

Neath Port Talbot Economic Recovery Plan

Final draft

****DRAFT – Version 4.1****



SQW

Contents

| | |
|---|----|
| Executive Summary..... | 1 |
| 1. Introduction..... | 4 |
| 2. Looking inside Neath Port Talbot's economy | 10 |
| 3. A framework for action | 22 |
| 4. Entrepreneurial and resilient economy | 24 |
| 5. Transformational investment and long-term change | 29 |
| 6. Quality and connected communities | 34 |
| 7. Future skills and opportunities | 38 |
| 8. Moving forward..... | 41 |

Contact:

Ross Gill

Tel: 020 7391 4104

email: rgill@sqw.co.uk

Disclaimer

This report takes into account the particular instructions and requirements of our client. It is not intended for, and should not be relied upon by, any third party and no responsibility is undertaken to any third party.

Whilst SQW has used reasonable care and skill throughout, it is unable to warrant either the accuracy or completeness of information supplied by the client or third parties, and it does not accept responsibility for any legal, commercial or other consequences that arise from its use.

Executive Summary

Why we're producing a new economic plan for Neath Port Talbot

1. Neath Port Talbot has a proud history of industrial innovation. Today, it is one of Wales' most important manufacturing locations, containing the UK's largest steel production complex at Port Talbot and a series of strategic development sites of national significance. But the process of economic change has been challenging: despite investment success, too many residents remain too far from economic opportunity.
2. Over the past two years, the Covid-19 crisis has presented a major challenge to the local economy, driving a focus on protecting jobs, businesses and incomes during the pandemic. But as the crisis recedes, we need to plan for growth over the longer term. This **Economic Recovery Plan** sets out how Neath Port Talbot Council and its partners will economic prosperity over the long term, as part of a coordinated approach to wellbeing.

Introduction

3. In 2021, partners in South West Wales (including Neath Port Talbot Council) commissioned a Regional Economic Delivery Plan. This set out a strategy for the region's economy looking ahead to 2030, identifying three 'missions' to establish South West Wales as a UK leader in renewable energy and the development of a net zero economy; build a strong, resilient and 'embedded' business base; and grow and sustain the 'experience' offer. The Plan also sets out an ambitious framework for regional investment.

The economic context

4. Neath Port Talbot has an economy worth around £2.6 billion, and supports around 56,000 jobs. In the years leading up to the pandemic, employment grew quite strongly: the number of jobs increased by 10% between 2014 and 2019. There has also been some success in increasing the economic activity rate. Looking across the county borough's economy:
 - **The industrial profile of the economy is highly distinctive.** Around 25% of output and 19% of employment is in manufacturing, with a nationally-significant presence in the metals sector and industrial assets including major companies and translational research institutions. While the local economy has experienced substantial restructuring in recent decades, it remains one of the UK's most highly concentrated industrial districts – and the industrial sector is a major source of good quality employment.
 - **This industrial profile presents both vulnerabilities and opportunities for technological leadership.** The economy is very carbon intensive, making decarbonisation an especially pressing challenge, and there are several initiatives in

place. However, some propositions are at an early stage (and are operating in a competitive environment): sustained investment and flexible leadership will be important.

- **There are major expansion opportunities that are of national significance.** These include the extensive waterfront sites in Port Talbot and Baglan (as well as the potential of the Port), and former industrial sites inland. Opportunities on this scale and with the right connectivity are rare in South Wales – but they require (continued) long term investment and strategy to bring them forward.
- **.... But parts of Neath Port Talbot are further away from economic opportunity.** While economic activity is substantially concentrated along the M4 Corridor, there are fewer job and business opportunities based in the Valleys – despite the *potential* of the area’s communities and natural assets. This challenge is compounded by generally poor transport connections beyond the main towns and coast.
- **There are significant deficits in workforce skills,** which impede residents’ ability to take full advantage of new opportunities. Addressing these will be important in supporting the productivity and adaption of the existing industrial base, as well as supporting diversification.
- **The overall business stock remains relatively small.** A larger and more dynamic SME base ought to help in developing opportunities for growth across the economy – especially in those parts of the county borough that are further away from employment opportunities at scale.

A framework for action

5. Building on the evidence, we aim to “**create the conditions for practical, meaningful and relatable**” opportunities for businesses and residents. This is a Plan for the whole county borough, recognising the need to create opportunities, and access to opportunities, in all parts of Neath Port Talbot, and we have identified four priorities for action:

Figure 1: Strategic framework



Source: SQW

6. The four key areas for action are:

- **Entrepreneurial and resilient economy:** Strengthening our SME base – in all sectors and across the county borough - through a better coordinated approach to support, premises and finance and a renewed focus on sustainable ‘indigenous’ business growth at community level.
- **Transformational investment and change:** Ensuring continued investment in (and the capacity to deliver) our major strategic sites at Port Talbot Waterfront and Baglan Bay; the key opportunity associated with the Global Centre of Rail Excellence; and the range of long-term – but in some cases emergent – actions to support industrial decarbonisation.
- **Quality and connected places:** Investing in our town centres and communities, making the most of our environmental assets and their potential in the development of the visitor economy, and improving connectivity to work and learning.
- **Future skills and opportunities:** Developing a skilled and resilient workforce, with a stronger employer voice.

Delivering the Plan

- 7.** This Plan is intended to provide a flexible framework for action over the coming years, recognising that the economy is dynamic and we will need to be responsive to new proposals (and, potentially, shocks). While it will be ‘owned’ by Neath Port Talbot Council, success will come through partnership working, shared leadership and a pragmatic approach to seizing opportunities as they emerge.

1. Introduction

Welcome to Neath Port Talbot Council's draft **Economic Recovery Plan**. This Plan sets out our strategy to grow our business community, support sustained employment and progression in work, and increase productivity and pay over the long term.

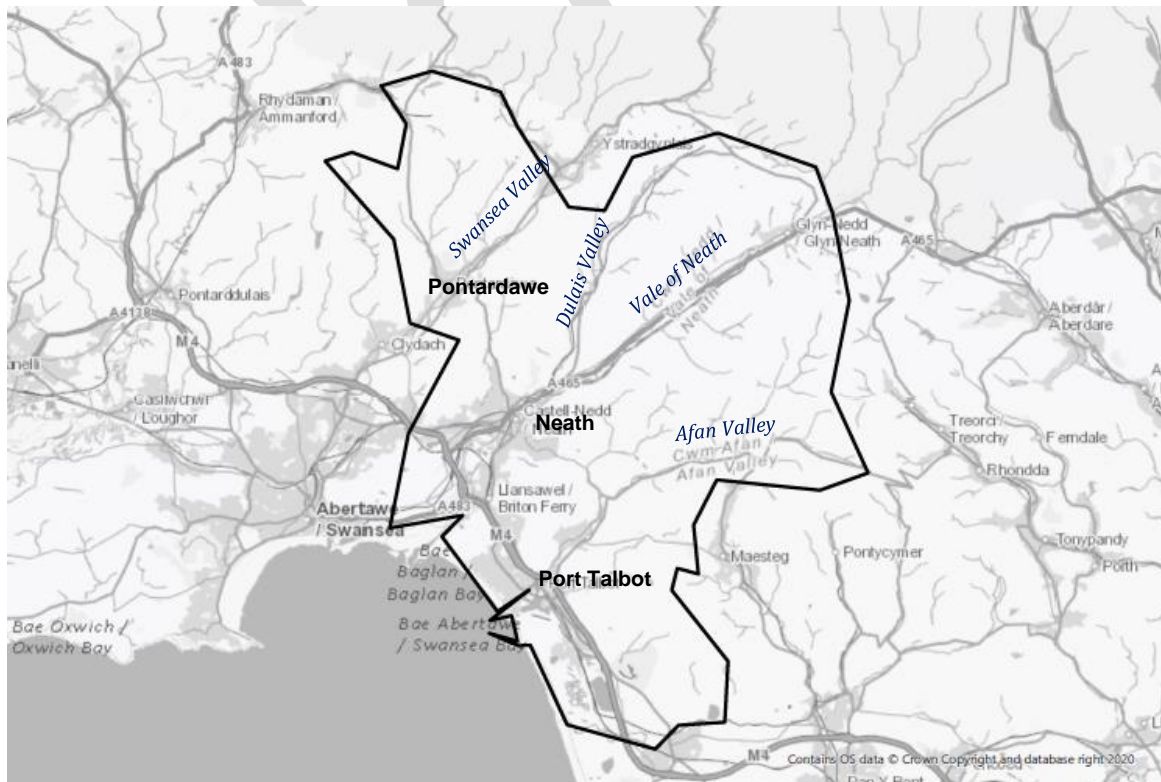
This Plan is a starting point for working together with partners in business, government and the community. We welcome feedback and ideas– and we look forward to translating our plans into action.

Welcome to Neath Port Talbot

Introducing Neath Port Talbot

- 1.1** Neath Port Talbot has a proud history of industrial innovation, originally built around coal, steel and petrochemicals and manufacturing. Today, we are one of Wales' most important manufacturing locations: our assets include the UK's largest steel production complex at Port Talbot, extensive industrial development, and major opportunities for expansion at strategic sites such as Baglan Energy Park and within the Port Talbot Waterfront Enterprise Zone.

