

Swansea Bay City Region  
Economic Regeneration Strategy  
2013 - 2030



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# 1. Introduction

## Context

- 1.1 Swansea Bay City Region Economic Regeneration Strategy represents an ambitious strategic framework to support South West Wales and its future economic development. This document sets out that framework, which is intended to stimulate and shape the work of all our stakeholders as we come together behind a common vision, to enhance the long-term prospects of our City Region economy, its businesses, and communities.
- 1.2 The framework has been designed to support the City Region's development over the next two decades. As such, it is intended to provide clarity, consistency and focus in terms of our collective action over that period, as well as setting out an innovative and stretching approach to tackling the structural challenges that are holding back our economy.
- 1.3 It is an unambiguous strategy for economic success, designed to accelerate our growth so that we can reduce the gap with the performance of the rest of the UK in wealth creation terms. Despite the strategy bringing much needed certainty and assurance to our development thinking, given the speed of change evident within an increasingly globalised world economy, it is vital that the strategy has in-built responsiveness and flexibility at its core, so that it can be delivered in a dynamic fashion and respond quickly and assertively to breaking market, technology and policy opportunities.
- 1.4 It is a forward leaning strategy that proactively charts a better economic future for the City Region and its citizens. It connects and articulates our complex economic, social and environmental needs at the City Region level, whilst also recognising that wider policy thinking at the level of Wales, the UK and EU will also impact greatly on the City Region's future direction.

## Developing our economic strategy for *Swansea Bay City Region*

- 1.5 The development of the strategy is the culmination of a rigorous and transparent process. It has sought to explain why our economy has been performing as it has done over recent decades. Additionally, the process has also been designed to enthuse our partners and secure real commitment for a new economic trajectory for our City Region, as well as setting out a route map for getting us to where we want to be.
- 1.6 Our starting point for developing the strategy was a recognition that in order to achieve the long-term economic success that we are striving for, we must respond to, and address, the City Region's strategic issues in the round.
- 1.7 In the Autumn of 2012, we carried out a comprehensive and honest assessment of our historical socio-economic performance, using a wide range of policy lenses. More specifically, detailed Strengths, Weaknesses, Opportunities and Threats (SWOT) assessments were applied, drawing on the following complementary strands of evidence:
  - an in-depth review of key strategic documents

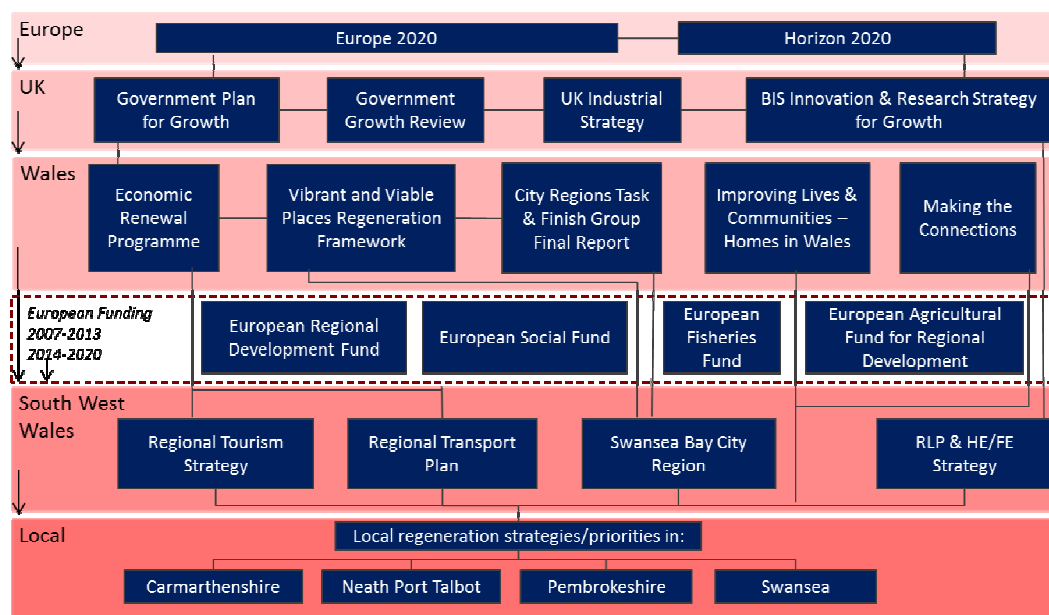
- analysis of secondary socio-economic data including econometric projections to identify the likely direction of travel for the City Region economy over the next two decades in terms of levels of Gross Value Added (GVA) and employment, as well as sectoral trends
  - a set of bilateral stakeholder consultations, following earlier scoping discussions, with key partners and stakeholders from across our City Region
  - regular meetings of the formal study Steering Group, comprising representatives from each of the four local authorities in the City Region (Neath Port Talbot, Swansea, Carmarthenshire, and Pembrokeshire) as well as the Regional Learning Partnership, the South West Wales Regional Tourism Partnership and the South West Wales Economic Forum.
- 1.8 The content from the thematic SWOT assessments was synthesised and debated with stakeholders at a workshop event held in Pembrokeshire on the 24 October 2012. Following on from the first workshop event, further work was undertaken to translate the SWOT assessments into a series of emerging strategic priorities for discussion. These emerging priorities were assembled into a draft Strategic Framework, which was debated and tested at a second stakeholder workshop event, held on 6 December 2012 in Swansea (attended by more than 60 participants), and was subsequently refined in light of the comments received.
- 1.9 The resulting Strategic Framework, which has been widely endorsed by partners, comprises a suite of Strategic Aims for the City Region and an overarching long-term Vision, which are presented later in this document.

## 2. Policy Context

### Overview of the policy context

- 2.1 The economic development policy landscape covering the Swansea Bay City Region is an extremely well-developed one. It provides a suite of clear strategic emphases covering different policy themes at the European, UK, Wales and local levels.
- 2.2 Figure 2-1 illustrates the breadth and complexity of this policy backdrop, with a particular focus on the strategic commitments that influence, and are of interest to, our new ambitious economic growth agenda in the City Region.
- 2.3 The policy documents cover a broad spectrum of socio-economic issues ranging from poverty reduction through to wealth creation. Importantly, our new long-term economic strategy explicitly focuses on the main drivers of productivity and prosperity. Nevertheless, if implemented fully, as well as enhancing our economic competitiveness, it will support efforts to tackle deprivation by increasing levels of demand and creating new employment opportunities across the City Region.

**Figure 2-1: Overview of the policy landscape influencing Swansea Bay City Region**



Source: SQW 2013

### A shifting European policy agenda

- 2.4 At the European level, there are a number of key policy commitments of relevance to the City Region's future economic development, including the Europe 2020 and Horizon 2020 frameworks. Both of these policy areas set ambitious targets for Europe through to 2020, designed to stimulate an economic recovery.
- 2.5 Europe 2020 was published in 2010, and states that European nations should focus on economic growth that is *'smart, sustainable, and inclusive'*. Smart growth emphasises the importance of knowledge and innovation, sustainable growth emphasises efficiency,

competitiveness and being greener, and inclusive growth talks of delivering social and territorial cohesion. These are key themes that we will need to be alert to as we seek to deliver the strategy.

- 2.6 A year after the publication of the Europe 2020 report, Horizon 2020 was produced, specifically focusing on research and innovation, as a replacement to the current Framework Programme, FP7. Its own priorities reflect those of Europe 2020, with three themes, centred on 'Excellent Science', 'Industrial Leadership', and 'Societal Challenges'. The first of these highlights the importance of having the relevant infrastructure in place to encourage research, including the necessary human capital, as well as the physical infrastructure. The second, 'Industrial Leadership', calls for leadership in key technologies, listed as 'ICT, nanotechnologies, advanced materials, biotechnology, advanced manufacturing and processing, and space', and support for innovation in small and medium sized enterprises (SMEs). The final priority centres on overcoming key societal challenges, including issues of environmental sustainability, inclusivity, food security, health, and demographic change.
- 2.7 The practical implications of recent European policy shifts for the City Region are not only presented in terms of their growing influence on emerging UK and City Region level policy thinking, but also in terms of the shape of the next round of EU funding which will cover the period 2014-2020. In resourcing terms, this will be vitally important for the City Region and any investments made will need to be impactful and well-aligned with what this economic strategy is calling for.

### **Emerging UK policy perspectives**

- 2.8 The policy direction that the UK takes is also of great interest to the City Region. The UK Government's *Plan for Growth and Growth Review* are key examples of macro-economic thinking within the current UK government. The focus is on emphasising competitiveness, flexibility and economic re-balancing, with an acknowledgement that growth in the past has been overly concentrated in particular industries and in particular locations, namely the South East of England. Encouraging business start-ups and supporting SMEs, changing planning regulations and business regulations, are seen as key policy levers designed to create an optimal environment for business growth and development. An educated workforce is also identified as being an important ingredient for achieving flexibility in the UK economy.
- 2.9 The Government's *'Industrial Strategy: UK Sector Analysis'* report, identifies priority sectors in three broad categories, as having the potential to make a greater contribution to future growth and employment. These are: advanced manufacturing; knowledge intensive traded services; and enabling sectors, such as energy and construction. Sectors that the current Government has concentrated its efforts on supporting are stated in the Plan for Growth as including: healthcare and the life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism.
- 2.10 In the Government's *Innovation and Research Strategy for Growth*, a series of actions that the Government will support are put forward, aligning strongly with the Plan for Growth, as well as European policy agendas. Efforts are to be targeted at supporting 'blue skies' research,

particularly research deemed to be excellent and particularly at those universities assessed as being very strong. Emerging technologies are targeted, such as graphene and synthetic biology, encouraging business investment in innovation, particularly SMEs, increasing knowledge exchange and international collaboration and FDI in innovation, and removing 'red tape'. There is a particular emphasis placed on the public sector encouraging the private sector to innovate.

