. This creates a skills system which is innovative and flexible in its approach and aligns with the needs of employers and recommendations made by the Regional Learning and Skills Partnership. In line with this there is an opportunity to improve linkages between schools, further education colleges and higher education to offer a ‘skills escalator’ model of skills development aligned to the needs of industry.

As a result of the region’s older population there is also an opportunity to provide tailored support to those in employment to access skills provision. This would serve to reduce the loss of skilled individuals from the labour market and support retention in some sectors where an ageing workforce is a concern. These issues are more acute (although not exclusive) in the Construction and Manufacturing and Engineering sectors.

Upskilling the existing workforce

Local businesses within the region want to improve the skills and abilities of their staff, but cannot afford the time and the expense, making it prohibitive for the business to progress their workforce. Subsidised in-work skills programmes would be a huge step to breaking down the barrier and ensuring that the existing workforce were able to upskill and retrain for their professional development. This also leads to increased economic prosperity for the area and a skilled workforce.

Careers Advice and Guidance

Evidence indicates that several key sectors have and continue to experience challenges in attracting, retaining and recruiting suitability skilled staff to meet their needs. A number of issues culminate in creating these recruitment challenges, with a lack of skills and the perception of sectors being primary contributory factors.

Careers, advice and guidance plays a key role in dispelling myths and improving the perceptions of sectors. Sectors that report being particularly affected by this include; Health and Social Care, Hospitality, Tourism, Leisure and Retail, Construction and Agri-food. These are all sectors of strategic importance for the region, it is therefore crucial that people are aware of the opportunities presented by these industries. This is an important step in the creation of a pipeline of talent armed with the desired skills to feed into the labour market, which would be to the benefit of local businesses and in turn our local economy.

To this end, there is an opportunity to provide careers, advice and guidance in a more cohesive way at a local level, taking into account the skills needs of local employers. Working in conjunction with organisations already delivering such services will serve to reduce duplication and complement what is already offered. The delivery of careers, advice and guidance should also consider the gender profiles of many sectors and attempt to dispel the typical gender stereotypes associated with some sectors. This would address the significant gender disparity evident across many areas of the economy which relates to employment, the gender pay gap and opportunities to prosper more generally.

In Pembrokeshire, one challenge that has been identified is ensuring young people are equipped to make well-informed career choices, so that they acquire the skills and qualifications needed not just in the traditional industries in Pembrokeshire, but in new and emerging sectors especially in (but not limited to) the marine renewable energy sector.

Young people

There is a lack of understanding around the different learning pathways from pre-16 to post-16 for some of our young people. Options are not communicated effectively to ensure young people understand the full range of options available, from Further Education, Work Based Learning and Apprenticeships. Some of our young people are not accessing appropriate interventions / support and it is not until a later stage that they are identified. Improved communication in our schools is essential ensure all our young people explore the different choice of pathways of learning and development.

Early intervention is needed to identify vulnerable learners or those with Additional Learning Needs (ALN) and to ensure appropriate provision is in place to support leaners overcome challenges and prevent risk of permanent exclusions and reduce the risk of young people becoming NEET post-16/Key Stage 4. Young people at all ages and key stages in education have been negatively affected by the impact of the Covid-19 pandemic and associated absences from the school environment. Further work is needed to understand the scale of the impact in schools and the challenges presented in order to develop interventions to positively improve learning, basic skills and attainment at all pre-16 levels.

Across the region there is also a need to ensure that young people who are not in employment, education, or training (NEET) are re-engaged in the labour market, and that young people remain engaged in learning, training or employment. Entrepreneurial young people must also be encouraged and supported to start-up their own businesses, though interventions to achieve this may better fit under the Supporting Local Business theme.

Latest employment statistics in Swansea have shown an increase in the number of 16-24 year olds on non work-related benefits and therefore, economically inactive. The pandemic has caused issues for young people in the area, such as loss of confidence and key skills, which needs to be addressed. (DWP consultation)

International Students and Refugees

A specific challenge identified in Swansea relates to resident international students and refugees, who are skilled and highly motivated to take up employment opportunities, but are faced with issues transferring their overseas qualifications, which is a barrier to them accessing local opportunities.