Figure 1-1: Neath Port Talbot



Source: Produced by SQW 2021. Licence 100030994. Contains OS data © Crown copyright [and database right] (2021)

A spatial picture of the county borough

- 1.2** Around 70% of Neath Port Talbot's 144,000 people live in its three largest urban areas. **Neath** is an historic market town and major industrial centre which, with the adjacent settlements of Briton Ferry, Skewen and Llandarcy, has a population of around 52,000. A further 38,000 live in the coastal **Port Talbot** conurbation, extending to Baglan, Taibach and Margam, which includes the Port Talbot steelworks and port and some of South Wales' most important strategic development sites. **Pontardawe**, in the Swansea Valley, is the third principal centre, with a population of about 13,000¹. Within the National Plan, the southern part of the county borough is designated part of the 'Swansea Bay and Llanelli' National Growth Area².
- 1.3** However, beyond the coastal strip and the major towns, the county borough is extensively rural, containing several relatively remote, primarily post-industrial communities. North of the M4, settlement patterns follow the main valleys: east to west, these are the **Afan Valley, the Vale of Neath, the Dulais Valley, the upper Swansea Valley and part of the upper Amman Valley** around Gwaun-Cae-Gurwen. Rural Neath Port Talbot also contains important natural and heritage assets, including Afan Forest Park and the Aberdulais Falls.

Building on success, looking to the future: the case for the Economic Recovery Plan

- 1.4** In Neath Port Talbot, **we have a strong track record of attracting investment and driving forward major projects to support economic growth**. Swansea University's new Bay Campus at Fabian Way is now open and complete, transforming a former petrochemicals site into a world-class science and innovation campus. Completion of the Harbour Way distributor road in Port Talbot has opened up access to the Port and enabled the delivery of the Harbourside research and innovation village. Baglan Energy Park continues to be developed as a major strategic industrial site, with an Innovation Centre open and the new Bay Technology Centre nearing completion. Investment in our town centres is well underway, with Port Talbot Parkway station and associated improvements open, and the major new leisure development in central Neath well underway.
- 1.5** Looking to the future, there is much more to do. As the analysis in Chapter 3 sets out, working through the legacy of our industrial past is a generational challenge. Delivering our major sites requires a long-term approach over many years, and there is a need for a concerted effort to secure investment and prosperity in the county borough, especially in those communities that are further away from the major growth opportunities – and to ensure access to those opportunities. At the same time, we are aware of the vulnerabilities presented by our distinctive industrial profile, and the need to build a more resilient and diverse economy.
- 1.6** In that context, Neath Port Talbot Council, with the support of the Welsh Government, has prepared this **Economic Recovery Plan** to set out our priorities for future economic

¹ ONS, Built Up Area Subdivision mid-year population estimates, 2020.

² Welsh Government (2021), [Future Wales: The National Plan 2040](#), Policy 28

development. In preparing the Plan, we have taken a long-term view, looking beyond 'recovery' from the Covid-19 pandemic to the next five to ten years. It is designed to set a clear direction, while remaining flexible, responsive and practical, so that we can drive forward investment proposals and business ideas as they emerge. Importantly, we recognise that although the Plan has been initiated by Neath Port Talbot Council (and the Council has a key leadership role), success will depend on collaboration with business and with partners across the public sector.

Contributing to our Wellbeing Plan...

1.7 The Economic Recovery Plan is a key 'building block' of Neath Port Talbot's approach to wellbeing. In 2018, NPT Public Services Board published its five-year Wellbeing Plan, *The Neath Port Talbot We Want*. Developed by partners across the county borough, this set out a vision for Neath Port Talbot as *"a vibrant and healthy place where people have an equal chance to get on in life - a place where people want to live, learn, work, invest and visit for many generations to come"*³.

“An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work

1.8 The concept of Wellbeing (as defined in the 2015 Wellbeing of Future Generations Act) is wide-ranging, and holistic⁴. But a key dimension is **economic prosperity**: put simply, the sustainable generation of wealth, and the means by which people across Neath Port Talbot are able to access prosperity through skills, work and enterprise.



A Prosperous Wales: one of the seven Wellbeing Goals

1.9 Work is underway to prepare a new Wellbeing Plan. The Economic Recovery Plan will help to drive its prosperity objectives, alongside a wider-ranging Regeneration Strategy, which will be prepared over the coming months.

... within an evolving strategic context

1.10 In addition to the Wellbeing Plan, the Economic Recovery Plan responds to a strategic context which has evolved substantially over the past four years. This includes the preparation of a **Regional Economic Delivery Plan (REDP)** for South West Wales, which builds on the success of the Swansea Bay City Deal and sets out both a regional strategy and a suite of

³ Neath Port Talbot Public Services Board (2018), [The Neath Port Talbot We Want: Wellbeing Plan 2018-23](#)

⁴ Future Generations Commissioner for Wales (2015), [Wellbeing of Future Generations Act \(Wales\) 2015](#)

transformational investments to support growth over the coming decade. The REDP underpins the development of an enhanced framework for joint working across the region (including the new Regional Energy Strategy and the approach to the Swansea Bay and South West Wales Metro): this local Economic Recovery Plan is designed to complement and align with it.

The South West Wales Regional Economic Delivery Plan

In 2014, partners in South West Wales jointly published an Economic Regeneration Strategy. This set the groundwork for the Swansea Bay City Deal, a £1.3 billion investment package supported by the Welsh and UK Governments, which is now well underway.

The new Regional Economic Delivery Plan prepared in 2021 looks to the next ten years, setting out a vision for a regional economy that is “*resilient and sustainable; enterprising and ambitious; and balanced and inclusive*”. It informs the Regional Economic Framework prepared by local partners together with the Welsh Government, and identifies three ‘Missions’ to guide future activity:

- Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy
- Building a stronger, resilient and embedded business base
- Growing and sustaining the ‘experience’ offer

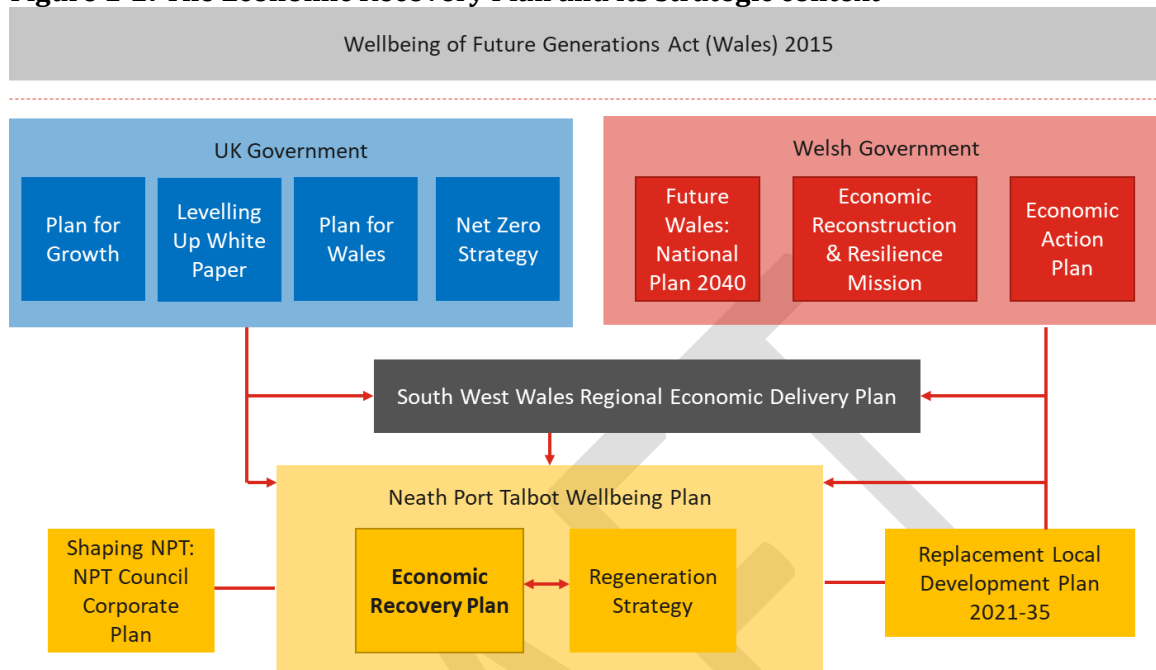
The project pipeline associated with the REDP has a combined value of around £3 million, including several strategic schemes in Neath Port Talbot, outlined further in this Plan.

1.11 Locally, work is also underway to prepare a new **Replacement Local Development Plan (LDP)**, looking forward to 2036. An initial review of the policy context and delivery over the lifetime of the current LDP (2011-26) has been prepared, and has informed this Economic Recovery Plan⁵.

1.12 Looking more widely, Figure 1-2 summarises (at high level) the links between the Plan and the wider strategic context:

⁵ Neath Port Talbot Council (July 2020), [LDP Review Report](#)

Figure 1-2: The Economic Recovery Plan and its strategic context



Source: SQW

1.13 Across the wider strategy landscape, four inter-connected themes are especially relevant to the development of this Economic Recovery Plan:

- Recovery and resilience:** The Covid-19 pandemic led to a concerted – and unprecedented – response from government at all levels. While the economic recovery has been positive to date (as Chapter 2 outlines), there is a strong emphasis in strategy on the need to build ‘resilience’ to future shocks and on the need to respond to the accelerating effects of the pandemic on pre-existing structural trends⁶.
- Net zero and decarbonisation:** The UK is committed to achieving net zero carbon emissions (over a 1990 baseline) by 2050. Reflecting this, the UK Government produced its net zero strategy in 2021, setting out a plan for reducing emissions in every sector of the economy⁷. The Welsh Government has also committed to “acting decisively to tackle the nature and climate emergency”⁸, a stance reinforced in the National Plan and the new national transport strategy and developed locally in Neath Port Talbot’s *Decarbonisation and Renewable Energy (DARE) Strategy*⁹. In the meantime however, climate change risks (for example, linked with flood risk and supply chain disruption) are significant and will need to be the focus of intensified policy action (nationally and locally) over the coming years¹⁰.