- 2.11 As well as strategies for growth, it is also important to recognise the impact of other UK policies on the City Region economy. For instance, changes to the welfare system, such as the introduction of the Universal Credit in 2013, which will replace six previous benefits, is likely to impact on the economic well-being of residents in SWW and will need to be monitored carefully.

### **Key policy responses in Wales**

- 2.12 Policy development in Wales further reflects the recurring themes in Europe and the UK, with a clear focus on economic renewal and regeneration in the wake of the economic crisis. A good example is the recently published 'Vibrant and Viable Places' report, which reflects within it efforts to create a Wales with prosperous communities, learning communities, and healthy communities. These high-level strategic imperatives run through the Welsh Government's policy agenda, including through their Programme for Government and Communities First programme. The 2010-published '*Economic Renewal: a new direction*', targets five priorities for action for Wales, involving: support for innovation; broadening of the skills base; making Wales an attractive place for business; investing in suitable infrastructure; and targeted support for business.
- 2.13 Key priorities for regeneration identified by the Welsh Government are to target investment in town centres, supporting coastal communities, and targeted assistance for Communities First clusters. A partnership-based approach is expected by the Welsh Government and intervention should be evidence-based, people-based, and place-based.

### **Local policy priorities**

- 2.14 There have also been important policy developments at the Swansea Bay City Region level that need to be factored into the development of our new economic strategy. For instance, an on-going commitment to the Regional Learning Partnership is a notable example of regional partners working together effectively across administrative boundaries towards a common goal. Covering the City Region, Ceredigion and Powys, this brings together local colleges, universities, local authorities and others to put forward a shared vision for education and skills in the City Region. Other policies already in place include the South West Wales Regional Tourism Strategy and the South West Wales Regional Transport Strategy, each tasking City Region partners to work collaboratively to tackle priority issues. More generally, we have a growing track-record of partnership working and joint working, which should give us confidence as well as important learning lessons for the future.
- 2.15 It is vital therefore, that the strategy effectively builds on, complements and shapes existing strategic plans whilst at the same time, clearly responding to what the evidence base demands. Similarly, localised neighbourhood and local authority district level strategies will

also need to be influenced so that these are all contributing towards the City Region strategy agenda for change. We are confident that through our extensive action mapping, stakeholder consultation and interactive workshop events, the strategy will have a broad reach across the City Region, ensuring an assertive but inclusive partnership-led approach to our new shared long-term economic vision. However, successful partnership working requires significant and continuous effort, trust and commitment. These must be the defining delivery traits of the strategy as we seek to re-shape our economy over the next two decades.

### **Framing the City Region's opportunities and challenges**

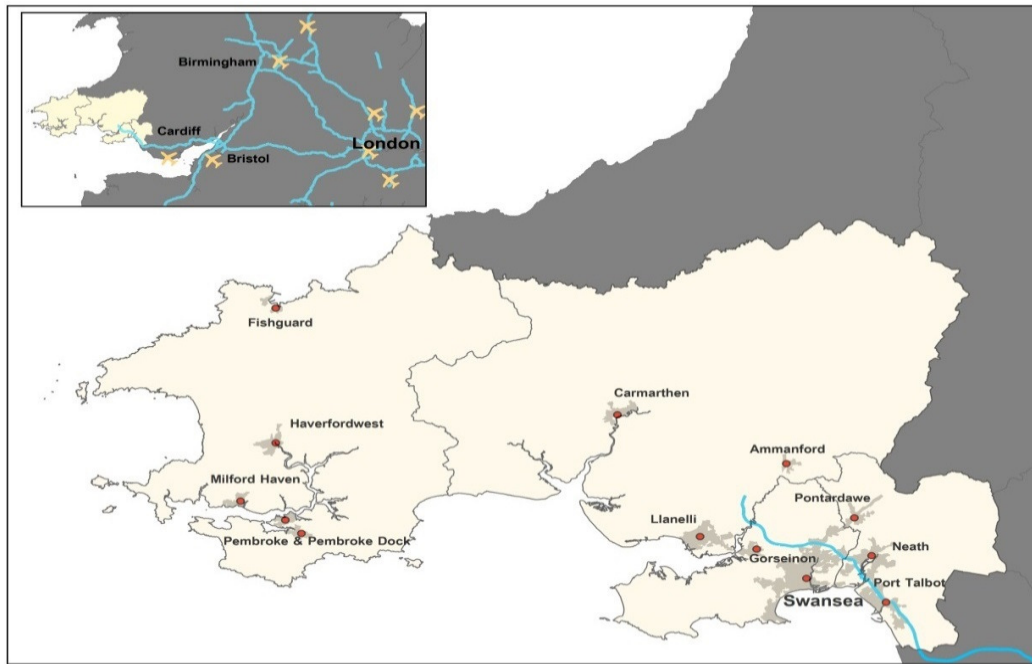
- 2.16 If we are serious about delivering a more prosperous future for our City Region and its communities, the strategy must build on our many strengths, and tackle the underlying structural weaknesses that are holding us back.
- 2.17 To do this, we must first be clear on how the City Region – the place, its people and its economy – is currently performing, to frame the scale of the challenges we face and the opportunities we must grasp. We also need to understand what is likely to happen in the future to jobs and economic growth if we do not act now. In short, the strategy must be evidence-led, drawing on the best available statistical information and robust econometric forecasts. The pages that follow, present the key elements of this evidence base that have been used to shape and develop the Strategy and underpin its key components.

### **Situating Swansea Bay City Region**

- 2.18 Swansea Bay City Region is a **large and diverse City Region, containing both urban and rural places with distinctive, though inter-connected, economies and communities.** This distinctiveness is a major asset in attracting people to live, work, visit and invest. The City Region contains a high quality natural environment including two National Parks, dynamic urban centres including Swansea City Centre, and attractive market towns serving as local economic, leisure and service hubs.



Figure 2-2: Situating Swansea Bay City Region and its internal and external context



Source: SQW 2013

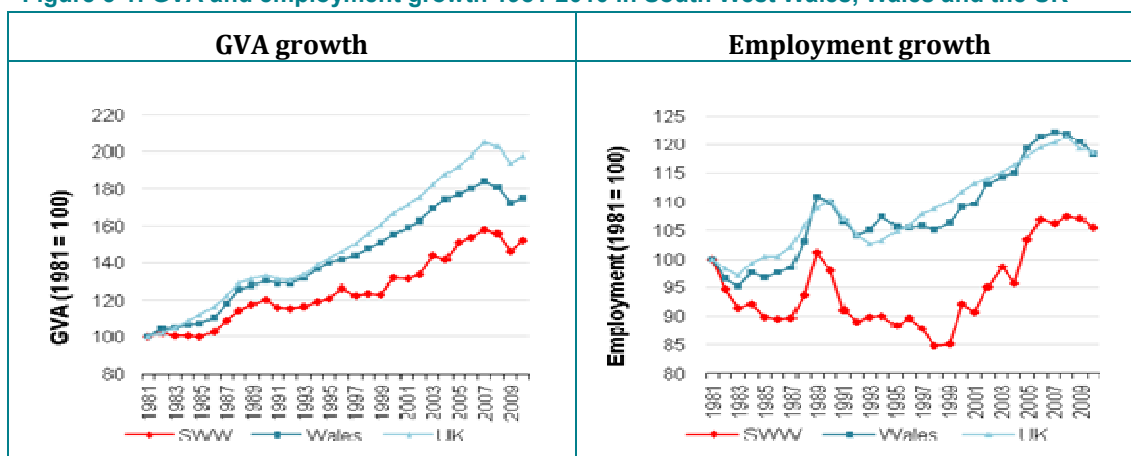
## 3. Economic Context

### Headline economic performance and prospects

#### *Swansea Bay City Region is underperforming economically ...*

- 3.1 **With a resident population of 685,000, supporting some 280,000 jobs, and containing around 20,000 businesses, the City Region is a major driver of the Welsh economy.** Over and above the headline numbers, it contains globally significant firms, for example, Tata Steel in Neath Port Talbot and Valero in Pembrokeshire. It also benefits from its leading universities, providing a valuable mix of research-oriented and applied educational and innovation opportunities, as well as major tourism assets and leisure attractions.
- 3.2 The City Region **has benefited from significant investments in its infrastructure over the past decade.** These range from the regeneration of Llanelli town centre in Carmarthenshire, to the portfolio of incubation centres created across the City Region, and on to the 'Harbour Way Project', linking Port Talbot and the Docks to the M4. This is creating a vital link east to Cardiff, the wider UK motorway network and mainland Europe (the largest transport project in Wales since the construction of the M4 itself), as well as improvements to the A40 in Pembrokeshire and the development of Swansea University's flagship new Science and Innovation Campus on Fabian Way, which is a transformational project for Wales and the City Region.
- 3.3 **However, as an ambitious forward-looking City Region, we are underperforming economically, and failing to reach our full potential.** The primary indicator used to measure an economy's overall performance is Gross Value Added (GVA). SWW generated a GVA figure of £8.3bn in 2010, which accounted for 20% of the Welsh total. Swansea accounted for £3.4bn, Carmarthenshire £1.9bn, Neath Port Talbot £1.6bn, and Pembrokeshire £1.4bn. Therefore, whilst Swansea is clearly vital to our overall City Region economic prospects, all four of our Unitary Authority Areas matter economically and crucially, they perform slightly different roles. What is crystal clear from the evidence is that in economic terms, we are stronger together and effective collaboration, co-operation and partnership working will be the determinants of our future success. Overall GVA growth in the City Region has been consistently below that of the UK and Wales over the past two decades, as shown in Figure 3-1.