Basic skills

There is a large proportion of people in the region who lack basic skills. Interventions and investment are needed to address literacy, numeracy, ESOL and digital literacy skills. There is a significant challenge to engage with people who are not ready to admit to their skill deficit. Programmes need to be available with a softer approach to entice learners. Existing services need to be delivered in the communities, at local and micro-local level, building on what they already do by offering additional support in a way that does not directly target basic skills in the short term and will aid progression in the long term. This could be delivered as part of a wider community and employability support provision.

Covid Recovery and Cost of living

Household income in South West Wales is below the Wales and UK average, with Gross Disposable Household per head in 2019 standing at £16,646; which is 77.7% of the UK level. The increase in the cost of living and rising energy and food prices will place further pressures on household income. Having basic living skills is imperative to be able to adjust and adapt to these changes. Support and training on functional numeracy skills would help individuals to understand their finances; bank statements, price comparison and contract fees. The pandemic has expedited the need for digital skills to access services and employment but has also left many people who are digitally excluded isolated throughout the pandemic.

Advancement of Digital Skills

There is an issue with a widening gap in digital skills in Swansea. Investment is needed to assess and address the current and future digital skills needs and for the development of basic and advanced digital skills provision, to ensure people and businesses have the skills to take advantage of the latest technologies and tools.

The lack of digital skills and internet access have a huge impact on people's lives. Digitally excluded citizens need access to digital connectivity, technology and skills, which are essential to ensure that everyone has an equal opportunity. In Swansea, there is a need to increase participation and improve outcomes in STEM (Science, Technology, Engineering and Maths) subjects.

Green Skills and Skills for Net Zero

The region has a number of ambitions aligned to both the communities and place and business support investment themes with regard to the green agenda and net zero. There is a challenge to raise awareness of green skills and to address the deficit in skills and capacity to meet the local needs in dealing with the changing environment linked to green recovery, green energy, changing food systems, transport systems, green spaces and green infrastructure.

The imminent challenges facing the built environment sector, as an example, will require a rapid response to skills development to ensure it has a skilled and competent workforce that is able to respond to the emerging zero carbon agenda. The education sector will need to provide innovative training solutions to upskill the existing workforce and also provide new entrants with the skills they need to support the evolving needs of this particular sector. Priority solutions include:

- Upskilling programmes to meet the expectations of green construction, from basic to advanced, in terms of understanding of whole house solutions
- Training programmes around the installation of renewable products, as well as a robust accredited assessment of suitability/competence of the installation.
- Training programmes to meet offsite construction, from a manufacturing perspective.to support local companies

As new innovations, come forward, we need to look at effective and responding skills development and training solutions, with the establishment of a centre of expertise. This is especially pertinent for the Construction and Engineering and Manufacturing sectors where future skills needs relate to specialist engineering skills, retrofit skills, smart manufacturing skills and renewable energy skills.

Welsh Language

When taking into account skills provision in a Carmarthenshire context, consideration must be given to the development of provision which allows individuals to undertake learning through the language of their choice. With 43.9% of the population able to speak Welsh there is a clear argument that the demand would exist.
This also serves to meet the needs of local employers whereby Welsh language skills have been highlighted as important by the Creative Industries, Health and Social Care and Retail, Tourism and Leisure sectors.

Enrichment and Volunteering Opportunities

There is an argument to suggest that the provision of enrichment and volunteering opportunities may provide similar benefits as those provided by work experience opportunities. Work experience has traditionally been considered something that younger people do as part of their statutory education, however there are benefits to be realised for all age groups and people from all backgrounds. Taster sessions in relevant industries may serve to reduce drop-off and highlight the wider benefits to be realised by being in work rather than the traditional focus of financial reward. The same can be said for volunteering placements within the region's many third sector and smaller community groups. Taking part in such schemes would provide a stepped approach to entering the labour market, removing some of the pressure that those furthest away may feel when making the transition straight into paid employment. There are opportunities to explore the viability of such an approach across the region, looking at lessons learned from similar initiatives.

Multiply

Many economically inactive people have not positive experiences in school or college therefore there is a need to engage and learn in an innovative way which is different to formal learning environments.
Community based interventions will need to be considered for the delivery of functional numeracy to increase engagement due to reduced confidence and increased isolation economically inactive people face following the pandemic.