⁶ For example, the impact on town centres and the retail offer. See Welsh Government (February 2021), [Our Economic Resilience and Reconstruction Mission](#)

⁷ HM Government (October 2021), [Net Zero Strategy: Build Back Greener](#)

⁸ Welsh Government (June 2021), [Programme for Government](#)

⁹ Neath Port Talbot Council (May 2020), [Decarbonisation and Renewable Energy Strategy](#)

¹⁰ See [Third UK Climate Change Risk Assessment Technical Report: Summary for Wales](#) (2021), p.107

- **Technology change:** As well as the long-term impact of the shift to net zero, the UK Government's *Plan for Growth* highlights the challenge and opportunity associated with digitalisation and 'Industry 4.0'¹¹. The Welsh Government's recent manufacturing support strategy and review of digitalisation similarly emphasise the challenges and opportunities associated with technology adoption¹².
- **Changing environment for public investment:** In parallel, the landscape for public intervention at local level is changing substantially. This includes the delivery of the UK Shared Prosperity Fund, which will be managed as a single UK-wide programme and is designed as a replacement for the European Structural Funds. Historically, Neath Port Talbot has been a significant beneficiary of European funding for a wide range of infrastructure, employment and business support programmes: navigating a new set of programmes and relationships will be an important short-term challenge.

Plan structure

1.14 The remainder of this Plan is structured in seven chapters:

- Chapter 2 takes a closer look at **Neath Port Talbot's economy**, providing an overview of the 'state of the county borough', outlining its key strengths and assets, and the economic challenges that need to be addressed.
- Chapter 3 presents a '**strategic framework**', outlining in headline terms our priorities to support future growth.
- Chapters 4-6 unpacks these priorities further, explaining the **areas for action** on which we will focus.
- Finally, Chapter 7 sets out a **framework for measuring progress** and explains how we will monitor delivery.

1.15 In addition, two annexes are attached. **Annex A** provides an assessment of the Plan against the Wellbeing of Future Generations Act (Wales) 2015. **Annex B** provides a summary SWOT analysis. Alongside the Plan itself, a separate Local Economic Evidence Base document provides further detail in relation to the economic analysis set out in Chapter 2, and an 'action plan' to support delivery will also be developed.

¹¹ HM Government (March 2021), [Build Back Better: Our Plan for Growth](#)

¹² Welsh Government (February 2021), [A Manufacturing Future for Wales](#); Welsh Government (September 2019), [Wales 4.0: Delivering economic transformation for a better future of work](#)

2. Looking inside Neath Port Talbot's economy

Neath Port Talbot has a distinctive economic profile, reflecting its extensive concentration of industry. In recent years, there has been success in increasing economic activity rates, reducing unemployment and taking forward a series of nationally-significant investments. However, NPT's economy has vulnerabilities alongside important opportunities for long-term growth. This chapter presents an overview of the county borough's economy, outlining recent economic performance, key strengths and assets, and medium-term outlook and wider factors that are likely to impact future growth.

Recent economic performance

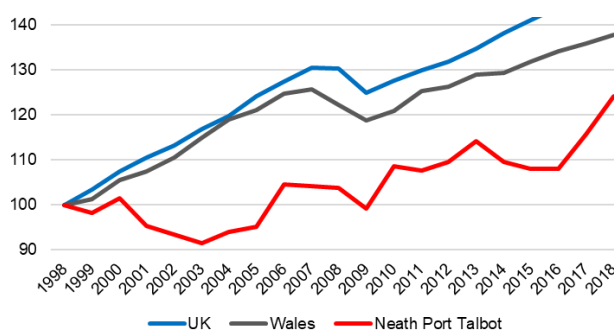
We have a distinctive industrial economy, which has seen significant restructuring

2.1 Neath Port Talbot's total economic output (measured in gross value added) was around £2.6 billion in 2018. Manufacturing is highly significant, accounting for around a quarter of output (compared with 17% in Wales and 10% in the UK as a whole).

2.2 Over time, there has been a significant structural shift in the composition of output. As Figure 2-1 illustrates, total output fell in the late 1990s and early 2000s, reflecting a substantial loss of manufacturing activity and the closure of NPT's petrochemicals industry. In parallel, the manufacturing share of output fell from 37% in 1998, with contraction linked with the steel industry and some important closures (such as Crown Packaging at Neath, TRW at Resolven and, more recently, the automotive supply chain firm Hi-Lex at Baglan).

2.3 This all suggests a **continuing process of adjustment within the economy**, with the fastest recent growth in transport and storage; administrative and support service activities; health; and (from a much smaller base) information and communications. Nevertheless, manufacturing output has more recently stabilised, and it remains a central (and high-value) driver of the local economy.

Figure 2-1: Index of GVA growth (1998=100)



Source: ONS, GVA chained volume measure (2016 money value)

Jobs and economic activity have expanded (although there is capacity for more)...

- 2.4** There has been strong progress in raising **economic activity rates**. The gap has narrowed between NPT and the Wales and UK averages, reflecting a trend common to many Valleys authorities, as those exiting the labour market (often for health reasons) following industrial restructuring reach retirement age. However, there is still a gap (of around three percentage points) with the rest of the UK, and the pace of change has slowed somewhat in recent years.
- 2.5** Despite relatively weak output growth, **Neath Port Talbot has also performed quite strongly in generating new jobs**, at least up until the start of the pandemic. In 2019, there were around 56,000 jobs in the county borough, a 10% increase in the number of jobs between 2014 and 2019. This has meant that the 'jobs' density' (the number of jobs per working age resident) has steadily grown over time¹³.
- 2.6** Reflecting the sectoral balance of output, **manufacturing has a high share of total employment**. Around 19% of all employee jobs were in manufacturing in 2019 (almost 2.5 times the share of manufacturing in total UK employment)¹⁴. Manufacturing employment remained broadly stable in the five years to 2019, having stabilised following earlier contraction. But over the same period, the strongest growth in employment was in public and general business services, hospitality and transport and storage.

... and in the short term, employment has been relatively resilient

- 2.7** During the Covid-19 pandemic, unemployment rose sharply, although it was mitigated by the furlough scheme and by the extensive range of grant, loan and rates relief measures delivered by the UK and Welsh Governments and by the local authority.
- 2.8** In Neath Port Talbot, the claimant count rose by 59% between March 2020 and March 2021. However, this rate of increase was much lower than the Welsh or UK averages (86% and 111% respectively – reflecting NPT's relatively lower exposure to sectors such as hospitality, which were especially impacted by Covid restrictions. Since March, there has been a steady and consistent fall in the claimant count, with a reduction of 20% between March and September, bringing Neath Port Talbot's claimant count rate to below the UK average¹⁵.

Employment in Neath Port Talbot is geographically quite concentrated

- 2.9** The greatest concentrations of employment in NPT are along the M4 Corridor and the waterfront (as Figure 2-2 illustrates below). This is somewhat more pronounced than the population distribution within the county borough, reflecting the major concentrations of

¹³ The jobs density in NPT increased from 0.54 jobs per working age resident in 2008 to 0.64 in 2019. This is similar to neighbouring Bridgend, although lower than in the regional centre of Swansea.

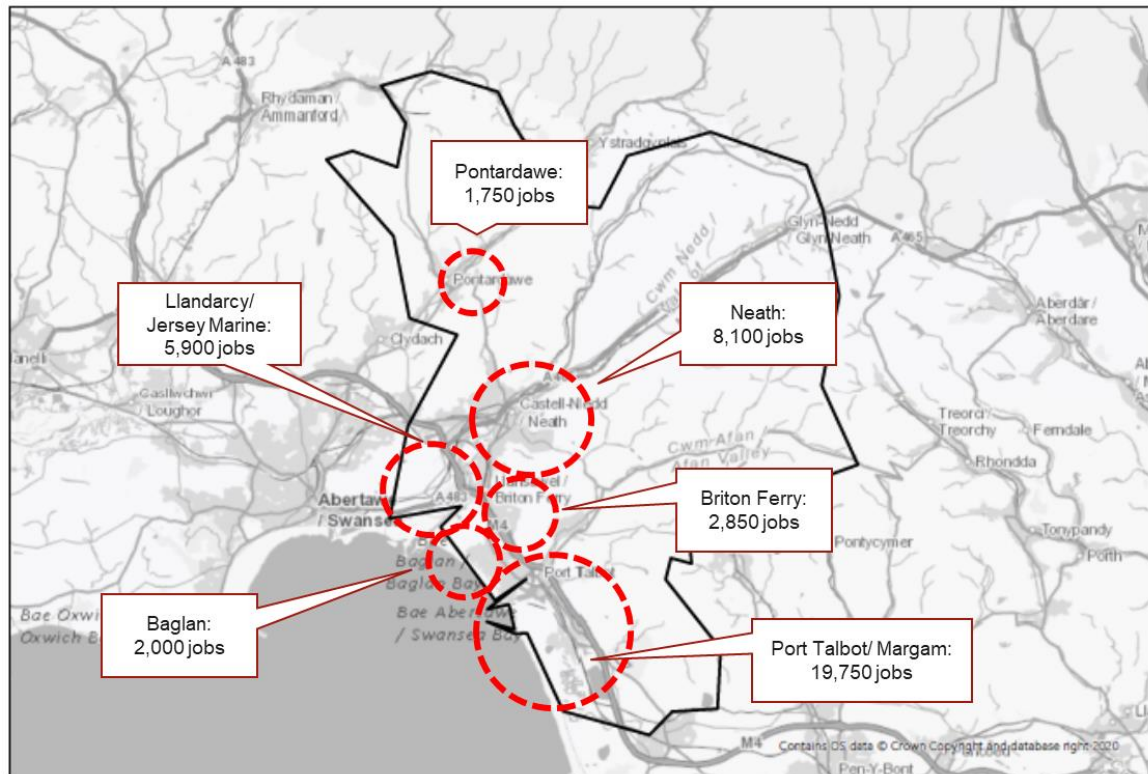
¹⁴ See the Local Economic Evidence Base for further detail on the sectoral composition of employment.