Figure 3-1: GVA and employment growth 1981-2010 in South West Wales, Wales and the UK



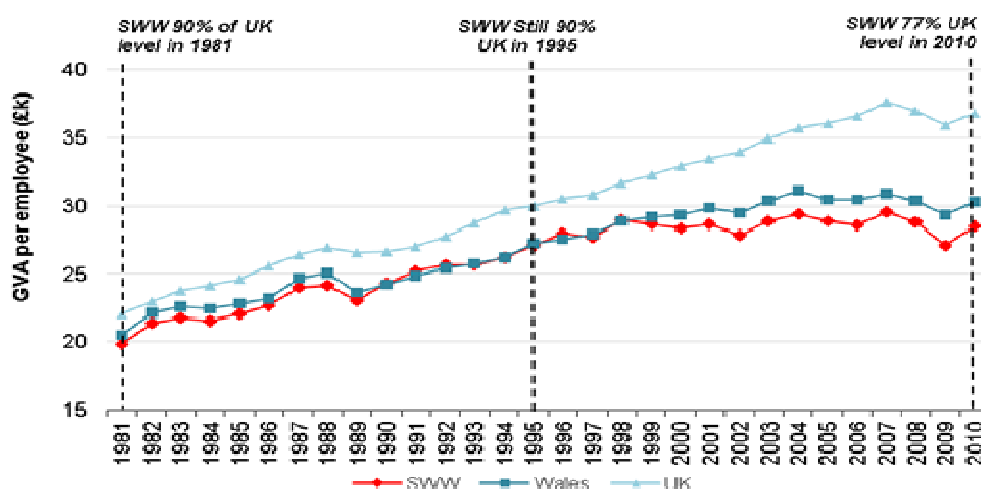
Source: SQW 2013

- 3.4 Our underperformance in GVA growth became most pronounced in the aftermath of, and longer-term recovery from, the 1990/91 recession. Over the next decade, as firms closed down or left the area and were not replaced, employment levels also declined. This trend was the polar opposite to what was happening nationally, where employment levels increased. Ensuring that history is not repeated as we recover from more recent economic shocks is a central theme of our strategy going forwards.

*... and must respond quickly to the productivity imperative*

- 3.5 Employment growth in the City Region returned by the end of the 1990s, and continued to rise until the downturn/recession hit, nationally, in 2008. However, too much of the employment created over this period was in lower value sectors and occupations – including in the education, health and wider public sector. And as traditional employment was lost, with, for example, over 30,000 fewer jobs in manufacturing in 2010 than was the case in 1990, **a major productivity gap emerged between the City Region and the UK. The productivity gap is now the key factor underpinning our sub-optimal economic performance** and is the unambiguous number one priority of our strategy.
- 3.6 GVA per employee in the City Region was £28,500 in 2010, against a comparable figure of £36,800 in the UK, 77% of the UK average. By contrast, in 1990, our GVA per worker was 90% of the UK level, as had been the case back in 1981. Clearly, external factors are at play here, with UK growth driven by the performance of London as a leading global city and the wider South East of England in particular. However, **productivity has also fallen below the Welsh level for over a decade**. In 2010, our productivity was equivalent to only 94% of the Welsh level. The decline in our productivity relative to the rest of Wales and the wider UK must be halted as a matter of urgency (see Figure 3-2 for details).

Figure 3-2: Productivity in South West Wales, Wales and the UK, 1981-2010



Source: SQW 2013

- 3.7 This productivity deficit is *not* because workers in the City Region work less hard than those elsewhere. Indeed, the average hours worked are essentially the same as in the rest of the UK. Rather, two key factors drive this under-performance. First, the sectoral mix of our economy as a whole is geared towards lower value sectors compared to the UK. Second, the nature of occupations on offer within these sectors, which are generally of a lower value than elsewhere. Alarming, only in Government Services – where the presence of national HQs is a key factor – is productivity higher in the City Region (South West Wales) than the UK as shown in Table 3-1.
- 3.8 This productivity deficit matters: if GVA per employee in 2010 was at the UK level, the economy would generate an extra £2.4bn per annum. In simple terms, our City Region is losing ground to the rest of Wales and the wider UK. Over time we are becoming less wealthy than our neighbours and this trend cannot and must not be allowed to continue.

Table 3-1: Sectoral employment and productivity in South West Wales and the UK (2010)

	South West Wales		UK	
	% employees	GVA per worker (£)	% employees	GVA per worker (£)
Manufacturing	7%	44,100	8%	48,100
Electricity, gas, water	1%	86,300	1%	102,800
Construction	8%	33,500	7%	43,600
Distribution	18%	19,600	15%	28,600
Transport & storage	3%	32,200	5%	38,900
Accommodation & food services	8%	14,200	6%	18,500
Information & communication	1%	64,600	4%	72,600
Financial & business services	13%	32,400	20%	45,600
<b>Government services</b>	<b>33%</b>	<b>30,600</b>	<b>27%</b>	<b>29,500</b>
Other services	5%	18,000	5%	24,000

Source: SQW analysis of Cambridge Econometrics data Note: excludes Agriculture and Mining

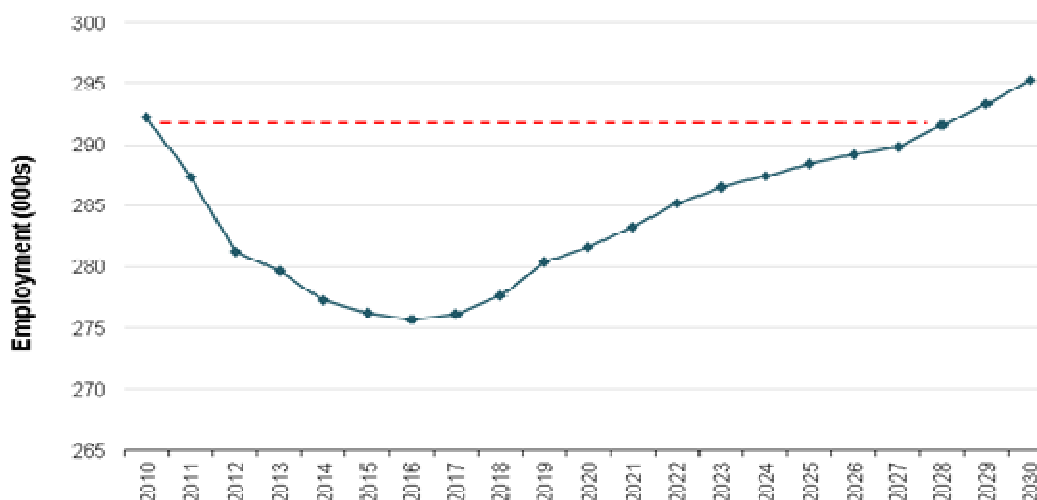
3.9 Looking forward, **the productivity gap between the City Region and the rest of the UK is forecast to remain in place if targeted and collegiate action is not taken through the strategy.** By 2030, GVA per worker is forecast to be £38,300, compared to a figure of £49,400 in the UK, still only 77% of the UK total. Put simply, if **we do not act through the strategy to drive productivity improvements, we will continue to perform at around three-quarters our true potential.** Put another way, if we do not act now, by 2030, we estimate that each worker in the rest of the UK will on average, produce around £10,000 more than each worker in Swansea Bay City Region in GVA terms.

**... and address a re-emerging employment challenge**

3.10 There is no doubt that tackling the productivity imperative is fundamental to raising the quality of life and prosperity of our City Region. However, there is also a second, related stubborn challenge to address. That is to create new, and sustain existing, employment for the City Region and its workers. As we have seen, following the 1990/91 recession it took the City Region over a decade to recover in employment terms. The econometric forecasts suggest that without concerted action, this trend will be repeated. And given the depth of the national recession and lack of a meaningful recovery in growth terms, the City Region will potentially be hit even harder, with **the forecasts indicating that employment levels will not return to their level in 2010 until at least 2028.** This is a stark message that is worth repeating. If the forecasts are correct and we do not take any remedial action now, we will not get back to a position of having the same number of jobs that we had in our economy in 2010 until 2028. The impact of this is potentially devastating, particularly for our younger citizens.

