



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council



Llywodraeth Cymru
Welsh Government

Regional Economic Framework For South West Wales





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Chief Regional Officer

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Ministerial Foreword



This Government's approach to economic well-being is grounded on the principle that places matter. We want to realise our ambition of delivering better jobs closer to home and ensuring that the benefits of economic growth are felt fairly across all parts of Wales. Regional Economic Frameworks which are co-designed with our partners, are an essential part of our commitment to a more regionally focussed model of economic development. They are part of our work to develop the distinctive strengths of our regions, while supporting inclusive and sustainable economic growth, maximising opportunities to address regional and local inequalities and improving the well-being of our people.

Our Regional Economic Frameworks will help us to tackle our inherent structural challenges responsively, by turning them into opportunities to build dynamic and distinct regions which demonstrate inclusive,

fair and sustainable economic growth. They will help us to design solutions for the future, together with our local partners. And importantly, they will be living and evolving documents which are responsive to changing circumstances.

Our Economic Resilience & Reconstruction Mission sets out our vision of a well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential. Co-produced with our regional partners, our Regional Economic Frameworks will have a key role in delivering this vision and ensuring activities at all levels align to focus our resources where they can have greatest impact. They will help us to deliver a stronger regional voice and enable us to build upon the progress already made in developing our regional economies. The Regional Economic Frameworks will also play an important role in helping us recover from the economic damage of the pandemic

and mitigate against the impacts of our exit from the European Union whilst providing the longer term vision needed for a more prosperous, green and equal regional economy.

Our Net Zero Wales Plan will be supported through the delivery of our Regional Economic Frameworks, delivering cleaner, stronger and fairer regions.

We will strengthen the resilience of our natural and built environments to the impact of a changing climate and enable an economic transformation for our regions, which will help to displace our reliance on fossil fuels, and create the industries and the jobs of the future.

My ongoing commitment is to give the people and businesses right across Wales every opportunity to achieve long-term economic wellbeing with dignity and fairness for all. Our Regional Economic Frameworks are an important part of this work and we will continue to work constructively with our key partners, and the many other people who have an interest in the regional economy to meet the challenges we face and to grasp new opportunities.

In particular, the Frameworks will play a key part in creating the conditions where more people, particularly the disadvantaged and young people, feel confident about planning their futures in Wales.

How we deliver is as important as what we deliver, and the principles of partnership, sustainable development, addressing climate change and driving decarbonisation will be at the very heart of this work.

I recognise that Government alone does not have all the answers. A phased, collaborative approach, working together with partners from across the region, is vital to our success. That joint working with our partners has already resulted in us co-developing a single vision that is supported by a shared and prioritised set of outcomes, and articulated in this new Regional Economic Framework for south west Wales. It is a framework that will enable greater alignment and integration across government and one that will drive the joined up economic development and strategic planning between partners that is needed to build new approaches and facilitate further joint working and economic growth in the future. I would like to thank all stakeholders who have engaged and participated in this process so far – particularly our local authority partners and look forward to a continuing conversation with all those who have an interest in a prosperous future regional economy.



Vaughan Gething

Vaughan Gething MS
Economy Minister



As Chief Regional Officer for Mid and South West Wales, it is my privilege to be the voice of the region within Government and the voice of Government in the region. My role is to provide leadership, coordination, planning and alignment of economic development activities across the region.

There has already been considerable conversation and dialogue with regional partners at a strategic, sub regional and local level. This new Regional Economic Framework (REF) is the first step on the journey which has brought partners together to co-design, with a focus now on the co-delivery of this REF for south west Wales – it is only through a process of joint-working and co-production that we will create the shared endeavour and unity of purpose critical to a successful regional economy.

While we know the REF will address some of the key themes that are emerging such as skills, infrastructure and support for

business, our priority must be to ensure a genuinely place based and tailored response to needs and opportunities, recognising the distinct sub regional differences within and across south west Wales. Underpinning this will be the principle that regions are not subordinate to the national level in respect of their own priorities agreed under shared principles, and we must make paramount the importance to respect subsidiarity and democratic accountability at different national, regional and local levels. REFs can enable greater alignment and integration across government, bringing benefits including joined up economic development and strategic planning on a range of issues from land use to skills as well as supporting collaboration across the regions – working with the new and existing governance structures across local authority boundaries on issues such as town centre regeneration, strategic transport and infrastructure for example.