In delivering the Multiply initiative, we anticipate that the challenges will be:

- The shortage of numeracy tutors.
- Recruitment of learners, due in part to the stigma attached to the lack of basic skills.
- The focus on numeracy alone is unlikely to address the full needs of learners, who will often also lack basic literacy and digital skills. As such, Multiply may need to be delivered alongside other provision, or risk being less effective than it might otherwise be.
- There will be a complex interaction with pre-existing Welsh Government support that must be navigated.
- Full spend of the allocation as currently defined will be extremely challenging so as a result the full sum is not allocated at this stage, with 50% of year 1 allocated, 90% of Year 2 and 95% of Year 5. There are many complex factors around delivery of basic skills that extend beyond simply numeracy, and in particular a need for contextualised delivery that avoids stigma and enables participation more easily.

4.2 LOCAL OPPORTUNITIES

Each local area is working constructively through local regeneration partnerships to formulate responses to the challenges set out above. These are presented in the context of our South West Regional Economic Delivery Plan, and relevant local plans and strategies. The intention is to generate a regional 'menu' of activities on a consistent basis that adapt according to specific local need.

Regional Economic Delivery Plan

The Regional Economic Delivery Plan's three 'Missions' will guide future activity over the next ten years and beyond. They are designed to give a clear direction of travel, while remaining sufficiently broad to accommodate a wide range of potential investments that will come forward over time. The three high-level Missions are as follows:

Mission 1: A UK leader in renewable energy and the net zero economy

Looking to 2030, we aim to make South West Wales a UK leader in renewable energy
and the net zero economy. That means taking advantage of our natural assets and our industrial and R&D capabilities to build an internationally-significant presence in future fuel technologies and to drive the decarbonation of our industrial base and the wide economy.

Key Actions:

- Additional Capacity to drive forward the agenda
- Progressing the region's major renewable energy generation projects
- Attracting and driving forward industrial investment
- Decarbonising transport and the housing stock

Mission 2: Building a strong, resilient, and embedded business base.

"Business is at the centre of our strategy to 2030. It will be through the expansion of existing firms and the start-up and attraction of new ones that new employment will be generated and productivity growth secured. That means supporting sustainable business growth – both at the 'leading edge' of technology and innovation and across the economy".

Key Actions:

- Accelerated adoption and innovation support (linked with the recommendations of Wales 4.0 in relation to business, skills and innovation support)
- 'Progressive procurement' within a local business and supply chain development system

Mission 3: Growing and sustaining the South West Wales 'experience' offer

"South West Wales enjoys a superb environment and a unique 'quality of life' offer. This is a key asset for the region, and one which we must protect and enhance. We will make South West Wales known for the quality and breadth of its 'experience' offer', bringing together urban and rural environmental quality, 'quality of life' and culture. This will support a high-value visitor economy – but it will also be locally owned and a central part of our investment proposition”.

Key Actions:

- Targeted and coordinated capital investment, including in town and city centres
- Balancing of initiatives at a regional, local and community-driven scale

Within the context of the South West Regional Economic Delivery Plan and Local Economic Recovery Plans, the following opportunities have been identified through local partnership discussions to respond to local challenges:

Addressing economic inactivity

- Community based activity to engage with the economically inactive
- Employability and skills provision where there are current gaps in local provision- Opportunity to create pathway into employment to include pre-engagement, employability, skills and training, volunteering and paid placements activity tailored to individual’s and local labour market needs.
- Provision of a person-centred, 1-2-1 mentor/key worker led pre-engagement and intensive wraparound employability support to move closer or into the labour market.
- Life skills support for health and wellbeing, confidence building and motivation, teamwork, job search skills, communication and presentation skills.
- Project activities will compliment, align and add value to existing provision ensuring there is additionality and no duplication

Maximising potential of unemployed people and in-work support

- Develop in-work support provision linked to employment support and skills to upskill and retain staff by providing access education and training.
- Enhance skill levels through life and career skills provision for the unemployed unable to access support and funding to overcome skills and training barriers

Reducing barriers to skills and employment

- Coordinated approach to provide a more holistic support offer with delivery partners bringing specialisms together to support key groups with different needs to overcome complex barriers
- look to develop a learning and development model/network to enhance provision out into our communities, making it accessible for all.
- Pre-engagement and Employability wraparound support by dedicated key workers throughout the pathway with an initial assessment of needs and skills to identify barriers and develop a personal, bespoke action plan.
- Intensive 1-2-1 mentoring support tailored to the individuals needs to overcome barriers and identify suitable pathways.
- Skills re-engagement pathway for young people exiting full-time education.