3.11 Additionally, overall employment levels in the City Region are forecast to decline further through to 2016, contracting to around 275,000 jobs, compared to projected employment growth in the UK as a whole. The employment forecasts on the current 'do nothing' scenario are presented in Figure 3-3.

**Figure 3-3: Forecast for aggregate employment in South West Wales**



Source: SQW 2013

- 3.12 These data should not be taken too far; forecasts are just that, *best estimates* of what is likely to happen in the future, drawing on evidence from the past. That said, the data and the underlying messages are critically important for our partners, highlighting that the city Region faces a major employment challenge, over the next decade or so.

### Summary of our existing economic challenges and opportunities...

- 3.13 Further to the headline challenges set out above for GVA, productivity and workplace employment, other key issues facing the City Region are as follows:

- ***On Enterprise, we have too few businesses and are not growing our business base quickly enough.*** The data used in developing our strategy indicate that the City Region had fewer businesses per head of the population than the UK as a whole (475 per 10,000 of the working age population, compared to 570 across the UK) meaning that there are fewer firms to generate the wealth we need and employment opportunities for local people than elsewhere. Further, the rate of new business formation has reduced substantially over the past few years, and considerably fewer firms are being started in the City Region (on a per capita basis) than in Wales and the rest of the UK (in 2010, 37 new firms started per 10,000 of the working age population, compared to 58 in the UK and 59 in Wales).
- ***On Skills, there are major deficits across our City Region. We have insufficient people with higher level qualifications, and too many people with no qualifications at all.*** Increasingly, as the UK competes on the basis of quality, and as economies globally develop their own capacity, the skills of the labour market will be a key determinant of economic success. However, currently, the City Region underperforms against the UK, with only 28% of our residents having NVQ4+ qualifications (degree level or equivalent), compared to 33% across the UK. Further, 14% of our working age residents have no qualifications, against a comparable figure of 11% in the UK.
- ***On Employment, our unemployment and economic inactivity remain too high .*** All places across the UK have suffered as a result of the recession in terms of rising unemployment and economic inactivity. However, over the long-term, engagement in the labour market has been lower in the City Region than elsewhere, and economic activity in particular is now well below national levels – at 71% compared to 76% in the UK (and 72% in Wales). Further, jobs are all too often in those occupations which tend to pay relatively low wages; the average weekly salary £366, compared to £404 in the UK.
- ***On Land, Property & Infrastructure, despite the significant investment that has gone into the physical fabric of the City Region over the past decade, major challenges remain, and our infrastructure is not currently meeting the needs of modern businesses, and communities.*** In terms of the physical offer, much of our commercial and retail property is of a low quality, and there is limited speculative commercial development activity underway as demand is low and potential rents and take-up rates are poor, meaning that gap funding is often necessary to bring schemes forward. Further, our connecting infrastructure requires investment; rural communities suffer from limited broadband availability, and

strategic transport links to the West of the City Region in particular are under-developed, limiting the potential for internal commuting and business-to-business linkages. Similarly, air connectivity to major international business centres from South Wales also needs to be improved.

- **On Inclusion and Communities, although many of our places are prosperous, too many of our communities continue to suffer from high levels of multiple deprivation and poverty.** There are pockets of very severe deprivation in all of our Unitary Authority Areas, and across both urban and rural places. In many of these areas, inter-generational worklessness remains a stubborn issue to address, often exacerbated by physical isolation, through poor local transport links. As mentioned earlier in this document, the strategy intentionally focuses on the drivers of wealth creation, although partners will also have to work together to ensure that deprivation issues are tackled in a co-ordinated and sustainable fashion.

3.14 However, despite these challenges, there are also major opportunities on which to build:

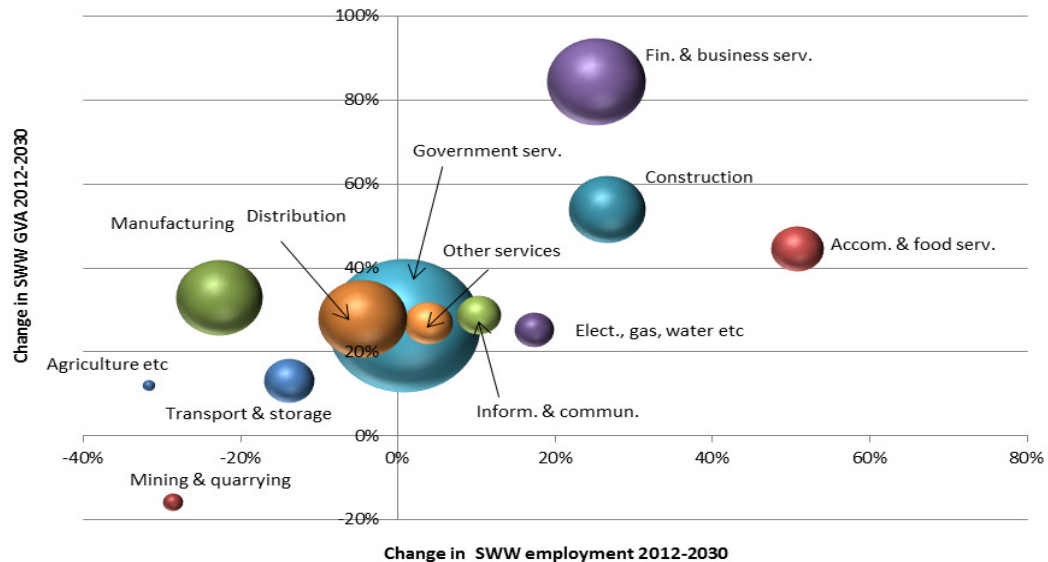
- **We have many important innovation and knowledge economy assets.** Our Universities provide both pure and a more applied R&D offer, as well as expertise in cultural/creative industries. The new £200m Science and Innovation Campus of Swansea University is one of the UK's major transformational innovation projects, and will create thousands of new high quality jobs directly and indirectly. It will deliver a step change in our City Region's innovation offer and will position us on an international platform. It is essential that the economic and wider impacts of this strategic development are maximised.
- **We have existing strengths in key sectors with significant potential for growth going forward.** In a number of key sectors we have the potential to drive real productivity gains and boost our economic competitiveness, both through our existing companies and potentially through new in-movers and further enterprise development. These include: energy; advanced engineering/high value manufacturing; tourism; ICT; and financial and business services.
- **Our natural environment provides a highly attractive quality of life offer.** The City Region and its local areas, offer residents, visitors and investors a very attractive quality of life proposition, be this the Pembrokeshire Coast National Park, the Gower Peninsula, or rural Carmarthenshire, including the Brecon Beacons National Park. Our environment is a major asset on which to build and market, and we can provide an affordable choice for families, with an average housing cost of under £110k, compared to more than £160k in the UK as a whole.

### ... and insights into our changing economy of the future

3.15 Our economy will experience significant change over the next two decades. Although we have experienced large-scale industrial re-structuring already, the economic forecasts suggest that changes in the sectoral mix of the economy will continue to impact on our future economic performance and wider prospects. The overall sectoral shape of the economy over the next two decades is set out in Figure 3-4.

3.16 Positively, this indicates significant growth in GVA and employment in ‘modern’ service sectors such as financial and business services, and ICT, as well as growth in construction. However, ‘traditional’ industries in the area including manufacturing, mining and agriculture will continue to decline in GVA terms. Indeed, mining and quarrying is projected to decline in employments terms as well.

**Figure 3-4: Sectoral shapes over the next two decades (size of the bubble = GVA in 2012)**



Source: SQW analysis of Cambridge Econometrics data 2013

3.17 Looking at these sectoral issues in more detail, the forecasts have been analysed at the level of 45 distinct sectors, allowing us to classify each sector within one of three different groups:

- *Expanding Sectors* which will witness a growth in GVA and a growth in employment
- *Adjusting Sectors* where GVA will increase but employment is likely to decrease
- *Shrinking Sectors* that will see both GVA and employment decrease over the next decade.

3.18. The table below (Table 3-2) shows these sectors, their current size, and their forecast growth, demonstrating the large differences in size and growth potential.