...it is only through a process of joint-working and co-production that we will create the shared endeavour and unity of purpose critical to a successful regional economy.

REFs will not duplicate the plans that already exist, but draw together the key elements to address regional inequalities and will aim to directly influence how Welsh Government delivers in regions and places. These frameworks will be agile to ensure they remain relevant and responsive to changing economic circumstances and new opportunities, playing a key role in delivering against our new Programme for Government and Economic Resilience & Reconstruction Mission. This REF can be

a vehicle to help promote collaborative regional planning and delivery amongst public, private and third sector partners, working to a shared vision and a set of common economic development objectives. In taking forward the development of the REF we have been acutely aware of the immediate reset and recovery required in the wake of the Coronavirus pandemic, but also the need to set out the longer term aspirations for the region and respond to the climate and nature emergency in our efforts to build a stronger, greener regional economy as we make maximum progress towards decarbonisation.

I would like to thank all those who have provided their input to date, particularly our four Local Authority partners (Carmarthenshire, Neath-Port Talbot, Pembrokeshire and Swansea). We have sought to foster closer and more effective collaboration with our regional partners and stakeholders which is bearing real dividend and through collaborative effort with our key partners across the region we are delivering tangible differences to businesses and communities across south west Wales.



Rhodri Griffiths
Chief Regional Officer, Mid
& South West Wales



THE REGIONAL ECONOMIC FRAMEWORK FOR SOUTH WEST WALES

The Regional Economic Framework for South West Wales, developed through collaboration and co-production with stakeholders from across the region, supports a more regionally-focused model of economic development, in accordance with the Welsh Government’s Programme for Government and a commitment to progress our Economic Resilience and Reconstruction Mission for Wales. It sets out what we will do, and how we will do it.

OUR VISION	OUR ECONOMIC PRIORITIES				
<p>Enterprising and ambitious</p> <p>Balanced and inclusive</p> <p>Resilient and sustainable</p> <p>A South West Wales which is ...</p>	<table border="1"> <tr> <td style="background-color: #e8f5e9;"> <p>Mission 1</p> <p>Establish South West Wales as a UK leader in renewable energy and the net zero economy.</p> </td> <td rowspan="3" style="background-color: #e8f5e9; text-align: center; vertical-align: middle;"> Welsh Language, Heritage and Culture </td> </tr> <tr> <td style="background-color: #e8f5e9;"> <p>Mission 2</p> <p>Build a strong, resilient and ‘embedded’ South West Wales business base.</p> </td> </tr> <tr> <td style="background-color: #e8f5e9;"> <p>Mission 3</p> <p>Grow and sustain the South West Wales ‘experience’ offer.</p> </td> </tr> </table>	<p>Mission 1</p> <p>Establish South West Wales as a UK leader in renewable energy and the net zero economy.</p>	Welsh Language, Heritage and Culture	<p>Mission 2</p> <p>Build a strong, resilient and ‘embedded’ South West Wales business base.</p>	<p>Mission 3</p> <p>Grow and sustain the South West Wales ‘experience’ offer.</p>
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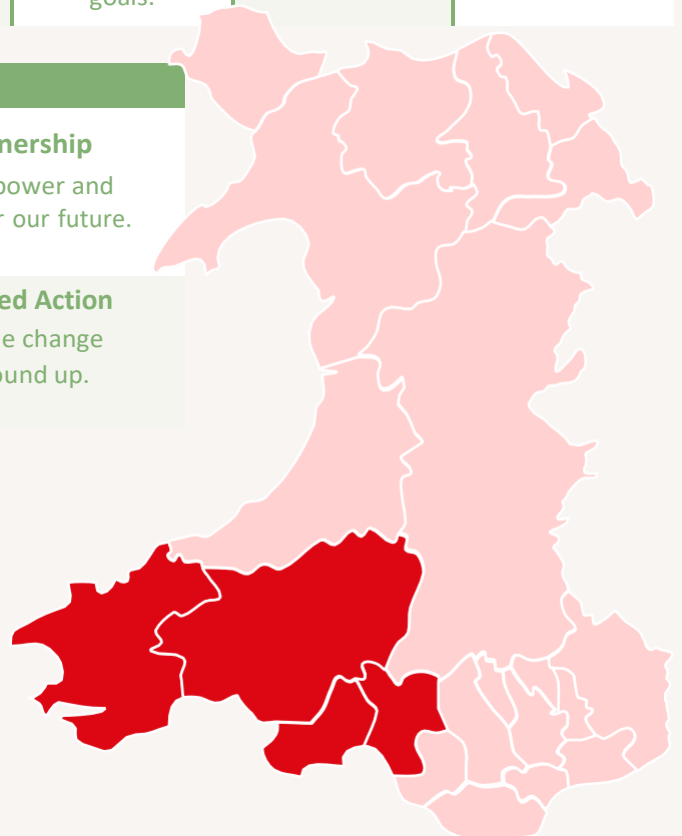
OUR SHARED VALUES					
<p>Inclusivity</p> <p>we will gather more people around the table.</p>	<p>Trust</p> <p>we will trust and respect all those we work with.</p>	<p>Openness</p> <p>we will share our knowledge and resources.</p>	<p>Collaboration</p> <p>we will work together towards our common goals.</p>	<p>Whole System Thinking</p> <p>we will consider the full impact of our actions.</p>	<p>Appetite For Change</p> <p>we will challenge convention and take action.</p>