¹⁵ ONS, DWP. Note however that the Coronavirus Jobs Retention Scheme (the furlough scheme) closed on 30 September. The impact of this is not yet visible in the data, although furlough take-up had been falling for several months while claimant count rates also declined.

industrial activity (especially around Port Talbot) and the distribution of transport connections and major sites.

- 2.10** However, beyond the M4, the stock of jobs is weaker and more dispersed, and connectivity (especially by public transport) is more challenging.

Figure 2-2: Key employment concentrations in Neath Port Talbot



Source: ONS, BRES: Produced by SQW 2021. Licence 100030994. Contains OS data © Crown copyright [and database right] (2021)

Economic connections with our neighbours are important

- 2.11** Economic links beyond Neath Port Talbot are also very significant. The southern part of the county borough forms a contiguous urban area with Swansea, and the M4 and South Wales Main Line offer excellent access to Bridgend, Cardiff, the rest of the South Wales coast and beyond. The A465 through the Vale of Neath also offers access to the Heads of the Valleys and the English Midlands.
- 2.12** In ‘travel to work’ terms, this is reflected in a **net outflow of workers**, principally to Swansea, although the pattern of outflows and inflows is quite complicated, reflecting NPT’s major employment concentrations. Functional industrial connections have historically also been important across South Wales – and continue to be, as (for example) the collaboration involved in the South Wales Industrial Cluster, described further in Chapter 4, illustrates. While links with the rest of the South West Wales region are important – and joint working across the region will be key to the delivery of much of this Plan – relationships with Cardiff Capital Region and beyond will be important to Neath Port Talbot too.

Productivity and its key drivers

2.13 Productivity (the amount of GVA generated per filled job) was around £48,000 in 2018.

This was slightly higher than the Welsh average (and was also higher than in the South West Wales region overall). But the gap with the UK as a whole is consistent over time: generally, GVA per filled job in Neath Port Talbot is around 85% of the UK average.

2.14 Partly, productivity is influenced by the sectoral make-up of the economy: in Wales, GVA per filled job in manufacturing is about 57% higher than the all-industries average¹⁶, and this is probably reflected in NPT's higher productivity relative to its neighbours. However, productivity gains can be made in all sectors, through investment in management capacity, supply chain capabilities, better workforce skills and so on.

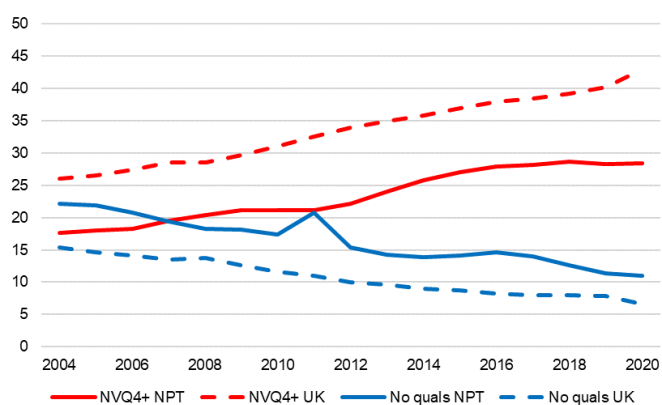
2.15 The following paragraphs consider progress in relation to **skills, business stock and growth, space for business expansion and connectivity.**

Skills...

2.16 In general, workforce qualifications have improved over time, as workers with few formal qualifications reach retirement age and leave the labour market, and demand for higher-level skills rises.

2.17 Neath Port Talbot follows the same trajectory as the rest of Wales and the UK. However, there is a substantial gap: over the three years from 2018-20, **only around 28% of people of working age in NPT were qualified to NVQ4+, compared with 43% in the UK.** This is partly reflected in the county borough's occupational profile, with relatively fewer NPT residents employed in jobs generally requiring higher-level qualifications (such as management and professional roles), and relatively more in 'elementary', process and administrative roles.

Figure 2-3: % of population aged 16-64 qualified to NVQ and with no qualifications, 2004-20



Source: ONS, APS. NPT data is presented as three-year rolling average to smooth out data volatility

2.18 **This is likely to impact on residents' ability to access better-paid local employment.**

Median annual pay at *workplaces* in NPT is around £29,000 – higher than the Welsh average. But the average pay commanded by NPT *residents* is substantially lower, at around £27,000.

¹⁶ ONS, Region by industry labour productivity (ITL1 regions), 2019

The implication is that there is a relatively high amount of out-commuting to jobs on modest salaries and some in-commuting to NPT's more highly-paid roles. For the Plan, increasing *access* to better paid employment and improving progression in work needs to accompany the creation of new jobs.

Business stock and growth...

2.19 Although we have an expanding business base, growth and density rates are relatively low. In 2020, there were around 3,275 active enterprises in Neath Port Talbot. Between 2015 and 2019, the overall stock of enterprises grew by around 4%. But this was only about half of the UK growth rate, and substantially below that of Wales as a whole. Similarly, enterprise density (the number of enterprises relative to the working age population), was just over half the UK rate, with start-up rates below the UK average.

2.20 However, there is evidence of locally-based 'high growth' businesses in NPT emerging within the established manufacturing sector and in a range of service, construction and environmental activities¹⁷. Building on these and **raising entrepreneurship and 'indigenous' business growth** is likely to be an important factor in future strategy.

Business sites and premises...

2.21 Neath Port Talbot benefits from some of Wales' most important strategic sites for industrial expansion, notably at Baglan Bay and the other sites contained within the Port Talbot Waterfront Enterprise Zone – and there has been good progress in bringing these forward. However, despite NPT's position as a major industrial location, evidence of high demand for industrial stock and a supply of strategic opportunities, access to modern commercial premises remains relatively constrained.

2.22 This reflects the **persistence of market failure in the supply of commercial property**: the recent *Commercial Property Report* for the Welsh Government found that, "*for significant schemes to be brought forward, there remains a need for direct public intervention*", and that sites in less favourable Valley locations are likely only to be viable with grant support¹⁸. This also applies in the case of smaller units geared to local SME occupiers, which are challenging to bring forward in market conditions, despite the widespread evidence of occupier demand.

Connectivity...

2.23 In terms of **digital connectivity**, Neath Port Talbot is relatively well-served and there has been strong progress in recent years. Some 98% of premises can access superfast broadband, following the success of the rollout of the Superfast Cymru programme, with 60% able to access 'ultrafast' and 30% of premises gigabit enabled – although the latter are concentrated

¹⁷ The Wales FastGrowth 50 Index identifies some 23 high growth businesses in NPT between 2003 and 2019, in manufacturing, retail, construction-related and environmental/ remediation activities.

¹⁸ Welsh Government [SQW] (March 2020), [Commercial Property: Market analysis and potential interventions](#)

along the M4 Corridor. However, the physical infrastructure to enable digital connectivity isn't the same as the ability to pay for it, with affordability presenting an important challenge for some people in accessing increasingly online opportunities.

2.24 Road infrastructure has benefited from the delivery of Harbour Way in Port Talbot, providing direct access to Harbourside from the M4; and outside the county borough boundaries, the efficiency of the A465 has been improved through dualling on the Heads of the Valleys stretch. **Rail** connections via the South Wales Main Line are also good (although electrification plans have been scaled back), and NPT will benefit from the improved connectivity planned through the Swansea Bay and South West Metro, principally through frequency enhancements on the existing network over the next decade.

2.25 Transport connectivity is substantially more challenging in the Neath Port Talbot Valleys. Longer term plans for the Metro offer the potential for the reintroduction of passenger rail services in the Valleys, although there is much work to be done to develop the business case for these. In the shorter term, public transport connections are an important constraint on access to work and study, with a substantial need for investment in bus services and innovative community transport solutions.

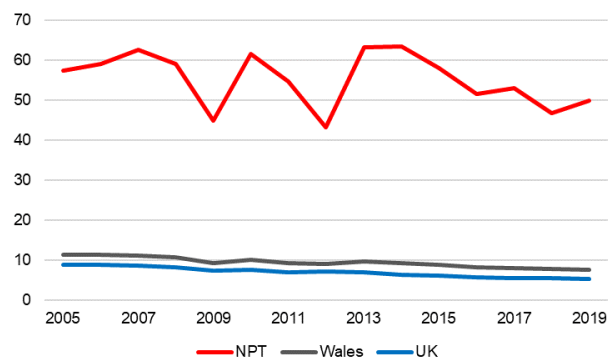
Big challenges ahead

High carbon emissions are a key economic vulnerability

2.26 Reflecting its industrial composition, **Neath Port Talbot has a relatively carbon-intensive economy.** In 2019, the county borough generated around 7,165 kt of carbon dioxide emissions, giving it the highest level of carbon emissions of any local authority in the UK.

2.27 This is mostly accounted for by the steelworks at Port Talbot: over recent years, domestic, public sector and non-industrial commercial emissions have fallen in line with the UK average. But with strong regulatory and price pressure to decarbonise (and the relatively high costs associated with energy-intensive businesses in the UK), it is an economic vulnerability, as well as a driver of innovation.