**Table 3-2: Employment and GVA growth by sector, from 2012 to 2030**

Sector	Employment			GVA		
	2012 ('000s)	2030 ('000s)	% change	2012 (£m)	2030 (£m)	% change
1 Agriculture	7.9	5.4	-32	16.6	18.6	12
2 Mining & Quarrying	0.7	0.5	-29	49.1	41.4	-16
3 Food, Drink & Tobacco	2.5	2.6	4	107.2	170	59
4 Textiles.	0.5	0.3	-40	8.1	4.9	-40
5 Wood & Paper	0.9	0.6	-33	27.3	26.8	-2
6 Printing & Recording	0.6	0.4	-33	3.2	3.3	3



Sector	Employment			GVA		
	2012 ('000s)	2030 ('000s)	% change	2012 (£m)	2030 (£m)	% change
7 Coke & Petroleum	1.0	0.6	-40	68.6	78	14
8 Chemicals	0.5	0.3	-40	20.1	30.1	50
9 Pharmaceuticals	0.1	0.1	0	29.7	32.4	9
10 Non-Metallic Mineral Production	3.8	2.1	-45	65.3	93.1	43
11 Metals & Metal Production	6.4	5.3	-17	401	517.3	29
12 Electronics	0.6	0.2	-67	32.7	35.4	8
13 Electrical Equipment	0.7	0.5	-29	41.5	54.1	30
14 Machinery	0.8	0.8	0	30	43.3	44
15 Motor Vehicles	0.8	0.1	-88	33.1	71.3	115
16 Other Transport Equipment	0.3	0.3	0	29.4	29.5	0
17 Other Manufacturing & Repair	1.9	1.7	-11	34.3	48.4	41
18 Electricity & Gas	0.6	0.6	0	81.5	82.8	2
19 Water, Sewerage & Waste	1.7	2.2	29	106.6	152.6	43
20 Construction	22.9	29.0	27	723	1113.2	54
21 Motor Vehicles Trade	5.3	5.9	11	163.1	240	47
22 Wholesale Trade	5.7	6.2	9	81.8	106.4	30
23 Retail Trade	33.5	30.4	-9	719.6	887.7	23
24 Land Transport	8.6	7.1	-17	119.8	149.3	25
25 Water Transport	0.3	0.2	-33	98.5	117.8	20
26 Air Transport	-	-	-	-	-	-
27 Warehousing & Postal	4.7	4.4	-6	90.1	81.7	-9
28 Accommodation	4.5	7.9	76	87.7	143.4	64
29 Food & Beverage Services	14.8	21.3	44	246.8	340.5	38
30 Media	1.7	1.8	6	109.1	117.1	7
31 IT Services	2.3	2.4	4	125.3	184.9	48
32 Financial & Insurance	5.4	4.8	-11	321.4	543.7	69
33 Real Estate	3.3	6.2	88	295.3	756.7	156
34 Legal & Accounting	1.5	1.9	27	45.8	65.6	43
35 Head offices & management consultancy	1.0	2.3	130	15.4	31.7	106
36 Architecture & Engineering Services	2.4	2.9	21	109.6	159.5	46

Sector	Employment			GVA		
	2012 ('000s)	2030 ('000s)	% change	2012 (£m)	2030 (£m)	% change
37 Other Professional Services	3.0	3.6	20	78.6	129.6	65
38 Business Support Services	17.3	20.5	18	349.8	555.3	59
39 Public Administration & Defence	21.5	22.2	3	779.3	952.2	22
40 Education	27.8	30.3	9	756.9	877	16
41 Health	25.6	27.4	7	1074.3	1322.5	23
42 Residential & Social	20.3	16.0	-21	305.4	531.3	74
43 Arts	2.6	2.2	-15	27.9	30.7	10
44 Recreational Services	6.3	6.5	3	102.6	167.2	63
45 Other Services	6.6	7.3	11	152.5	161.1	6

Source: SQW analysis of Cambridge Econometrics data 2013

3.19. Taking each of these groups in turn, we can observe the following headlines:

- Expanding sectors** include a broad range of knowledge orientated activities, in both service and more traditional manufacturing areas. Key expanding sectors include: **Architectural and Engineering Services; Legal and Accounting; Media; IT;** and **Business Services; Construction;** and **Real Estate** are also forecast to be major expanders over the next two decades. The highest growth in employment is forecast in **Head Offices and Management Consultancy**, whilst the highest growth in GVA is forecast to be in **Real Estate**.
- Adjusting sectors** are those that are becoming more productive as a result of continued improvements in ICT, productive processes and other economic developments, without taking on more employment; maximising the benefits of increased productivity and securing these for the people of the City Region is the core focus in thinking through these sectors that include major traditional industries such as **metals and metal products**, and **agriculture**, as well as retail, where over 3,000 jobs are forecast to be lost. The most divergent sector, i.e. that with the biggest disparity between jobs growth and GVA growth, is forecast to be the **motor vehicle** industry, which will more than double in GVA contribution terms, but will see a 90% reduction in employment, though both are a lot smaller than other sectors in both 2012 and 2030.
- Shrinking sectors** are, encouragingly, few in number in SWW and represent only around 2% of the current GVA in the City Region, and are generally focused on 'old' heavy industries such as **textiles, wood and paper**, and **mining and quarrying**. However, this decline still needs to be managed carefully - with effort made to ensure that those leaving employment in these traditional industries are able to re-engage fully with the labour market, by re-skilling so that they can make the transition to higher-value sectors with sustainable growth potential. The biggest

percentage loss of employment and GVA, where both are expected to be seen, is expected to be in the **textile** industry, though this is a very small sector to begin with.

- 3.20. Based on the 2012-30 data, sectors such as health, education and public administration are forecast to grow over the long-term in relation to employment levels. However, over the short-term, significant employment loss is forecast in the public sector, with around 13,000 fewer employees projected in the public sector in 2017 than 2012. Given the dependence of the City Region on public sector employment – with currently around 35% of our workers in the public sector – this represents a considerable risk to the economy. It is essential that the City Region develops a broad, more balanced and more resilient economic base, capable of managing this risk.

### Understanding the scale of the opportunity

- 3.21. The City Region needs to sustain and create new employment, whilst at the same time, driving productivity growth. This is not simple or easy, but the scale of the opportunity is significant. Indicatively, if we can grow our employment base as forecast to 2030, and over that time return to just 90% of the UK's productivity level, where we have traditionally been, then we would be a £13bn economy. And if we could match the UK level, we would be a £15bn economy, around 30% larger than if we stand still.

**Table 3-3: The indicative scale of the City Region economy based on productivity forecasts**

	2020 (£bn)	2030 (£bn)
Current trajectory	9.2	11.3
At Wales level of productivity	9.9	12.1
At 90% UK level of productivity	10.6	13.1
At UK level of productivity	11.8	14.6

Source: SQW analysis of Cambridge Econometrics forecasts 2013

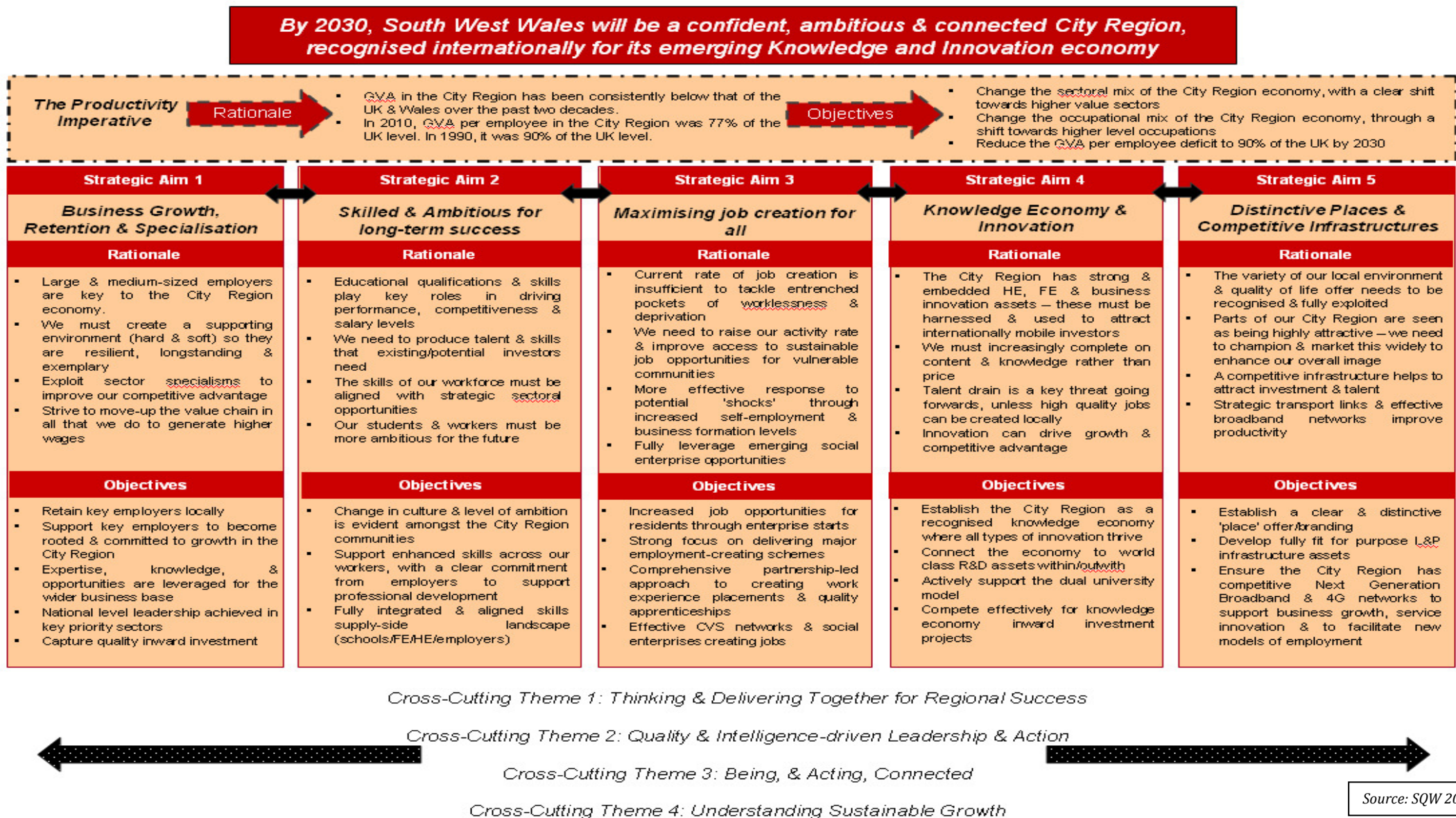
- 3.22. Our new economic strategy and long-term Vision for responding to these important economic challenges and opportunities is presented in the next section.