- Intervention opportunities for skills and training, volunteering, work tasters, paid work placements, employment and engagement with mainstream provision.
- Life skills support for confidence building and motivation, teamwork, job search skills, communication and presentation skills.
- Advice on benefits and budgeting.

Supporting Skills
- Mapping skills and forecast future demands and shortages in the labour market.
- Opportunity to align skills and employability provision to support local and regional skills needs.
- Opportunity to partnership working to maximise training provision and to deliver skills support within communities
    - Basic Skills training, ESOL, employability and life skills (for confidence building and motivation, teamwork, job search skills, communication and presentation skills.), technical and vocational training, qualifications, work related training, licences, Digital skills, green skills and workplace skills.
- Green skills provision to ensure there is a suitably skilled workforce in the region to achieve the UK government goals of net zero.
- Engagement and softer skills development programme for young people.

Recovery from the Covid pandemic and impact of the rising cost of living
- Health and Wellbeing Interventions
- Advice on benefits and budgeting including numeracy skills.
- Opportunity to provide funding where finance is a barrier to people to accessing skills, education and employment (Work related training, licences, qualifications, travel, childcare, clothing and equipment)

Employer Challenges
- Engagement with employers to understand needs and challenges
- Job and skills matching service through employability provision
- Provide opportunities for employers and people with paid work opportunities, work trials, taster days and volunteering
- Opportunity for businesses and employers to retain and upskill staff through training

Technology assisted learning
Using technology to support learners to develop literacy and numeracy skills, embedding this in all learning. Opportunity to take this out into the communities will remove the barriers such lack of digital resources and accessibility.

Paid work placements - Evaluations of previous employment programmes e.g. Workways+, Kickstart and the CRF funded Job Start indicate the benefit of 'Paid Work Opportunities'. The individual seeking work is placed in appropriate paid work placements and the programmes funds businesses to support individuals on these placements. This is an opportunity under UKSPF that the Council would wish to progress to ensure this element adds value to the employment support provision.

Aligning skills and employment support – there is an opportunity to work with partners to link local support services and mainstream provision across the region to ensure barriers to employment are overcome where possible, including working with partners to deliver employability skills to those with protected characteristics and additional learning needs.

Mentoring support – to maximise the opportunity of experience in offering high level mentoring support. From school leavers to adults through a holistic and innovative approach is adopted looking at all barriers which prevent an individual progressing into education, employment or training. A number of proven techniques and strategies are used to ensure that an individual has the tools to grow and sustain education and/or employment.

Young people
The New Curriculum will increase engagement activity within our schools to ensure that learners are aware of the skills that employers consider to be essential while highlighting the softer skills as being as pertinent as technical or practical skills. There is an opportunity to develop interventions to prevent youth disengagement and provide alternative curriculum pathways.

There is an opportunity to implement additional provision for early identification of learners with Additional Learning Needs at all levels of education and to develop a programme of interventions for learners such as specialist teaching or alternative training provisions that are linked to an Individual Development Plan. Currently there is only provision in place for learners with more severe or complex needs, thereby leaving a gap in provision for those with more moderate additional learning needs. The Covid-19 pandemic had negatively impacted learners at all levels which has triggered an increase in learners falling behind in attainment levels along with an increase in behavioural issues and exclusions. Provision is needed to support both pre and post-16 to overcome these challenges and thereby reduce the risk of school exclusions and the risk of becoming NEET. Early intervention will also alleviate demand on post-16 employability provision.

Adult learning
There is an opportunity with UKSPF and Multiply to work with schools and parents to increase their adult literacy and numeracy skills to support their children's learning and increase their own skills.