Figure 2-4: Carbon emissions (CO₂, kt) per capita, 2005-19



Source: BEIS, Local authority and regional CO₂ emissions

Persistent inequalities and low incomes

- 2.28** Despite success in steadily increasing the overall stock of jobs and increasing economic activity rates, recent research has focused on the impact and extent of low-paid work (including low-paid self-employment), and on the extent to which rising costs have impacted on the real incomes of the lowest paid¹⁹.
- 2.29** Within Neath Port Talbot itself, the principal concentrations of disadvantage are in urban Port Talbot (Sandfields and Aberavon), Briton Ferry and Neath; and in the upper Valleys, especially in the Afan Valley around Croeserw. Partly they reflect the need for continued measures to support *access* to employment (through skills development and so on – and the incidence of workless households is much higher in Neath Port Talbot (around 21% of all households) than in Great Britain overall. **But most households on low incomes are already in work:** for an Economic Recovery Plan, a focus on more, sustained employment opportunities “closer to home” is likely to be key²⁰.

Looking ahead: The forward outlook

From pandemic to recovery

- 2.30 Looking to the future, the outlook for economic recovery from the pandemic is positive.** The UK’s economy contracted by 9.8% in 2020 – an unprecedented fall in annual output in modern times. However, the Office for Budget Responsibility anticipates UK GDP growth of 6.5% in 2021 (sufficient to restore the economy to its pre-pandemic size) and 6% in 2022. These forecasts are rather more optimistic than those predicted earlier in the crisis, and are reflected in more positive estimates of the bounce-back in employment²¹. Growth in the longer term is expected to be more modest, averaging around 1.5% in 2024-26. This reflects a return to pre-pandemic ‘normality’, but remains below the rates of growth experienced before the 2008/09 financial crash.
- 2.31 The pandemic has also led to behavioural trends that are likely to have longer-term impacts.** The share of household retail spending taking place online rose rapidly, remains higher than pre-pandemic levels, and has accelerated pre-existing structural changes in the retail market²². Remote working has expanded, with the Welsh Government adopting an ambition for 30% of all workers to “work at or near to home” – potentially a source of opportunity for NPT residents, as well as supporting demand for flexible town centre uses. Also relevant to Neath Port Talbot’s industrially-oriented economy, both the pandemic and

¹⁹ Bevan Foundation (October 2021), [On the edge: Low income self-employment in Wales](#)

²⁰ “Better jobs, closer to home’ is a Welsh Government objective. It is set out in the *Economic Action Plan* and *Our Valleys, Our Future*, and is, by extension an aim of the Regional Economic Delivery Plan and the associated Regional Economic Framework.

²¹ Office for Budget Responsibility (October 2021), [Economic and Fiscal Outlook](#), p.14

²² Online spend accounted for about 26% of all UK household retail spend in September 2021, c

Brexit have encouraged firms to build greater supply chain resilience, with more companies planning to source supplies locally and hold more inventory²³.

The medium-term employment outlook

- 2.32** Over the coming decade, the working age population in Neath Port Talbot is anticipated to be static (although as noted above, there is ‘capacity’ to bring more people into the labour market)²⁴. In that context, total employment growth is expected to be modest: for South West and Mid Wales, annual employment growth is forecast to be around 0.3% to 2027²⁵.
- 2.33** Over that period, the largest growth sectors are anticipated to be in health; accommodation and food and support services, reflecting recent growth patterns. The qualifications profile of employment is also projected to change, with a sustained fall in jobs requiring qualifications at Level 2 or below, and sustained growth in jobs requiring higher qualifications. **By 2027, around 49% of jobs in South West and Mid Wales are projected to require qualifications at Level 4+ - a substantial increase on the number of people in NPT currently qualified to that level.**

Building on strengths - and opportunities for the future

- 2.34** Future growth will build on Neath Port Talbot’s existing strengths and its major emerging opportunities. These include:

The strength of the existing industrial base

- 2.35** Neath Port Talbot has a substantial stock of major firms, principally in the manufacturing sector: some of the county borough’s largest companies are highlighted in the table below. Given the economic restructuring processes that have taken place in recent decades, the industrial base is highly competitive and internationalised, and operating in many cases at the ‘leading edge’ of advanced technology. In the manufacturing sector, key companies include Sandvik Osprey, Freudenberg Oil and Gas Technologies and British Rototherm, as well as Tata Steel, with the manufacturing base extending from advanced coatings and materials through to paper and packaging. **TWI’s** industry-led engineering research and technology offer at Harbourside, including the Advanced Engineering Materials Research Institute) is also of international significance, with expertise and talent in Neath Port Talbot supporting leading businesses across the UK and the wider world²⁶.

²³ Business Continuity Institute (BCI) (October 2021), [The future of business continuity and resilience: the emerging landscape report 2021](#)

²⁴ StatsWales population projections

²⁵ Cambridge Econometrics/ Warwick University Institute for Employment Research (2020), *Working Futures 2017-27*. South West & Mid Wales is the smallest geography for which the projections are prepared.

²⁶ See [TWI](#)

2.36 In addition to these distinct assets, recent years have also seen increased collaboration between industry and the knowledge base. This includes a long history of collaboration between local universities and the manufacturing sector. However, the potential to do more is highlighted within the draft South West Wales Regional Economic Delivery Plan: from a more local perspective, increasing awareness of and access to the range of support on offer, and increasing its relevance to local firms is likely to be important.

Opportunities for leadership in the transition to a net-zero economy

2.37 The ‘flip side’ of Neath Port Talbot’s carbon-intensive economy is the potential for leadership (and economic opportunity emerging from) the decarbonisation process. Specific opportunities include:

- **Cross-regional opportunities to support the decarbonisation of relatively carbon-intensive industries.** These include the **South Wales Industrial Cluster programme**, recently awarded funding from UKRI to develop a plan for decarbonisation across the region’s industrial and energy base, with partners including Associated British Ports and Tata Steel²⁸.
- **Technology development in low carbon technologies**, much of which is still in the early stages of development. Relevant assets include the University of South Wales’ **Hydrogen Centre** at Baglan Energy Park and a new hydrogen demonstrator project at Hanson UK’s cement plant at Port Talbot; Swansea University’s Bay Campus also hosts the **SPECIFIC** Innovation and Knowledge Centre, focused on the development and commercialisation of building technologies to capture and store solar energy.
- **Renewable energy potential**, including the large on-shore wind farm at Pen-y-Cymoedd and tidal and wave energy opportunities in Swansea Bay.
- **Opportunities for innovative energy systems projects.** The FLEXIS project in Port Talbot has also delivered a demonstrator project in Port Talbot, linked with the town’s combination of energy generation potential, industry and residential demand, and in relation to the building stock, NPT Council is leading the City Deal-funded Homes as Power Stations project.

2.38 Some of these initiatives remain ‘experimental’ and in the planning phase: not all will be directly relevant to businesses facing more immediate challenges. **But over time, all businesses will become ‘low carbon’ businesses:** enabling them to reach that goal is both a competitive challenge and opportunity.

The scale of Neath Port Talbot’s major sites and their investment potential

2.39 Part of Neath Port Talbot’s industrial legacy is its endowment of major strategic sites. These include Baglan Bay Energy Park and the Port Talbot Waterfront sites cited above; ABP’s

²⁸ See [SWIC](#)

emerging plans to maximise the potential of their assets at Port Talbot (described further in Chapter 5); and the major former opencast colliery site at Onllwyn in the Dulais Valley, planned for the location of the new **Global Centre for Rail Excellence**. Supported by substantial infrastructure investment, these represent a national and regional asset, although delivering their potential is a long-term endeavour.

The value of 'place'

- 2.40** Beyond the major sites, Neath Port Talbot's **town and community centres** also offer potential for growth. Town centre investment is a key pillar of Welsh Government strategy (and funding), reflecting the role that town centres can play in acting as sustainable focal points for economic and community life. Investment has already been made in the quality of the environment at Neath, Port Talbot and Pontardawe and in improved leisure and transport facilities. While conventional office demand has generally been weak in NPT's town centres, the prospect of increased local working presents opportunities for investment in flexible workspaces linked with a wider range of town centre amenities.
- 2.41** In addition to our town centres, Neath Port Talbot's **natural environment** is an economic asset in addition to its inherent value. Tourism in the county borough generated an economic impact of around £113 million in 2019 – and despite the short-term impact of the pandemic, rising demand for high-quality outdoor visitor experiences and new investment in facilities such as Afan Forest Park offers great potential for future development, especially given the county borough's accessibility to visitor markets. It will be important that investment in developing this economic potential is accompanied by continued investment to support environmental quality, linked with the sustainable development of the farming and forestry sectors.

Capturing the benefits of new ways of working

- 2.42** The Covid-19 pandemic accelerated a long-term trend towards remote and flexible working. While the eventual impacts of this remain unclear, recent research indicates that about a quarter of the workforce could work remotely over the long term, with this percentage likely to be much higher in computer-based office activities²⁹. In some industries, this might have the effect of 'decoupling' firms' business locations from the areas that they are able to recruit from, opening up new opportunities for local residents to work further afield without moving. In the long term, this means that the way in which we think about local labour markets could change substantially – but it reinforces the importance of investment in workforce skills to ensure that residents can take advantage of new opportunities as they emerge.