## 4. Strategic Framework and Vision

### Framework Architecture

- 4.1. *Swansea Bay City Region Economic Regeneration Strategy* represents a bold and ambitious new economic growth plan. It frames our focused response to the most important strategic challenges identified through our evidence review work, as we strive to tackle those deep rooted issues that have hampered our performance over recent decades. Importantly, it also recognises that the City Region is an area of considerable opportunity and in order for our businesses and communities to prosper over the coming decades, this will need to be maximised.
- 4.2. Through our exciting new framework for action, which has been widely endorsed by partners, we set out clearly and coherently for the first time, what we want to achieve together as a smart, forward looking City Region. Additionally, in high level terms, we articulate how we will seek to do this. That said, the strategy does not identify specific projects or programmes. A separate action planning process has been undertaken and a detailed programme of action will be defined. Over the lifetime of the strategy, the action plan will be revisited and refined as part of a flexible approach, to ensure that it is fit for purpose in light of changing economic and policy contexts. However, our strategic intent and vision is unambiguous and constant.
- 4.3. The Framework comprises five complementary **Strategic Aims** that will be tackled in a balanced and comprehensive manner, whilst recognising that some of these will need to be progressed and sequenced intelligently. It also contains four **Cross Cutting Themes**, which are designed to convey the behavioural style in which we will deliver our strategy.
- 4.4. Reflecting this, the Strategic Framework presented in Figure 4-1 highlights what the evidence and stakeholder engagement work has identified as the most important strategic issues for our future socio-economic growth and development. The **Strategic** and **Operational Aims** are outlined in the following sub-sections.

Figure 4-1: A new Strategic Framework for Swansea Bay City Region



## Our Vision through to 2030. . .

4.5. **Swansea Bay City Region Economic Regeneration Strategy** represents a new and exciting long term vision for economic success. It is a bold vision that states that by 2030, SWW will be a confident, ambitious and connected City Region, recognised internationally for its emerging Knowledge and Innovation economy. More specifically, it will be:

- **A £13.1bn per annum economy** – productivity levels are once again at 90% of the UK level
- Recognised across the UK and internationally, for our growing reputation in **innovation and knowledge-based economic growth**
- **A leading UK centre for advanced manufacturing and engineering, renewable energy and high-value service delivery** - both in the private and public sectors
- One of the UK's most **distinctive and attractive places to live, study, work and recreate**, combining a world-class coastline, unique landscapes and environments in our national parks and a network of dynamic urban centres.

## . . . setting out a clear and consistent response to the productivity challenge

4.6. The key imperative that we are seeking to address through this new Strategic Framework is the growing productivity deficit we face with the rest of the UK. As highlighted earlier in this document, **in 1981, our GVA per employee figure stood at 90% of the UK average - a position that was retained through until 1995.**

4.7. However, in the 15 years since then, GVA performance has fallen away considerably relative to the UK. **In 2010, our productivity had dropped to 77% of the UK level.** This alarming trend cannot be allowed to continue into the future and that is why we have set out in our long-term vision, a **key high-level target of getting back to 90% of the UK's productivity level, which would result in a £13.1 billion economy.**

4.8. We will achieve our Vision through two primary action areas:

- Change the sectoral mix of our economy, with a clear shift towards **higher value and higher growth sectors**
- Change the occupational mix of our economy, through a shift towards **higher level and higher growth occupations.**

4.9. Sitting underneath our Vision and the high-level commitment on improving our relative productivity performance, there are five mutually reinforcing Strategic Aims, each with their own set of objectives to meet, as set out in the rest of this section. In addition, there are four Cross-Cutting Themes, which describe how we will go about implementing the Strategy and transforming our economic performance.



## Strategic Aim 1: Business Growth, Retention & Specialisation

- 4.10. Development of a large, vibrant and increasingly specialised business base is a key pillar of our strategy for long-term economic success. Set against the backdrop of an increasingly complicated and inter-connected business landscape, our goal is a simple one, namely to attract, develop and retain: a larger stock of sustainable businesses; higher value and more productive businesses; and a bigger cohort of SMEs that are geared for rapid growth.
- 4.11. We must also ensure that we establish a meaningful dialogue with our key public and private sector employers such as Tata Steel, Valero, and the Driver Vehicle licensing Agency (DVLA). These organisations form an integral part of our economy and we need to create a highly supportive and competitive environment so that they remain resilient and firmly embedded locally.
- 4.12. There is also an important third strand to this agenda. We know that if we want our businesses to move up the value chain, as well as being more innovative, they must also become more specialised. In an increasingly competitive international trading environment, our businesses must focus on those products, service and process areas where they can compete most effectively. At the level of the City Region economy, we must specialise too and at a finer grained level than simply selecting a list of priority sectors.
- 4.13. We must focus on a relatively small number of areas where we have clear development potential now and into the future. This could encompass particular niche areas, synergies across or between sectors, or the adoption of new technologies in traditional industries.
- 4.14. Furthermore, it is imperative that we capture quality inward investment, particularly where this helps to achieve one of the other objectives, such as developing a key sector, or supporting key employers.
- 4.15. We must also keep a strong eye on emerging market and technology trends so that new opportunities can be identified and exploited. In delivering the strategy, we will ensure that the latest foresight and horizon scanning material is used to inform and update our strategic choices.

### Operational Aims

- 4.16. We will deliver against the high-level objectives set out in the Strategic Framework by supporting business growth, retention and specialisation. More specifically, we will:
  - **Provide tailored business advice and support for retention and growth:** Much of our established business base does not fall into the high growth category. That does not mean that these businesses have no growth potential or that they are not important to us. Where a business has attained a stable financial position, it is important to encourage it out of its comfort zone and on to the next stage of development. Through increasing innovation and streamlining of processes, both growth and productivity improvements can be achieved. In particular this applies to the many family owned businesses across our City Region that to date have adopted a more gradual growth trajectory. We will work closely with these businesses to

drive future growth, exploring opportunities for further development of their activities locally

- **Support large-scale existing major employers, within both the public and private sectors**, in developing the skills of their managers and staff, and their innovation activities; mitigating risks to existing high-value employment in the City Region, and exploring opportunities for further development of their operations locally. In short, all partners will work collaboratively and tirelessly to ensure that the needs of our key large-scale employers are adequately met and we are able to compete effectively on an international scale, for high quality re-investment projects. We will protect workforce jobs by enhancing the resilience of indigenous employers, through measures including:
  - Investment in innovation and competitiveness within indigenous sectors; including enhanced connectivity with research strengths and facilitation of international partnerships/export relationships
  - Development of structured workforce development strategies for key strategic sectors including advanced manufacturing, engineering, energy, and ICT
- **Develop a coherent and consistently first rate inward investment offer**, that is opportunistic (to maximise job creation), but at the same time, proactively focuses effort and resource towards our defined niche areas of specialisation (to capture a larger proportion of high value investment projects). Our key priority for future inward investment promotion is to encourage higher value-added FDI. That is both in terms of the type of company attracted (high tech/high growth – with more to offer in terms of knowledge spill-overs) and the level within the company structure of the local office (preferably the UK or European headquarters – with more authority to make key supply chain decisions and to offer more resilience to our economy). We will focus our efforts on those parts of the City Region economy that are well embedded, related and connected
- Similarly, working closely with UKTI, we will support businesses in the City Region to help them to **benefit from internationalisation opportunities**, including exports to overseas markets. Our goal here is to get more firms to export and to do this from an early stage in their development
- **Develop a more entrepreneurial culture across the City Region:** We will ensure this starts as early as possible by embedding entrepreneurship in the school, further education and university curriculum. However, it is never too late to start a business and hence a range of promotional tools will be employed in order to raise awareness of the benefits of entrepreneurship amongst all age groups within our communities.



## Strategic Aim 2: Skilled & Ambitious for long-term success

- 4.17. Developing a thriving and sustainable knowledge economy with high value-added employment will necessitate substantial improvements in our skills levels, such that local people can offer the skills and expertise that knowledge-intensive businesses require. Achieving this will need action across all ages; up-skilling our existing workforce to meet more challenging future requirements and ensuring that young people leave the education system suitably qualified for, and informed about, future opportunities. Put simply, going forwards, a larger proportion of our workforce will need to be educated and to achieve higher level skills, including NVQ Level 4.
- 4.18. This means not only having a fully integrated and well-aligned skills landscape, with optimised links between schools, colleges, universities and employers, but also supporting skills enhancement within the workforce, with strong commitment from employers to support ongoing professional development.
- 4.19. Additionally, in order to compete effectively in the modern globalised economy and to win the race for investment and jobs, we must also raise aspirations and ambitions, as well as educational achievements. This will call for strong leadership from all quarters, including the public sector and there will need to be targeted work with some of our most deprived and isolated communities.