OUR WAYS OF WORKING	
<p>Asset-based</p> <p>we will build on our region’s great strengths.</p>	<p>Shared-ownership</p> <p>we will share power and responsibility for our future.</p>
<p>Continuous Development</p> <p>we will always push for positive change.</p>	<p>Community-led Action</p> <p>We will enable change from the ground up.</p>

We will implement the Regional Economic Framework for South West Wales in accordance with the Well-being of Future Generations (Wales) Act 2015 ‘5 ways of working’.



Llywodraeth Cymru
Welsh Government





1. The Co-Production Process

This is the first REF for south west Wales and part of the transition to a regionally focussed model of economic development. The framework is the result of a different approach involving extensive engagement and co-design with the people that are living and working across the region as well as building on the existing work of regional partners. The approach has been as much about asking better questions, as it has about providing the answers and the REF is the start of a continuous and collaborative process that will be reflected in the way that we work as a region.

The engagement process has in particular highlighted the following themes:

- Equality and diversity
- Children and young people
- The Welsh language
- The environment

The REF is also not meant to be a rigid or traditional business plan but provides a framework to capture how the public, private and third sectors are delivering for the region and place. Many of the conversations informing the REF were about not just what we must do to grow the region's economy, but how we must do it and the kind of decisions that will need to be made. And in facing the significant challenges for the region's economy, particularly the impacts from COVID-19, leaving the European Union and diminishing resources, it is right that the REF determines where to focus, why and the roles and responsibilities.

In keeping with the principle of building on pre-existing work and not duplicating, this first edition of the REF is intentionally broad and high level, with much of the detailed and technical rationale found in the economic development strategies and the local plans that currently exist or in development. Importantly, Local Authority partners in south west Wales, supported by Welsh Government, commissioned work to prepare a Regional Economic Delivery Plan (REDP) for the region, to provide a further layer of detail below the REF which outlines the actions required to deliver against the high level priorities set out in the REF. Behind the vision, there is a collaborative approach driven by the Local Authorities and Welsh Government to provide the alignment and consistency required to ensure complementarity between strategic ambitions and ways of working set out in the REF and the detailed actions captured in the REDP necessary to drive sustainable economic wellbeing across south west Wales.

Therefore, the REF closely reflects the existing work at a regional level and through a place-based and inclusive approach, echoing the discrete challenges and opportunities of people living and working in south west Wales. The engagement phase in the development of this REF, together with extensive engagement through the REDP has reaffirmed the region's strengths, its key USP's, the challenges that lie ahead and an appetite for greater collaboration and involvement to improve our economic prospects.



2. Shared Values & Ways of Working

Shared values are those which underpin and give coherence to our actions and decision making. They enable us to work together as a region, speak with a collective voice, and drive forward positive change.

Inclusivity

We value inclusivity. Everyone who lives, works, visits and invests in south west Wales is a stakeholder in its economy. Every stakeholder given the opportunity to contribute to decision making, and decision making taking into account its impact on every stakeholder.