²⁹ McKinsey Global Institute (2021), [The future of work after Covid-19](#), p.14

Reviewing the evidence: Key issues for the Economic Recovery Plan


2.43 Looking across the state of Neath Port Talbot's economy and its opportunities and challenges:

- **We have a highly distinctive economy**, with a nationally-significant presence in the metals sector and industrial assets including major companies and translational research institutions. While the local economy has experienced substantial restructuring in recent decades, it remains one of the UK's most highly concentrated industrial districts – and the industrial sector is a major source of good quality employment.
- **Our industrial profile presents vulnerabilities and opportunities for technological leadership.** High carbon intensity gives an urgency to the need to decarbonise, and there are several initiatives in place. However, some propositions are at an early stage (and are operating in a competitive environment): sustained investment and flexible leadership will be important.
- **We have major expansion opportunities that are of national significance.** These include the extensive waterfront sites in Port Talbot and Baglan (as well as the potential of the Port), and former industrial sites inland. Opportunities on this scale and with the right connectivity are rare in South Wales – but they require (continued) long term investment and strategy to bring them forward.
- **... But parts of Neath Port Talbot are further away from economic opportunity.** While economic activity is substantially concentrated along the M4 Corridor, there are fewer job and business opportunities based in the Valleys – despite the *potential* of the area's communities and natural assets. This challenge is compounded by generally poor transport connections beyond the main towns and coast. More broadly, the relationship between overall economic growth and 'real' outcomes in local communities is complex.
- **We have some significant deficits in workforce skills**, which impede residents' ability to take full advantage of new opportunities. Addressing these will be important in supporting the productivity and adaption of the existing industrial base, as well as supporting diversification.
- **Our overall business stock remains relatively small.** A larger and more dynamic SME base ought to help in developing opportunities for growth across the economy – especially in those parts of the county borough that are further away from employment opportunities at scale.


2.44 Building this analysis of our strengths and weaknesses, the next chapter introduces our priorities to support economic growth over the next few years.

Bringing the economy to life: Business case studies

With a strong manufacturing heritage, Neath Port Talbot's economy has diversified in recent years, with its 3,275 businesses including significant international investors as well as established locally-based firms. Neath Port Talbot Council recently commissioned a series of interviews with some of the county borough's leading businesses: here is a snapshot of some of the firms that are driving the local economy:

- **Keytree** is a business software solutions firm, with around 40 staff in Port Talbot (and 400 worldwide). Founded in 2006, it recently became part of the Deloitte group. Having been in the area for more than four years, the company recently relocated to larger premises in the former Port Talbot Magistrates Court. Port Talbot's central location, connectivity and proximity to the university in Swansea are key to Keytree's location decision.


Port Talbot is a perfect location between Swansea and Cardiff. It's easy to travel here from the London office. I can stop off in Cardiff if I need to, or continue to the university in Swansea. It's all really close.


- **Paragon Engineered Timber** offers a design, supply and installation service for timber systems for the construction industry. Based in Resolven Business Park, their clients include major house builders Persimmon, Bellway, St Modwen and Edenstone, as well as regional customers. Established three years ago, Paragon's expansion has been so rapid that it has already outgrown their first unit on the business park and has achieved additional capacity by leasing a second.
- **Rototherm** has manufactured precision instrumentation to measure temperature, pressure, density and flow since 1969. Based in Margam, it supplies worldwide to customers in the energy, beverage, LPG, pharmaceutical, healthcare, water, transport and defence industries. Responding to a call from a Welsh NHS Trust in March 2020 to produce face shields, the company has expanded into Wales' largest manufacturer of medical face masks with a capacity of 13 million units a month, and is currently the UK's only manufacturer of safety goggles.
- **Armadillo Metal Coatings** is a pioneer in corrosion and tarnish protection, with its patented technology providing long-lasting defence using smart release corrosion inhibitors. Based at the Baglan Bay Innovation Centre, Armadillo is a spin-out from Swansea University, and resulted from a four-year research project into anti-tarnishing technology with the Royal Mint.

These four examples are diverse, but all benefited from practical support from Neath Port Talbot Council in helping them to locate and expand in the county borough.

3. A framework for action

Based on the evidence outlined in Chapter 2, this chapter sets out where we will focus our efforts over the next few years in support of a more prosperous Neath Port Talbot. It outlines some key principles on which our strategy is based and an overall 'framework' to guide our activities.

Evidence to action: Six key principles...

3.1 In moving from “*what the evidence says*” to “*what we intend to do*”, **six key principles** underpin our strategy:

- **Jobs and opportunities first:** Fundamentally, we want to create more opportunities for residents to access and progress in work, gain the skills they need and want and achieve their potential. This will take place in the context of the wider ‘drivers for change’ identified in the last chapter and it demands short term actions and long-term planning – **but our focus is on creating the conditions for practical, meaningful and relatable opportunities.**
- **The whole county borough:** Not all parts of Neath Port Talbot have the same capacity for locally-based economic growth. But we want to unlock the potential of every part of the county borough, both by realising locally-available opportunities and providing access to them. **That means a strengthened focus on NPT’s Valley communities, as well as the M4 Corridor, and it means a focus on generating and sustaining employment.**
- **Flexibility and routes to impact:** Over time, new investments, ideas and proposals will come forward, and there will be new opportunities to access funding and support government priorities. So **our Plan is flexible and resilient** – but it provides a basis for the Council to work together with partners, and we will develop an action plan alongside it that can evolve over time.
- **Business and community voice:** Although the Plan has been developed by Neath Port Talbot Council (and many of the activities resulting from it will be led by the Council), it will only be delivered through partnership working, with business and the wider community – and as the Plan evolves, the business and community voice will be important.
- **Wider contribution:** A number of wider factors will influence people’s ability to access new jobs and opportunities. Some of these (such as housing quality and health) are outside the scope of the Plan, but will still have an important bearing on it. So it is intended that this Plan will be accompanied by a broader Regeneration Strategy. It will also inform

the wider Neath Port Talbot Wellbeing Plan – maintaining its focus, but contributing to the bigger picture.

- **Consistent with the regional approach**, set out in **the South West Wales Regional Economic Delivery Plan** developed earlier this year, with the support of Neath Port Talbot Council, our regional partners and the Welsh Government. Specifically, the Plan should contribute and add value to the three ‘Missions’ set out in the REDP of: establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy; building a strong, resilient and ‘embedded’ business base; and growing and sustaining the experience offer.

3.2 In the light of these key principles, Figure 3-1 sets out a high-level framework for action. In the context of the priorities of the Regional Economic Delivery Plan and the evidence outlined in Chapter 2, it identifies three areas on which we will focus action over the coming years, linked with developing a more **entrepreneurial and resilient** economy, realising the county borough’s **transformational investment opportunities**; developing **quality and connected communities** and **developing an increasingly skilled workforce**. All of these will contribute to (and be supported by) our wider regeneration strategy and Wellbeing Plan:

Figure 3-1: Strategic framework



Source: SQW

3.3 Delivering all four themes will need flexibility and new ideas: Chapters 5-8 work through our key areas of action in greater detail.

4. Entrepreneurial and resilient economy

Neath Port Talbot is a great place in which to start and grow a business, and the county borough has a strong track record in attracting investment. But our business base is smaller than it ought to be: by growing our stock of enterprises across all sectors and by enabling enterprise to flourish in all parts of NPT, we aim to support a more diverse economy and a more resilient employment market.

The case for action

Opportunities for growth in all sectors...

- 4.1** Neath Port Talbot has a large and distinctive industrial sector, much of which is driven by small and medium enterprises. However, around 75% of the county borough's output and 80% of its employment is within a very diverse range of service activities. While we have some important 'transformational' investment opportunities highlighted in the next chapter, recent research has highlighted the potential for productivity gains to be made in all sectors through investment in management capacity, skills development, technology adoption (including in 'general purpose' technologies), and so on³⁰. This is reflected in the draft Regional Economic Delivery Plan, which notes that *"a broad-based approach that supports SME growth and entrepreneurship across the board and increases the local 'stickiness' of investment is likely to be important"*.

... and potential to grow the business base

- 4.2** As the evidence in Chapter 2 demonstrates, the SME base in Neath Port Talbot is relatively small: enterprise density is only around half of the UK level, and total business stock growth and start-up rates are also relatively low. Recent evidence suggests that this is partly linked with perceptions that available opportunities are limited, which impacts both on individuals' propensity to start and grow a business, and on the supply of finance, premises, support services and so on to support the market, and potentially acts as a constraint on the ability of existing firms to expand³¹. However, a more 'dynamic' business landscape can support economic resilience, by increasing diversity and creating opportunities in communities that are further away from the main concentrations of economic activity.

³⁰ Institute for Government (2021), [Firing on all cylinders – why restoring growth is a matter for every UK sector](#)

³¹ Jack Watkins (2021), [A Better Balance: Business support for the foundational economy](#) (Institute of Welsh Affairs). p.29; K. Bonner *et al* (2018), *GEM UK: Wales Report 2018*

Priorities for the future: A new focus on local economic development

- 4.3** We want economic growth to result in real and meaningful opportunities for local residents, across Neath Port Talbot. As well as securing investment in some of the major opportunities that we highlight in the next chapter, this will mean supporting the steady growth, resilience and diversity of our local business base. Over the coming years, we want to **strengthen the 'gateway' to business support**; invest in an **improved sites and premises** offer to small and growing businesses; **use wider public sector expenditure proactively** to support business; and create an increasingly **joined-up approach** to community-focused economic development.



Support to boost entrepreneurship and encourage better succession planning can result in some of these firms growing, taking on new employees, moving into new markets.... [raising] the profile of entrepreneurship and increasing the strength of the entrepreneurial ecosystem.



IWA, A Better Balance

Improving the 'gateway' to support

- 4.4** Neath Port Talbot Council has long provided direct and proactive support to business, including start-up advice and access to grant support, as well as assistance to firms seeking to invest and expand in the area. This is supplemented by the Welsh Government's range of support products (principally delivered as information and advice under the 'Business Wales' brand; loan and equity finance offered via the Development Bank of Wales, and some specialist products (e.g., the SMART suite of innovation support programmes, and specific schemes often supported through European funding). **We are responsive, proactive and flexible in supporting businesses that wish to invest and expand in Neath Port Talbot**, and a practical and welcoming offer to business is key to the Neath Port Talbot offer.