### Operational Aims

- 4.20. We will deliver against the high-level objectives set out in the Strategic Framework by supporting the development of a skilled and ambitious workforce across SWW. More specifically, we will:
- **Improve attainment and ambition in our low performing schools** to ensure that young people leave the education system with the skills and qualifications that will let them progress to high quality employment. This will include a focus on attainment in Science, Technology, Engineering and Maths (STEM) subjects ensuring that young people can make informed subject choices, to enable them to succeed in our expanding knowledge economy. Our young people will also need to have the confidence and aspiration to maximise their potential
  - Ensure that further and higher education **provision in the City Region offers flexible support that is fully aligned to and shaped by the needs of employers and the key knowledge-based growth sectors** in the local economy. This will help us to up-skill the existing workforce and re-skill people from re-structuring industries for opportunities in other sectors of the economy, as well as educating young people in areas for which there is local demand from employers
  - Target individuals in work to **promote awareness of the value of up-skilling, understanding of progression routes and opportunities for further training**
  - **Adopt a co-ordinated approach to expand employer engagement across all types of learning provider**, linked in to business development; our aim is to grow

the market in a way that will create opportunities for all quality providers and to let employers better influence course design.

### Strategic Aim 3: Maximising job creation for all

- 4.21. During the period 2007 to 2013, the rate of unemployment across our working age population increased steadily to above that of the rest of the UK. The evidence suggests that we will continue losing jobs (in net terms) through until 2016.
- 4.22. Projections indicate that the trajectory of economic recovery and growth within the City Region will follow a pattern of 'jobless growth', with percentage growth in employment estimated to be half that of the UK level. In reality, this would mean that levels of employment locally would not return back to 2010 levels until 2028. The concerning employment situation is compounded further when evident shifts from traditional full-time jobs towards part-time and self-employed work are taken into account. In aggregate terms, the resulting imbalance between the supply and demand of labour in the City Region presents a major threat to the economic and demographic sustainability of the area.
- 4.23. Additionally, the City Region suffers from the fact that a relatively high proportion of its working age population is classified as being economically inactive. We have a large cohort of 'hidden unemployed' people that have become isolated from the labour market and are increasingly disenfranchised. They are also reliant upon welfare benefit payments, which will rise more slowly over the coming years. Sadly, too many of our families have suffered from inter-generational worklessness and this is giving rise to extremely vulnerable communities and households that have no experience of modern working environments.
- 4.24. In response, we must do all that we can to increase the availability and accessibility of sustainable employment opportunities, maximising job creation for all.

### Operational Aims

- 4.25. We will deliver against the high-level objectives of the Strategic Framework by seeking to maximise job creation and employment prospects. More specifically, we will:
- **Support workforce re-entry amongst those who are economically inactive** through measures including:
    - **Investment in targeted engagement and empowerment support programmes** focussing on coordinated job-finding schemes and the enhancement of employability skills
    - **Coordination of health, community, social care (including the Integrated Family Support Service), skills, and worklessness support** in facilitating the entry/re-entry of long-term unemployed and reducing the number of Employment and Support Allowance, Job Seeker's Allowance and Income Support recipients
    - Development of a **comprehensive partnership-led approach to creating work experience placements and apprenticeships; providing supply and demand side facilitation**

- Ensure quality **public transport links between areas of opportunity and need**. This will ensure that people in deprived areas can capitalise on the employment opportunities generated through increased economic growth. Some communities feel isolated and excluded from the labour market due to gaps in public transport provision.
- **Promote and facilitate local enterprise development:** We will focus on raising interest in entrepreneurship and new business starts amongst community groups. It will be essential to make the assistance available on a local basis and at convenient times given that new entrepreneurs are likely to be running their business single-handedly. Outreach activities will also encompass those running businesses in the informal economy. Additionally, at present, the social economy in some parts of our City Region is under-developed. There may be scope to establish a physical hub or facility, such as a social enterprise incubator that will act as a catalyst for stimulating higher levels of social enterprise development and Social Innovation. Additionally, given the strong presence of public sector employers in SWW, partners should work collaboratively to explore opportunities for testing new approaches to public service delivery.
- **Increase job opportunities by supporting employment growth within the indigenous business stock**, through measures including:
  - Engagement of established clusters and key large employers in mapping future investment opportunities within their respective supply chains
  - Development of targeted support for next-phase growth amongst our micro-enterprises, family-owned firms and self-employed people
  - Support the recently unemployed, skilled workforce in second career enterprise and start-up support programmes
  - Stimulation of graduate enterprise and its coordination with growth programmes amongst priority sectors and lead employers
  - Provision of support for the community/third sector as a key employment sector and origin of new enterprise formation; including the promotion of innovative public service delivery models and community asset-ownership/management opportunities
  - Promotion of local employment and 'social clause' commitments amongst lead employers.
- Establish a **co-ordinated programme of work experience placements and formal apprenticeships** with local and external employers in order to change cultures and **to create positive role models**. Successful entrepreneurs should be encouraged to play a leading role in visiting schools and acting as enterprise champions in local neighbourhoods.

## Strategic Aim 4: Knowledge Economy and Innovation

- 4.26. This Strategic Aim intends to respond to a number of headline issues facing the SWW economy. Specifically, we are seeking to:
- Raise the competitiveness of the City Region economy
  - Continue the process of economic restructuring and enhancing our competitive advantage
  - Grow the local business base more quickly with a focus on higher value and innovative activity
  - Nurture and support our emerging growth sectors, as we are alert to global technology and market drivers of change
  - Use our key Knowledge and Science, Technology and Innovation (STI) assets to drive economic growth and attract high quality investment.
- 4.27. Globalisation in the service sector as well as high value manufacturing means that the future economic growth of the City Region will be increasingly dependent on 'knowledge economy' firms which create competitive advantage through innovation in products and processes, and through the know-how of their managers and employees.
- 4.28. Building on its strong engineering heritage and the benefits of its expanding Higher Education offer with the development of the new Swansea University campus and the new University of Wales Trinity Saint David (created through the merger of the University of Wales Lampeter, Trinity College Carmarthen and Swansea Metropolitan University), SWW has some important knowledge economy strengths. For example, in energy (e.g. oil refining in Pembrokeshire) and advanced manufacturing (e.g. Tata Steel at Neath Port Talbot), as well as through the impressive portfolio of innovation centres that have recently been developed.
- 4.29. Overall however, the City Region currently has a relatively low proportion of its employment in knowledge-intensive businesses, meaning that average earnings for residents are lower than some other City Regions in the UK and going forward, the local economy is likely to be less resilient and more exposed to key shocks than we want it to be.
- 4.30. Developing a thriving and sustainable knowledge economy with high value-added employment will require significant improvements in our skills levels, such that local people can offer the advanced skills and qualifications that knowledge-intensive businesses call for. The pre-requisite for success in this area is action across all ages; up-skilling the existing workforce to meet more challenging future requirements and ensuring that our young people leave the education system suitably qualified for, and informed about, future knowledge economy opportunities. So, the work under Strategic Aim 2 of this strategy will be vitally important.
- 4.31. Similarly, we need to ensure that in the future, we do all that we can to maximise knowledge-based growth by developing an international-class innovation ecosystem. Supply-side assets will need to be better integrated, more accessible and fully aligned with what markets and businesses are calling for. We will also need to boost the economic impact of our research,

technology transfer and commercialisation efforts, drawing on recognised good practice from elsewhere in the UK and overseas.

4.32. However, most importantly, we will need to make some tough choices about our innovation and knowledge economy of the future. We need to specialise and focus on those areas where we have the most potential for securing sustainable growth and building a critical mass of successful businesses. In taking these difficult decisions, partners will need to reflect on the critical conditions for 'smart' growth, including the following:

- **Embeddedness** - robust evidence of those industries which can rely on a trained local labour force and co-operation with other City Region actors (including specialist suppliers)
- **Relatedness** - evidence of firms diversifying based on innovative techniques or processes
- **Connectedness** - evidence of positive links between local knowledge-based industries and other relevant actors within and outside the area.

### **Operational Aims**

4.33. We will deliver against the high-level objectives in the Strategic Framework by supporting the development of our knowledge economy. More specifically, we will:

- **Maximise the long-term economic impact of the new Science and Innovation campus at Swansea University.** This flagship initiative offers the potential to support the transition of the City Region to an important knowledge-based and innovation-driven economy. The c£200m development will provide high quality space for growth businesses and drive increased collaboration with industry. It will deliver a next generation Science Park, co-locating University and industry researchers, students and academics – not only on the same site, but using the same laboratories and facilities. The new campus should be developed as part of a broader research and innovation strategy for the City Region that is well aligned with the latest guidance from the European Union on Smart Specialisation. Phase 1 of the campus development is due for completion in 2015 and will include the following:
  - Innovation Hub and Manufacturing Facility co-locating industry and the College of Engineering research
  - Undergraduate teaching and research facilities for the College of Engineering and Schools of Business and Economics
  - Student facilities including an auditorium, retail, leisure and sports facilities
  - Learning & Resource Centre library and associated resource facilities
  - Residential accommodation for up to 1,000 students in Phase 1

- Swansea Materials and Research Testing (SMaRT). Materials testing centre to include testing for Rolls Royce of new and existing materials that are used in the aerospace and aero engine industries.
- **Develop a long-term strategic approach to nurturing new businesses through business incubation and innovation that fully integrates the existing portfolio of modern innovation centres/Techniums** across the City Region, as well as wider innovation assets. The model should focus on establishing a more enterprising culture across SWW as well as catering for specific growth sectors and providing suitable grow-on space for high growth firms - including those emerging from private sector spin-outs, and those taken forward by graduates.