Trust

We value trust. To work together we must trust each other. We must trust those who ask us to share our power, trust those who ask us to share their responsibility, and we must trust that those who make decisions will do so with the best interests of the region at heart.

Openness

We value openness. Everyone should have access to the information they need in order to act in the best interests of the region. Communication should be regular, data transparent and access for information equitable to all concerned parties.

Collaboration

We value collaboration. We can only make positive change happen by working together. Collaboration must span sectors and hierarchies, be accepting of concession and compromise, and be focused on doing what is required to make positive change happen.

Whole System Thinking

We value whole system thinking. The economy of south west Wales does not exist independently of everything, and everyone, in the region. As such, the decisions which drive our economic development must take into account their consequences for everything, and everyone else. The economy must work for the whole region and every community within it.

Appetite for Change

We value an appetite for change. The way things are done now should not be given automatic precedence over the way in which things could be done in the future. We must base every decision on its own merits and when change is called for, embrace it.

Our Ways of Working sets out how we will apply our shared values, in working towards our shared economic priorities. They provide the backdrop against which the roles and responsibilities of every stakeholder can be defined.

Asset-Based Approaches

We will build on what we already know, what we are already doing and what already works. Our economic development must build on successes, reduce waste, and grow our economy from our strong base and existing strengths.

Shared-Ownership

We will empower responsibility for the development of our economy and strive to ensure that the REF has a sense of ownership by all stakeholders across southwest Wales.

Continuous Development

We will adapt and evolve our REF over time. Economies are changeable, regions are changeable and the needs of stakeholders are changeable. Our current circumstances and context are dynamic and whilst our purpose will be enduring, the way in which we drive regional economic development should be subject to continuous review, reflection and revision.

Community-Led Action

We will work to the principle of subsidiarity, empowering stakeholders and communities who can most effectively drive the change they will reap the rewards of.



3. South West Wales –Where Are We Now?

South west Wales is a large and varied economy comprising the Local Authorities of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea and accounts for 22%¹ of the population of Wales. This diverse region includes post-industrial communities of the western valleys and coastal towns as well as rural communities, market towns and Wales' second city of Swansea.

South west Wales has a strong cultural heritage and areas with a high proportion of Welsh speakers and known for its natural beauty. The coastline is particularly important, it is both industrialised and developed as well as a significant tourism destination and protected environment including Gower, the UK's first designated Area of Outstanding Beauty and Pembrokeshire Coast National Park, all within easy access of several urban conurbations resulting in an exceptional and diverse quality of life offer.

The region's economy is worth £14 billion and supports some 300,000 in employment and although the vast majority are SME businesses providing the backbone of the economy but also contains globally significant firms. Food and tourism are important sectors across the whole region, whilst across the economy GVA per head remains persistently below the Welsh and UK average.

The region has important economic assets particularly the city of Swansea, with two substantial universities, R&D assets and ambitious plans for growth as a major

regional centre. The region has good connectivity with links to the M4 Corridor and Cardiff Capital Region and to Ireland via the Trans-European Network, several major ports and local airport/airfields and the proposed new Swansea Bay & West Wales Metro offers exciting opportunities for enhanced accessibility across the region. Advanced manufacturing capabilities exist for example at Llanelli, and Port Talbot with a deep water harbour and significant capacity for future growth combined with the region's two Enterprise Zones at the Haven Waterway and Port Talbot Waterfront. The region's natural assets, in particular the Celtic Sea, have the potential to support the growth of onshore and offshore energy generation. The Haven Waterway is critically important to the future energy security of the UK with a number of long established energy installations.

Looking to the future, there are big opportunities and advantages for the region with the potential of low carbon energy, the future growth of our universities and the development of their relationship with the business base; changes to technology/working practices that provide greater opportunities for home-working that will help overcome the region's peripherality and maximise the advantages of a higher quality of life.

But there are also some long-term challenges to overcome including the historically weak productivity – despite having made progress in recent years; skills deficits; ongoing legacy of deindustrialisation, falling working age

¹ Source: Office for National Statistics

population and in many areas and relatively low pay. These will be reinforced by some major challenges that are structural including decarbonisation and the impact on the regions historic manufacturing strengths – immediate but with potential longer term consequences of Covid-19, EU exit and changing trading relationships globally and the impacts on the business base, from manufacturing to agriculture and food production. In addition, the structural challenges for our town and city centres, accelerated by Covid-19, and the importance of addressing the viability of the commercial property market remain major concerns.