Wellbeing interventions
There is an opportunity to develop a programme of engagement and leisure courses, which will allow providers to recognise and identify skills needs, with a focus on the individual's emotional and mental health initially. Once health and well-being is addressed and people have more confidence basic skills can be identified.

Learning infrastructure
There is an opportunity to improve venues to be fully functional to provide learning where literacy and numeracy can be wrapped around courses for healthy eating, understanding food labels, budgeting, and cooking on a budget.

Skills networks
There is an opportunity to further develop and expand partnerships to map out gaps between leaving school and progressing into employment to identify what skills are

needed, and developing additional programmes to support these people. By carrying out mapping exercises across employers in the region it will be possible to identify what skills are required and develop a bespoke curriculum to meet employer needs.

Opportunity to work collaboratively to improve systems for assessing learners' additional learning needs, making sure that those learners gain appropriate support, and monitor the progress made by learners receiving support. This intervention will identify any skills deficit and identify appropriate support.

A Framework for Regional Investment in Wales (FRIW)

Priority 1: More Productive and Competitive Businesses

"We want to drive recovery and prosperity by supporting entrepreneurs, start-ups and businesses to create and retain sustainable jobs that reflect the principles of Fair Work Wales. We will help businesses to take advantage of opportunities to grow and strengthen the productivity and competitiveness of businesses and social enterprises of all sizes, particularly micro to medium sized businesses. This includes supporting businesses in their efforts to create or improve their share of the export market"

Priority 2: Reducing the Factors that lead to Economic Inequality

"We want to maximise the number of people able to participate in good quality, sustainable work, for which they receive fair pay, ensuring this is shared fairly across geographies and demographics, particularly amongst under-represented groups. Evidence shows that inequality has a negative impact on economic growth and social outcomes. In the short term we will focus our efforts on supporting those who have been most adversely affected by the economic impact of the Covid pandemic, notably young people, those in low paid and insecure employment, women, black, Asian and minority ethnic (BAME) groups, and disabled people"

Priority 3: Supporting the Transition to a Zero-Carbon Economy

"The climate crisis is the global challenge of our age. The risks are real for every citizen and business but are greatest for those who are already at a socio-economic disadvantage. The transition to a zero-carbon economy will bring opportunities for clean, energy efficient economic development, quality jobs and global market advantages, as well as benefits to our environment, our health, our natural capital, and our ecosystem services"

Priority 4: Healthier Fairer, more Sustainable Communities

"A workforce that is healthy and happy, and well-connected communities that are strong and resilient, are economic assets which benefit everyone. The link between well-being and economy has never been clearer. We want to help ensure that communities of place and of people have the resilience and structures they need, so that the people living here can live long, happy lives and fulfil their potential to contribute productively to our economy and society"

Link to Levelling Up Missions

Mission 1. By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

Average earnings in South West Wales (workplace based) have risen by 25.1% since 2011 to stand at £559.30 in 2021, however this is below both the Welsh (£562.80) and UK (£612.8) levels. At county level, Pembrokeshire has the lowest average earnings at £532, with Neath Port Talbot the highest at £596.80 in April 2021.

The employment rate in South West Wales has improved over the last ten years, from 64.8% in 2011 to 71.7% in 2021, although it still lags behind the Welsh (73.1%) and UK (74.7%) levels. Across the region, Pembrokeshire has the highest employment rate at 74.4% with Carmarthenshire having the lowest at 69.1% in 2021.

In 2020, productivity (measured as GVA per filled job) was around £46,300 in South West Wales. The gap with the rest of the UK has narrowed slightly over time, but it is still substantial: in 2020, productivity was around 80% of the UK level. Productivity is highest in Neath Port Talbot at £48,600 in 2020 and lowest in Carmarthenshire at £43,100.

Mission 6. By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.

Over time, there has been a steady improvement in qualification levels in the region: in 2021, 36% of the working age population was qualified to NVQ4+, compared with 22% in 2004, and the proportion with no qualifications halved over the same period to 8% (partly as new entrants to the labour market gradually replace those who leave). But in relative terms, there is still a gap with the rest of the UK (where 43.5% are qualified to NVQ4+), and substantial variation across the region. In Neath Port Talbot only 29.3% are qualified to NVQ 4+, compared to 39.4% in Swansea.