The innovation centres will need to be pro-actively managed so that they provide a supportive environment for early-stage knowledge-intensive firms, as well as providing linkages to the new Science and Innovation Campus. In addition to the new university campus, the innovation centres will act as key focal points for the development of new knowledge economy businesses across SWW – including those emerging from private sector spin-outs as well as providing an ideal location for potential knowledge or technology-rich in-movers to the City Region.

## Strategic Aim 5: Distinctive Places and Competitive Infrastructures

- 4.34. The City Region comprises a number of highly distinctive and attractive places. It is a patchwork of urban and rural areas set against a stunning backdrop of National Parks, magnificent coastlines and impressive landscapes. The richness and diversity of our environment is a real strength and we must ensure that we preserve this going forward. Many of the places within the City Region are independently attractive to visitors and investors.
- 4.35. When packaged as part of an integrated City Region, the offer becomes even more compelling. Nevertheless, much of the area remains a 'hidden gem' and strategic transport links to the rest of Wales and the wider UK must be upgraded to make the area more accessible. Despite the strong international connectivity of the ports, paired with road and rail links to neighbouring City Regions, the limitations of the strategic transport infrastructure has resulted in an insularity that challenges the extent to which SWW can effectively communicate a robust identity as an international-class 'destination'. Additionally, significant work is also needed to transform outdated perceptions and to establish a coherent brand that reflects the true quality of the City Region offer.
- 4.36. However, in order to attract and retain talented people, a high quality environment alone is not enough. We must also deliver high quality and increasingly personalised public services. Parents will want access to the best schools for their children. More elderly residents will want the reassurance of the availability of high quality healthcare. In short, people need high quality and efficient services which are accessible to all. All service providers in SWW, whether they are mainstream organisations, social enterprises or innovative community and voluntary sector groups, must commit to delivering service excellence on a consistent basis.
- 4.37. A dynamic commercial land and property market is also a key imperative going forward, as part of the overall offer. Our growing businesses need to be able to find suitable accommodation that fully meets their requirements. Similarly, their staff will want access to a wide choice of thriving neighbourhoods and good quality housing. A competitive Next Generation Access broadband infrastructure is equally essential, including in our more isolated rural areas. We also need to ensure that we can offer safe and attractive public spaces including parks and green spaces, a mix of local shops, leisure amenities and cultural assets across our vibrant town centres if we are going to attract and retain talented entrepreneurs and workers.

### Operational Aims

- 4.38. We will deliver against our high-level objectives in the Strategic Framework by supporting the development of our City Regional 'place' offer. More specifically, we will:
- **Develop and implement a coherent framework for the engagement of visitor and investor audiences** leveraging the physical, commercial, and cultural assets across the City Region

- Establishing a **consistent visitor proposition** combining high quality and integrated National Park, Coastal, Rural, and City offers
- Engaging key commercial and community stakeholders in the **building and communication of a coherent City Region identity and brand** to internal and external stakeholders
- Establishing a **credible investor proposition** centred on key employment centres, established clusters, and innovation assets
- **Invest in the co-ordination of spatial planning to establish a roadmap for targeted development of land, property, and infrastructure**, incorporating key themes:
  - Delivering the substantial employment and investment opportunities that stand to be gained from the **successful continued development of our strategic employment sites**, as locations for large scale and high value business investment from international and national occupiers, including a real focus on knowledge-based and innovation-driven business activity. Effort will focus initially on existing key sites at **Felindre Business Park, Cross Hands Food Park, Baglan Energy Park, and Haven Waterway Enterprise Zone**
  - Exploring **novel funding mechanisms** to unlock stalled strategic developments in partnership with private developers and institutional investors
  - Enabling through the local planning processes, the **co-ordinated release of additional development land to accommodate new employers and to provide grow-on space for existing firms**
  - **Enhanced intra-regional connectivity** between key centres of employment and foci of innovation; including targeted investment in alleviating the capacity restrictions of the M4
  - Adopting a coherent approach to support and drive investment in port, road, rail (further electrification, increased frequency and upgraded rolling stock), and air (via Cardiff) assets to **enhance the City Region's strategic connectivity**
  - Developing and **enhancing the City Region's housing stock in support of the retention and attraction of talent**; including energy efficient retrofits and continued commitment to the Welsh Housing Quality Standard
  - **Facilitating the successful redevelopment of high quality retail and leisure offers in our main urban centres**, making them more attractive to investors, residents and visitors
- **Engage local communities, businesses, and associated stakeholders such as housing associations in local visioning** and neighbourhood regeneration programmes



- **Develop a competitive (in a UK context) Next Generation Broadband (NGB) infrastructure offer across all parts of the City Region, including rural areas.** This will comprise a mix of both fixed line provision and mobile networks (4G). This will effectively support large-scale home-working, improve access to jobs, raise productivity levels within the local economy, help to address local congestion issues as well as support mainstream service delivery improvements/innovations.
- **Empower the community and voluntary sector to take a role in the development, delivery and testing of new approaches to public service delivery** including increasingly personalised provision.

## Four Cross Cutting Themes

- 4.39. It is clear that our economy faces a series of major challenges over the coming years and a new 'best of class' type of delivery solution is required. More information about our new governance and implementation arrangements are presented in the separate Action Plan document. However, in designing the Strategic Framework, we have shaped the five Strategic Aims around four Cross Cutting Themes that will act as guiding principles, characterising our new style of delivery and partnership working going forward. In defining these four themes, we have sought to build on recognised best practice from across the City Region, the rest of the UK and overseas. All four themes are of equal importance and each of them must be fully adhered to if we are to successfully achieve our long-term Vision.
- 4.40. Ensuring coherence across our Strategic Aims and consistency in the application of the Cross Cutting Themes will be central to the Strategy's ultimate success.
- 4.41. The Cross Cutting Themes will be used to set the delivery approach towards the Strategic Aims, to ensure close integration and consistency as all sectors of the economy move forward together. The Themes do not have specific actions associated with them but will shape the priorities and delivery of the Strategic Aims, as well as setting the tone for the wider Partnership. They provide a set of tests against which our progress will be assessed.
- 4.42. We all have a vital role to play in ensuring that the four themes presented below become fully embedded and dominate our delivery efforts across the City Region.

### ***Thinking and Delivering Together for City Region success***

- 4.43. Whilst strong individually, the areas of the City Region are even stronger when they work in tandem with one another. Effective partnership working allows complex, cross-border challenges to be addressed comprehensively, resources to be pooled and optimised, coherent strategies and interventions to be developed, and synergies maximised. Together, SWW constitutes an integral part of the Welsh economy, and an integral part of its future success. Together SWW talks as one, larger, more influential group than its individual constituent parts. We will think and deliver together for long-term economic success.

### ***Quality and Intelligence-driven Leadership and Action***

- 4.44. Strong and capable leadership is essential if we are to optimise our future growth opportunities. The City Region needs to proactively embrace its new economic trajectory, taking the tough decisions where necessary, having the long term vision to see beyond the present. Strong and capable leadership is vital, but our decision-making must be underpinned by robust evidence and intelligence. As a partnership, we must ensure that we build on the evidence base assembled through this strategy development process, so that we are able to fully understand how our economy is performing, why it is the way it is, and crucially, we will need to be alert to the latest market and technology foresight thinking.

### ***Being and Acting Connected***

- 4.45. The City Region is not an economy operating in isolation. Rather, it is part of an increasingly inter-connected global economy. Many of the issues and opportunities breaking across the

City Region are influenced by external developments. As well as strengthening links within the City Region, we will also need to develop relationships with partners elsewhere, whether that be in Cardiff, the rest of the UK or internationally. The City Region has to present itself as a destination of choice for business and investment, pointing out its links to economies both near and far, established and emerging. With global growth increasingly being driven by the 'new' economies, establishing new ties and raising the City Region's profile to new prospective investors and partners is imperative. We will act as an open and porous City Region, building effective business-to-business, science, technology and innovation linkages with those successful external organisations that can help us to achieve our ambitious Vision for growth.

### ***Understanding Sustainable Growth***

- 4.46. The strategy must deliver growth for future generations, not just for the present. Having the foresight to embrace long term solutions – some of which will be extremely difficult and challenging – will enable SWW to build a platform for long-term growth. This growth, grounded in the City Region's existing strengths, whilst at the same time being responsive to new opportunities, will help us to create the conditions necessary for sustainable growth. There is an important environmental dimension to this too. The strategy is not calling for quick fixes as our past experience tells us that stubborn problems cannot be addressed in this way. Similarly, we recognise that we must protect and enhance our substantial environmental assets if we are to achieve our goals. There will undoubtedly be difficult trade-offs and tensions to manage carefully, but the scale of the potential future growth through embracing low carbon technologies is significant and this represents a major opportunity for securing positive lasting change.

## 5. Further Information

- 4.47. To obtain a copy of the separate SWOT assessment/evidence base, presentation packs and notes from the three stakeholder workshop events, our current Action Plan document, or to access the strategy in a different format, please contact:

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