However, Welsh Government business support only reaches a minority of businesses (partly through strategic decisions to focus support on a targeted number of firms with high growth potential), and there is evidence of challenges in engaging with the businesses at scale³².

³² Jack Watkins (2021), [A Better Balance: Business support for the foundational economy](#) (Institute of Welsh Affairs). p.7

Key actions

A better-coordinated gateway...

We want to develop a better coordinated gateway to business support, maximising the use of resources across the public and private sectors and making best use of local intelligence and business leadership. Working with the Welsh Government and business, we will:

- Use our local intelligence to review ‘what works’ in supporting business creation and growth, and where value can best be added to the existing offer. This should include the balance between repayable and non-repayable finance (and whether there is scope for a supplementary offer to that provided by DBW); demand for support in the private sector; the potential benefits of an expanded local offer; and ‘routes’ between generic and more specialist support to support productivity gain and adapt to new technologies. This will inform the development of new approaches in the light of future funding from the Shared Prosperity Fund and other new schemes.

... recognising diversity of opportunity

Within our approach, we recognise a wide range of opportunities for business growth, some of which have been enabled by the increasing ability to work remotely using digital technology; and some of which will include opportunities in the ‘foundational economy’ (the supply of local goods and services, often involving public contracts and direct community relationships). Our focus is on sustainable and ‘resilient’ employment, and we want to support SMEs that can offer routes to good work across the board.

Improving access to sites and premises

- 4.5** Recent research for the Welsh Government demonstrates the existence of a generalised market failure in the supply of commercial property, driven by low rents (especially in Valley communities and places north of the M4) and ageing stock³³. This acts as a significant barrier to business expansion. However, there is evidence of substantial business demand, as demonstrated at the Council’s extensive range of industrial units across NPT, the success of its long-established workshop and office facility at Sandfields Business Centre, and the more recent investment at Baglan Bay Innovation Centre.
- 4.6** Ensuring a supply of good-quality business premises suitable for a range of uses will be important in supporting small business growth. While this applies across the county borough, it is especially important in those Valleys locations where commercial development is more challenging to bring forward and where opportunities for locally-based employment at scale are more limited.

³³ Welsh Government [SQW] (March 2020), [Commercial Property: Market analysis and potential interventions](#)

Key actions

Investing in a network of business facilities

Although developing new workshop and office facilities may not always be attractive to the private sector, NPT's own experience demonstrates business demand and operational viability. We will seek to expand and modernise the network of business facilities across the county borough, especially within the Valleys, integrated with our wider approach to business support.

In the first instance, we will develop a business case for an enhanced approach, setting out the potential financial and economic return on a new programme of investment; and exploring the different roles that partners (including the Council and the private sector, as well as community-based social enterprises) can play in delivery.

Developing a wider pipeline of sites and premises

On a larger scale, work is underway to establish a Regional Property Development Fund, in conjunction with the other South West Wales authorities and the Welsh Government, focused both on opportunities in the major strategic locations and a more widely-distributed range of smaller sites. Working through this (and with the potential for further funding opportunities in the future), we will engage proactively with developers to identify a pipeline of schemes across the county borough.

Maximising the Neath Port Talbot pound

- 4.7** In recent years, there has been an increased focus on the opportunity to support local SME growth through public procurement. The proposition is that in areas with a more dense network of SMEs and potential local purchasers, there are more opportunities to win work and expand – but this is often more challenging in ‘thinner’ markets, in which public sector purchasers are likely to account for a greater proportion of locally-based demand. By increasing spend with locally (or regionally) based businesses, there is an opportunity to retain expenditure within the local economy – and more importantly, it can provide stable contracts from which local SMEs can develop and grow.

Key actions

Raising demand and supply

We will work to increase the ability of locally-based SMEs to secure contracts with the Council and we will work with other public sector bodies to extend this approach. However, a proactive public sector procurement strategy is about raising the quality of *supply* as much as it is about increasing local *demand*: through our approach to enhancing business support services highlighted above, we will seek to improve the ability of firms to win contracts, raising quality and competitiveness.

Joining it up: Developing a new partnership with business

- 4.8** Our focus on small business growth and community-based economic development will mean ensuring that all of the elements set out above are joined up – linking up the premises offer, business support and proactive procurement approaches through a coordinated approach. Ensuring access to new opportunities will be critical too – we say more about transport accessibility in Chapter 7, and about the links with workforce skills and access to employment in Chapter 8.
- 4.9** As part of this, **we will seek to develop our partnership with business, recognising the role that firms can play as ‘anchors’ within the local community**, offering fair work, raising aspirations and supporting access to skills and progression opportunities. Consistent with the ‘economic contract’ approach developed by the Welsh Government, we will link local business support with firms’ commitment to sustainability and the resilience of the labour market.

DRAFT

5. Transformational investment and long-term change

Neath Port Talbot has a strong track record in delivering transformational site-based investments. With some of Wales' most important strategic sites, and an industrial economy that will see significant change over the coming decade, there is more to do. This will require further investment at scale and at pace – alongside delivery capacity across government and the private sector.

The case for action

- 5.1** Neath Port Talbot has a distinctive concentration of strategic assets that are of regional and national significance. These reflect the county borough's industrial heritage and include the major strategic sites at Port Talbot Waterfront and the transformational investment in the Global Centre for Rail Excellence. They also include the series of institutions and projects linked with NPT's industrial base and network of transport and energy systems that could enable it to take a leading role in the decarbonisation of the economy, and emerging plans from commercial investors.
- 5.2** Collectively, these present a series of opportunities for Neath Port Talbot (and South Wales generally) that could reinforce the county borough's role as one of the UK's leading industrial districts, and provide long-term economic benefits across the wider region. Much has already been achieved: for example, Swansea University's Bay Campus is fully open and complete and high quality residential development is coming forward at Coed Darcy, both on extensive brownfield sites formerly occupied by the petrochemicals industry. **However, transformational development is a long-term endeavour:** driving forward the next stage of investment will require continued commitment and coordinated joint working with the Welsh and UK Governments.

Priorities for the future: Major investments

Port Talbot Waterfront

- 5.3** Port Talbot Waterfront was designated as an Enterprise Zone in 2016, covering one of Wales' principal industrial districts and benefiting from extensive land availability, good road and rail links and access to a deep-water harbour.
- 5.4** The overall strategic approach to the development of the Waterfront is set out in the **Waterfront Regeneration Strategy**, and presents an integrated approach to the development of the major ex-industrial sites, town centre renewal in Port Talbot and

neighbourhood regeneration more widely, and the development of an improved leisure offer, linked with Margam Park, Aberavon Seafront and the regeneration of Brunel Dock³⁴.

5.5 Major sites within the Waterfront include:

- **Baglan Bay Energy Park:** Once at the heart of Europe’s largest petrochemicals complex, Baglan Bay Energy Park extends to 180 hectares and is the first stage in the long-term redevelopment of the rest of the Baglan Bay site. The Park contains the University of South Wales’ Hydrogen Research and Demonstration Centre, Baglan Bay Innovation Centre and the new Swansea Bay Technology Centre, as well as several large manufacturing businesses.
- **Harbourside and Port Talbot Docks:** Much has already been achieved in bringing forward the Harbourside redevelopment scheme, with the completion of Harbour Way and Port Talbot Parkway station, the construction of the first phase of the Harbourside Research and Development Village, and the start of work on a second phase of development. NPTC Group also has plans to develop its new Port Talbot college campus at Harbourside.

5.6 However, despite significant achievement, the Council recently observed that development has been slower to come forward than initially planned, reflecting the viability challenges cited in Chapter 2 and the complexity associated with these major sites³⁵.

5.7 Meanwhile, there is the prospect of further transformational investment, associated with **ABP Ports’** planned ‘masterplan’ for development at the Port in the context of wider opportunities at Port Talbot, and the potential to seek future Freeport designation.

Key actions

Taking forward the major opportunities at Port Talbot Waterfront

Over the next few years, we will continue to focus on driving forward the major transformational opportunities at Port Talbot Waterfront. In particular, we will:

- Work with the Welsh Government to bring Baglan Bay Energy Park into public ownership, enabling a better coordinated approach to strategic investment
- Explore the opportunities for Freeport designation and other approaches that could provide a consolidated package of incentive measures, investment and delivery capacity linked with the Waterfront’s strategic regional significance
- Proactively engage with investors, including ABP and, through a better coordinated regional approach, the wider investment community.

³⁴ Neath Port Talbot Council (n.d.), [Waterfront Regeneration Strategy](#)

³⁵ Neath Port Talbot Council (July 2020), [Local Development Plan Review Report](#), p.52

Transforming the Port of Port Talbot

The Port of Port Talbot is a major economic asset and has an important role to play in the future of the UK economy. Earlier in 2021, ABP, the owner of the Port, published *Future Ports: Wales Vision*, which set out the ‘transformational’ opportunities that the Port could enable over the coming years. This identified four ‘missions’ for the future of the South Wales ports, strongly associated with the themes identified in Chapter 2

- **Decarbonising energy generation:** At Port Talbot, this includes the potential for a hub for Floating Offshore Wind (FLOW), involving assembly and manufacturing, linked with Port Talbot’s combination of connectivity, deep water and existing manufacturing base. It also includes the potential for tidal power via a lagoon in Swansea Bay
- **Decarbonising manufacturing:** Currently, the Port is closely linked with the steel industry, and it will be important in Tata’s decarbonisation, through (for example) the role of the Port in bringing in hydrogen and through the development of large-scale carbon capture and sequestration facilities. There are also opportunities to expand manufacturing more broadly adjacent to the Port.
- **Decarbonising logistics,** through improved connectivity between transport modes, opportunities for on-site energy generation and the potential for ‘zero carbon freight villages’.
- **Creating new ‘growth environments’ at the Port,** linked with industrial and logistics uses and potentially residential.