Mission 7. By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.

For men, Healthy Life Expectancy is above the Welsh average (61.5 years) for the period 2018-2020 in both Swansea (61.9 years) and Pembrokeshire (61.8 years) but below in Carmarthenshire and Neath Port Talbot (both 59.7 years). For women, the picture is different with only Pembrokeshire, at 65.8 years, having Healthy Life Expectancy above the Welsh average (62.4 years) for the period 2018-2020, and Carmarthenshire (61.8), Swansea (60.5) and Neath Port Talbot (57.9) all below

The absolute gap in healthy life expectancy for females at birth in each county is starkly different with a 3.3 year gap when comparing the least to the most deprived fifth in Pembrokeshire, 8.9 year gap in Carmarthenshire, 17.2 year gap in Neath Port Talbot and 19.8 year gap in Swansea for the period 2018-2020. For males, the absolute gap in healthy life expectancy is lowest in Neath Port Talbot with a 10.2 year gap between the least to most deprived fifth, followed by Carmarthenshire at 10.8 years, Swansea at 14.9 years, and Pembrokeshire with the largest gap at 15.1 years, for the period 2018-2020.

These values pre-date the pandemic consequently, it is not known what impact the pandemic will have had to these values. Data from Public Health Wales Observatory https://publichealthwales.shinyapps.io/PHWO_HealthExpectanciesWales_2022/

Mission 8. By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.

Mental wellbeing scores, according to the Warwick-Edinburgh Mental Wellbeing Scale, are available for people aged 16 and over from the National Survey for Wales. This data shows that mental wellbeing levels for 2018-19 (the latest data available) were lowest in Pembrokeshire (49.7), followed by Swansea (50.3) and Carmarthenshire (51.1), with only Neath Port Talbot (52.1) above the Welsh average (51.4).

4.3 OUTCOMES THE INVESTMENT PLAN WILL DELIVER UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY

Number of economically inactive individuals in receipt of benefits they are entitled to following support
Increased active or sustained participants of UKSPF beneficiaries in community groups [and/or] increased employability through development of interpersonal skills
Increased proportion of participants with basic skills (English, maths, digital and ESOL)
Number of people in supported employment [and] number of people engaging with mainstream healthcare services
Number of people sustaining engagement with keyworker support and additional services
Number of people engaged in job-searching following support
Number of people in employment, including self-employment, following support
Number of people sustaining employment for 6 months
Increased employment, skills and/or UKSPF objectives incorporated into local area corporate governance
Number of people in education/training
Increased number of people with basic skills (English, maths, digital and ESOL)
Fewer people facing structural barriers into employment and into skills provision
Increased number of people familiarised with employers' expectations, including, standards of behaviour in the workplace
Fewer people facing structural barriers into employment and into skills provision
Number of people gaining a qualification or completing a course following support
Number of people gaining qualifications, licences, and skills

Number of economically active individuals engaged in mainstream skills education, and training.
Number of people engaged in life skills support following interventions
Number of people with proficiency in pre-employment and interpersonal skills (relationship, organisational and anger-management, interviewing, CV and job application writing)
Multiply only - Increased number of adults achieving maths qualifications up to, and including, Level 2.
Multiply only - Increased number of adults participating in maths qualifications and courses up to, and including, Level 2.

4.4 UK SPF INTERVENTIONS THAT WILL BE USED WHICH MEET THE PEOPLE AND SKILLS INVESTMENT PRIORITY

W34: Employment support for economically inactive people: Intensive and wrap-around one-to -one support to move people closer to mainstream provision and to gain and retain employment, including wraparound support to people undertaking apprenticeships, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps. Funding for vocational training for economically inactive people, where the provision is additional to that funded via mainstream provision.
* via Multiply

W35: Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills** provision for people who are not economically inactive and who are unable to access other training or wrap around support detailed above. Supplemented by financial support for learners to enrol onto courses and complete qualifications.
*where not being met through Department for Work and Pensions or Welsh Government provision.

W36: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing.

W37: Interventions to increase levels of digital inclusion, with a focus on essential digital skills, communicating the benefits of getting (safely) online, and in community support to provide users with the confidence and trust to stay online.

W38: Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early.

W39: Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that cannot be met through mainstream funding.