However, the south west region has made big steps already through the Swansea Bay City Deal (see project list) and looking to the future, the region will build on this and the track record of success to build a more resilient, productive and inclusive economy.

Swansea Bay City Deal Projects

- Skills and Talent initiative.
- Digital Infrastructure.
- Canolfan S4C Yr Egin.
- Swansea City and Waterfront Digital District.
- Homes as Power Stations.
- Pembroke Dock Marine.
- Life Science and Well-being and sport Campuses.
- Life Science and Well-Being Village, Pentre Awel
- Supporting Innovation & Low carbon Growth





South West Wales – At a Glance

Strengths/Opportunities



Outstanding natural environment and attractive tourism and heritage offer

Sectoral strengths in energy, advanced manufacturing and digital with strategic sites and innovation centres

Global firms and a growing number of indigenous micro enterprises and graduate start-ups

HEI excellence, commercialisation of research with combined FE provision and a committed labour force

Swansea Bay City Deal and EZ as transformational designations

Physical regeneration activities as the catalyst for further investment and growth

Weaknesses/Threats

Lagging productivity, skills deficits and concentrations of economic inactivity, unemployment and deprivation

Struggling city and town centres with declining footfall

Potential impact of Brexit on rural communities and ports

A lack of modern business infrastructure, with limited speculative development, low rental values and viability gaps highlighting market failure

Poor digital and transport connectivity in parts of the region



Regional Assets

South west Wales has strong heritage and provenance in key industries and sectors with significant developments in regional assets providing an opportunity to generate new, sustainable and inclusive growth. The importance and potential of the region's foundational economy will also provide a key opportunity to improve south west Wales' prospects.

The region will build on a range of important and distinct place-based assets that include:

- The Celtic Sea – with the potential for the region to be at the forefront of the UK's drive for Floating Offshore Wind (FLOW) energy generation and a catalyst to accelerate the development of enabling infrastructure and stimulate the growth of offshore energy
- Ports – the region hosts two of the UK's busiest deep water ports at Milford Haven and Port Talbot supplemented by general cargo and Ferry Ports at Swansea and Fishguard
- Higher Education Institutions including our Universities at Swansea and University of Wales (Trinity Saint David) and the range of world class industrial and scientific research such as Swansea University SPECIFIC Innovation and Knowledge Centre; the Active Building Centre and ASTUTE (Advanced Sustainable Manufacturing Technologies) and the University of South Wales' Hydrogen Research & Development Centre at Baglan

- Sector specific assets including Pembrokeshire Food Park, Yr Egin – Creative and digital hub in Carmarthen that features the facilities for media production and has co-working spaces; Cyber Wales and the to-be-constructed Pentre Awel Life Science and Well-Being Village in Llanelli
- The wealth of outstanding natural assets, traditional market towns, cultural assets including the Pembrokeshire Coast and Brecon Beacons National Parks and the Gower Area of Outstanding Natural Beauty – contribute to a superb visitor offer

There are assets that also strengthen links with our neighbouring regions – looking to the future the Global Centre of Rail Testing Excellence between Neath Port Talbot and south Powys provides an opportunity to maximise the economic benefits for both mid Wales and south west Wales.

In delivering a place based approach to regional economic development and reconstruction we recognise the opportunities to build on our distinctive strengths, stepping up our investment in town centres, including providing better access to open spaces, the creation of remote working hubs, and making sure that our public services are more accessible, adopting a 'Town Centre First principle' as part of our decision making.

4. South West Wales – Where Do We Want To Be?

Through the development of the REDP, regional partners have agreed a shared ten year vision for the south west Wales economy. The REDP Strategic Framework outlines three key areas of focus and provides the basis for setting out our collective aspirations in this first REF.



- Delivering robust digital connectivity to support changing working practices and better access to employment.

Supporting resilient and more 'embedded' firms and supply chains:

- Developing the local business base through access to support, finance, networks and procurement
- Embedding best practice and resilience throughout the supply chain
- Continuously building management capacity and capability.