W40: Green skills courses targeted around ensuring we have the skilled workforce to achieve the government's net zero and wider environmental ambitions.

W41: Retraining and upskilling support for those in high carbon sectors, with a particular focus on transitioning to green, and Industry 4.0 and 5.0 jobs.

W42: Funding to support local digital skills.

W43: Funding to support engagement and softer skills development for young people, with regard to the work of Careers Wales/Working Wales.

Multiply interventions

W44: Courses designed to increase confidence with numbers for those needing the first steps towards formal qualifications.

W45: Courses for parents wanting to increase their numeracy skills in order to help their children, and help with their own progression.

W46: Courses aimed at prisoners, those recently released from prison or on temporary licence

W47: Courses aimed at people who can't apply for certain jobs because of lack of numeracy skills and/or to encourage people to upskill in order to access a certain job/career.

W48: Additional relevant maths modules embedded into other vocational courses.

W49: Innovative programmes delivered together with employers – including courses designed to cover specific numeracy skills required in the workplace.

W50: New intensive and flexible courses targeted at people without Level 2 maths in Wales, leading to an equivalent qualification (for more information on equivalent qualifications, please see Qualifications can cross boundaries (sqa.org.uk))

W51: Courses designed to help people use numeracy to manage their money.

W52: Courses aimed at those 19 or over that are leaving, or have just left, the care system

W53: Activities, courses or provision developed in partnership with community organisations and other partners aimed at engaging the hardest to reach learners – for example, those not in the labour market or other groups identified locally as in need.

POTENTIAL PROJECTS WHICH FALL UNDER THE PEOPLE AND SKILLS INVESTMENT PRIORITY

The region has delivered a strong package of support measures under this theme for more than a decade, and more recently used the UK CRF opportunity to trial potential successor arrangements at local level and has consulted extensively at local level to understand priorities and nature of interventions going forward.

Key measures that will be consistent across the region include:

Supporting people into work - A bespoke mutli-agency programme of tailored support to reduce economic inactivity and to support those furthest from the labour market back into work. The project will offer a menu of training opportunities including access to basic skills, employability support, mentoring and work placements to improve employment outcomes for specific cohorts who face labour market barriers including 50+. This could build on good practice on Pathways to Work Swansea CRF project.
Youth engagement provision – pre and post 16 provision to support young people to attain positive outcomes. This would involve the development of a programme of activities to engage children and young people. The project would work with those at risk of NEET or already NEET children and young people using preventative youth support approaches to engage with people who often have a range of complex needs. The project will include a series of bespoke youth support packages designed to support the individual towards better outcomes. Within the offer will be a number of posts including these linked to digital and media; emotional health and wellbeing; and youth work.
Projects of this nature have been successfully delivered previously. These initiatives will build on lessons learned from previous projects of this nature that have been successfully run across the region. This could include engaging with schools and colleges to include employability, childcare and construction.
"Cynnydd" type of intervention developed for use with young people most at risk of becoming NEET, as assessed by reference to their educational achievements, school or college attendance and behaviour alongside professional judgement to provide a "blended" approach to the assessment of the risk attached to each individual. This appears to fit under intervention W43 except that some of the young people involved maybe as young as 11. Cynnydd is a bespoke Welsh solution to local and regional issues that are addressed within the framework of the Welsh legislative, policy and institutional arrangements. It is broadly aligned with the People and Skills objective of "Supporting people furthest from the labour market to overcome barriers to work by providing cohesive, locally tailored support, including access to basic skills" but rather than being a reactive approach to tackling an individual's isolation from the labour market, it is a proactive, preventative approach that is proven to avoid economic inactivity occurring in the first place. Evaluation evidence shows that the pandemic, which interrupted delivery to some extent, has intensified the level of anxiety, school phobia, poor social skills and poor mental health amongst the target group so increasing their risk of becoming NEET in later life.

The final Cynnydd interim evaluation report concludes *"evidence also demonstrates that where participants have engaged, the operation has been very successful in generating positive outcomes with 69% of the closed cases to date exiting the operation at a reduced risk of NEET. This is higher than expected (62%) despite the needs being more intensive than anticipated. Thus, the operation should be commended for its success rate with participants."*

The Cynnydd operation is continuing until November 2022. The final evaluation, which will be available by February 2023 will include an analysis of return on investment. However an *ex ante* assessment demonstrated that a tailored intervention such as Cynnydd provided a significantly better return to the public investment than either a generalised intervention or the "do nothing" option.

The region also intend to train trainers so that they are able to deliver numeracy skills training in support of the Multiply initiative, due to the shortage of such trainers in Pembrokeshire and across the South West Wales region. The shortage of numeracy basic skills trainers was identified in consultation with adult education services in local authorities and further education colleges across South West Wales. This consultation was conducted as a part of the preparatory work behind this Investment Plan.

A broad range of other emerging areas of activity include:

- Paid work experience
- Paid Placements project/apprenticeship support scheme.
- Prison leavers programme.
- (Potentially) NHS skills and placement project
- Pilot Green skills programme
- Addressing current and future skills needs of local employers
- Refugee and Asylum seeker employability and skills project - Swansea as city of sanctuary
- Pilot Skills and Brokerage service (GCS)
- Intensive In-work Support
- Supporting basic and life skills, so individuals are ready to lead fulfilling lives as valued members of society (linking to Multiply).
- Early intervention to provide young people and adults with the the skills and knowledge to manage everyday life independently
- Environmental projects to support group interaction, mental health and wellbeing.
- Structured sessions providing practical financial, budgeting, housing and money management.
- Pre-engagement programme.
- Enhance apprenticeship provision. Ensuring there is a flexible offer to young people not in education, employment or training – to include outside of normal office hours to support the needs of young people.
- Early identification and intervention for those transitioning to post 16 destinations.
- Targeted school support for school holidays

5.0 PROJECT SELECTION

The programme presents an exciting opportunity to design and deliver local interventions with regional consistency, and to pool and commission activity across places where this makes sense and adds value for the people and communities receiving support.

South West region is keen to design interventions to ensure that funding is directed to projects that make sense to people and businesses, with the focus on delivery and delayering of bureaucracy as far as possible. Funding arrangements should ensure they follow the constitutional arrangements for organisations in receipt of funding and factor potential impact of administrative burden created by complex legal and financial arrangements and aim to keep these to the minimum required to ensure effective delivery and added value.

Whilst there is a need to accommodate transition from existing programmes to an extent, exit strategy remains a key question for any activity of any scale by any organisation, and organisations will be expected to articulate this point carefully in applications - the programme activity should be about enabling and supporting sustainable activities, not creating long-term dependencies.

The region consists of four partner local authorities with well over a decade of constructive and positive collaborative working, with individual local allocations. The understanding is that the allocations are fundamentally local allocations with a regional oversight to share good practice, consistency and good programme management, whilst allowing each local area the flexibility to adapt programmes to meet the subtle differences in local need, as well as addressing a large number of challenges and opportunities held in common.

The region intends to use 4% of the funds between Swansea as lead authority working closely with small teams in each individual local authority to ensure seamless delivery of the programme. A collaborative approach has worked well between the partner authorities over a number of years on a range of programmes including most recently the Welsh Government Transforming Towns programme which follows the same basic model as proposed here.

The approach will be finalised once the project guidance is issued during August but the working intention is to deploy the following delivery methods in all cases being clear on local and regional benefit of activities proposed:

- Carefully chosen grant schemes that enable businesses and communities to benefit from programme opportunities
- Commissioned activity at local and regional where there is a direct benefit to the people in their communities and businesses across the region, with direct applicability during the programme period
- Procured activity at local and regional level
- Opportunities to work across regions where appropriate and value added and where there is specific evidence of local benefit
- In-house delivery where appropriate and commensurate with organisational duties

- Ensuring appropriate match funding input depending on scale and nature of activity and avoiding paper-chase distracting from project delivery
- Ensuring genuine engagement from project deliverers and evidence of capacity to deliver
- Ensuring project deliverers have sufficient capacity to manage and deliver projects effectively
- Multi-agency approaches where appropriate and ensuring sufficient administrative capacity to operate projects effectively.

Guidance-permitting these approaches will be used individually or in combination subject to the needs of particular activities and projects.

UK Government

LEVELLING UP