Enterprising and Ambitious

Ambitious in relation to our long-term energy opportunity:

- Ensuring capacity to drive forward our potential
- Integrating our natural renewable energy advantages with our university and industrial strengths.

Enterprising in relation to changing market conditions, technology and opportunities:

- Investing in the skills system across the economy and driving demand for higher level and technical skills, as well as influencing supply
- Investing in the commercial property stock – for local businesses scaling up as well as new investors.

Driving new investment, innovation and funding models:

- Developing sustainable alternatives to European funding

Resilient and Sustainable

Resilient to technology change and the impacts of digitalisation:

- Supporting firms in adopting and adapting to new technology
- Building labour market resilience through the skills system from schools through to adult learning.

Resilient to climate change and decarbonisation:

- Increasing the resilience of the region's manufacturing base (including in its (currently relatively carbon-intensive foundation industries)
- Supporting adaptation and adoption throughout the economy (across sectors and through the building stock and transport system)

- Promoting the region as a location to invest, work and visit.

Balanced and Inclusive

Balanced between innovation at the leading edge and sustainable growth across the economy:

- Developing opportunities for ‘new to the firm’ innovation, as well as R&D and new technology and product development
- Recognising the opportunity for a diverse range of business and ownership models.

Balanced spatially, across the region:

- Celebrating regional diversity and a wide distribution of opportunity
- Creating long-term growth, while sustaining and enhancing core environmental and community assets
- Recognising and enhancing the inherent value of the environment to the quality of life and quality of place proposition
- Supporting community ownership of economic assets, where this can support local opportunity and generate a sustainable return.



5. Economic Priorities

A shared set of economic priorities are those areas of focus where collective action and investment can deliver the greatest benefits for all across the region, maximising our strengths and assets. The existing body of work carried out by regional partners to produce the south west Wales REDP provides a solid foundation on which to set out a suite of regional economic development priorities, or ‘Missions’, supported by regional stakeholders:

Mission 1 – Establish south west Wales as 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 decarbonisation of our industrial base and the wider economy.

Mission 2 – Build 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.

Mission 3 – Grow and sustain 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.

Building our Capacity

Underpinning our approach is the need to consider both supply and demand generating interventions, which are about building the region’s capacity to support economic wellbeing, ensuring that the region has the appropriate supply of skills and talent to meet future demand as well as digital infrastructure, connectivity and the availability of commercial sites and premises as critical enablers for all 3 Missions.



6. Our Next Steps

Through this first edition of the REF for south west Wales we will aim:

- To work collectively as a region, recognising that how we deliver is as important as what we deliver and embrace the ways of working set out in the Wellbeing of Future Generations (Wales) Act 2015
- To embed our response to the climate and nature emergency in our efforts to build a stronger, greener regional economy as we make maximum progress towards decarbonisation
- To further develop and deliver the three 'Missions' and priority actions captured in the south west Wales REDP through a joined up, collaborative approach
- To work collaboratively with the Regional Skills Partnership to develop the right skills for a future workforce, aligned to the region's economic development priorities, ensuring the flexibility and opportunity for life-long learning and employability for all and the transferability of skills to new areas as technology develops
- To continue to investigate gaps in our knowledge and understanding of the key drivers of change such as the impacts of Covid-19, leaving the EU and demographic changes including how best to retain a greater number of our young people
- To explore how we measure success for our region – giving consideration to a much broader suite of indicators than purely economic and which reflect the region's well-being as well as its prosperity
- To inform and influence the design and delivery of future national policy in areas such as economic development, skills and regeneration to shape programmes and funding opportunities to meet the distinctive needs and opportunities of south west Wales
- To confidently promote and champion the south west Wales region as an area with economic opportunities, an ambitious attractive place to live, for skilled and well-paid employment and to encourage investment
- To continue the conversation about the future direction of the economy with all of the stakeholders with an interest in a sustainable and successful south west Wales
- To develop the REF through future editions that reflects the context and evolving regional landscape in relation to funding opportunities for regional investment and emerging governance arrangements such as Corporate Joint Committees (CJC's)
- To consider and develop an appropriate means by which to monitor and evaluate our progress in achieving our objectives, including delivery against our strategic priorities, ways of working and which enables our ability to respond to changing circumstances