These opportunities are potentially far-reaching. But ABP’s vision (and the wider regional missions set out in the Regional Economic Delivery Plan) note that rapid action will be needed to keep pace with developments elsewhere in Europe. Realising the potential of the Port (and the industrial decarbonisation process more broadly) will involve investment and action from government at all levels, in which NPT Council and its partners can play a key role in ‘making the case’, ensuring that shorter term actions are complementary, and demonstrating the potential benefits to local residents and businesses.

Global Centre for Rail Excellence

- 5.8** The **Global Centre for Rail Excellence (GCRE)** will be a testing centre for rail infrastructure and rolling stock, located on a 1,000 hectare site which incorporates the Onllwyn coal washery site (in Neath Port Talbot) and the adjacent Nant Helen opencast coal mine (just over the county boundary, inside Powys). The project will include electrified testing tracks,

overhead line equipment and station infrastructure, as well as space for R&D, education and training and capacity for testing new rail technologies.

- 5.9** GCRE builds on the well-connected site availability previously highlighted as a key asset: there are few sites of this scale and configuration that can accommodate a facility of this type. It will also be important in bringing significant, higher value employment opportunities to the upper Dulais Valley, an area that has experienced few major opportunities for significant job creation in recent years.

Key actions

Delivering GCRE

GCRE is currently at the business case stage, although it is advancing at pace: the UK Government has committed £50 million to the scheme, and a joint venture has been created by the Welsh Government and NPT and Powys Councils to progress the project. Over the next few years, we will:

- Work with the consortium to establish the business case for the project and secure public and private investment to bring it forward.
- Ensure that the benefits of the project to local residents and businesses are maximised. Working with NPTC Group, schools and our regional universities, we will develop plans for skills and employment linked with the scheme, and we will work the operator of the GCRE and its customers to identify supply chain opportunities for local businesses.

Driving forward Neath Port Talbot's industrial decarbonisation opportunities

Chapter 2 highlighted the range of opportunities and assets associated with the decarbonisation of NPT's industrial base. Some of these are linked with wider regional activity, highlighting NPT's key position within the wider South Wales industrial 'ecosystem' (for example, the South Wales Industrial Cluster will develop a decarbonisation plan covering the whole region; and the FLEXIS demonstrator project at Port Talbot is part of a larger, university-led initiative). Given the industrial orientation of Neath Port Talbot's economy and the financial and regulatory pressure to reduce carbon emissions substantially over the coming decade, there is a clear advantage to NPT in being on the 'front foot' in supporting industrial collaboration and research and development opportunities.

Key actions

Taking forward the Decarbonisation and Renewable Energy strategy...

In 2020, Neath Port Talbot Council adopted a **Decarbonisation and Renewable Energy (DARE) Strategy**. This set out what the Council could do directly to support decarbonisation (for example, through its own building stock and fleet); the measures it

could take to promote behaviour change (for example, supporting active travel); the role it has in the planning system in respect of renewable energy schemes; and opportunities for innovation (e.g., through the Homes as Power Stations project and FLEXIS).

... and linking it with Neath Port Talbot's wider opportunities

We will continue to implement the DARE project. In addition, we will:

- Promote Neath Port Talbot as a leading location for investment and experimentation in low carbon technologies, building on the initiatives that are currently underway and institutions such as the Hydrogen Centre
- Collaborate with the universities and other partners (locally and across the region) to secure further investment in R&D and early-stage projects
- Linked with our second 'action area' in support of developing a more entrepreneurial economy, work with partners to increase awareness of relevant opportunities across the wider business base (and to increase the relevance of the support on offer.
- Working with NPTC Group and other partners (and linked with the Regional Learning and Skills Partnership), better understand the future skills and occupational demand associated with industrial decarbonisation, and use this to inform curriculum planning and to increase learner demand.

6. Quality and connected communities

This Plan is focused on ensuring sustainable economic opportunities across all communities in Neath Port Talbot. The Covid-19 pandemic accelerated trends that are likely to lead to more remote working and (for some people) a different balance between work and home life. This presents an opportunity for NPT residents and businesses to access work and markets across a wider geography. But it also reinforces the importance of investing in the quality of our towns and communities as key economic assets.

The case for action

- 6.1** Beyond its industrial base and business potential on which the previous two chapters have focused, Neath Port Talbot has significant 'quality of life' assets. These include the natural environment: within NPT, Afan Forest Park attracts around 170,000 visitors per year, with the Brecon Beacons National Park forming the county borough's northern boundary. There is good access to the coast and to the city offer in Swansea and Cardiff; NPT's towns and communities offer a rich heritage and have seen new investment in recent years; and we offer a world-class university presence both within the county borough boundaries and immediately beyond.
- 6.2** However, Neath Port Talbot could benefit from these assets more. Some of our natural assets remain relatively unknown, and in parts of the county borough, poor connectivity and the challenges of securing investment in key infrastructure presents a challenge.

Priorities for the future: investment and connectivity

- 6.3** Looking to the future, we want to create a network of high-quality and well-connected places, which recognise local distinctiveness and improve access to economic opportunity. That means investing in the physical assets of our town centres and the 'environmental infrastructure' across the county borough that can support sustainable economic growth, while addressing the connectivity and community infrastructure constraints that hold us back.

Investing in our town and community centres

- 6.4** Across the UK, town centres have been hit by structural changes in the retail market, which have been accelerated (although not caused) by the Covid-19 pandemic. At the same time, general town centre office demand (especially in 'secondary' centres) has been weak for some time, and while the shift towards greater home working has yet to stabilise, the likelihood is that some conventional commuting patterns will be permanently impacted.

6.5 In that context, there is a strong policy focus on the need to ‘reimagine’ and reinvest in our town centres to meet changing demand. As part of its ‘Transforming Towns’ agenda, the Welsh Government has adopted a ‘Town Centre First’ principle, encouraging investment in a wider range of non-retail amenities, as well as additional scope for flexible workspace to meet changing working patterns.

6.6 Within our main town centres, there has been significant recent investment. In Neath, a major new leisure development is nearing completion. In Port Talbot, extensive regeneration has seen new office and residential development in the town centre, alongside the redevelopment of the transport hub at Port Talbot Parkway (which also makes a key contribution to the wider Harbourside development cited earlier).



We must ensure we use creative opportunities to bring new economic opportunity and employment back to the centre of our towns as part of a wider offer including leisure, learning, local services and culture.



**Welsh Government,
Reconstruction and Resilience
Mission**

Key actions

Investing in town centres

Building on the ‘Town Centre First’ principle, we will:

- Continue to invest (and attract investment) in our principal town centres and smaller communities, attracting and retaining a wider range of cultural and civic activities, improving transport accessibility and sustainability and, where possible, securing additional public sector uses as part of the wider national strategy to shift accommodation to more sustainable locations.
- Respond to the changing need for flexible workspace, linked with our actions to secure an increase in the overall stock of commercial premises to meet demand.

Celebrating our natural and built assets

6.7 Employment forecasts anticipate growth in the hospitality sector over the coming decade, reflecting national trends. Much of this will be responsive to local demand, but there are opportunities to expand the wider leisure economy: Neath Port Talbot has significant natural and landscape assets, some of which are perhaps not as widely recognised outside the county borough as they should be.

Key actions

Promoting Neath Port Talbot's visitor economy...

NPT's natural environment and heritage assets have the potential to contribute to the growth of the visitor economy (especially given the county borough's proximity to markets elsewhere in South Wales and in the south of England), but they are also important components of the local 'quality of life' offer. We will support the development of the county borough's leisure and tourism offer, and we will promote Neath Port Talbot as a place to live and work as a key part of our investment marketing approach.

... and unlocking the potential of our environmental assets

The development of the visitor economy also presents opportunities for job creation and business growth away from the M4 Corridor. These include the current proposals for a major adventure resort in the Afan Valley, which have the potential to be locally significant: we will support the development of further proposals to develop an environmentally sustainable and higher-value tourism offer and, linked with the approach outlined earlier, we will focus on the opportunity to link this with local employment and SME development.

It will be important that developing the *economic* potential of our natural environment is accompanied by investment to ensure that our natural assets are sustained and enhanced, retaining environmental quality, preventing over-exploitation and supporting the development of the farming and forestry sectors. This may also provide new business opportunities (commercial and in social enterprises) in natural resource management.

Improving connectivity

- 6.8** Despite the good transport links along the M4 and South Wales Main Line, transport connections across much of the county borough are weak. Limited public transport in particular acts as a significant barrier to work and learning opportunities, especially for those on low incomes (and especially for younger people), and limits our ability to respond to the environmental need for modal shift. It also impedes the sustainability of some of dispersed communities and their ability to retain younger workers.
- 6.9** The pandemic has also reinforced the need for continued investment in digital connectivity, especially in rural parts of the county borough that are reliant on a single infrastructure provider. In line with the focus of this Plan on increasing business opportunities in Valley communities, new approaches to aggregating local demand and enabling innovative solutions will be increasingly important.

Key actions

Planning for the long term

In the long term, there are ambitious plans for the development of the Swansea Bay and South West Wales Metro. These will take several years to come forward – but it will be important to make the case for investment and build the scope for integration with bus and active travel options.

Developing innovative solutions in the shorter term

In the meantime, there is a pressing need for shorter-term action to support access to work. The new national transport strategy, *Llwybr Newydd*, commits to improving the reliability of public transport services and to “extending the reach” of public transport, especially in rural areas, and we will work with the Welsh Government and with transport providers to deliver these ambitions. With community partners and employers, we will also support the development of community-based transport schemes, focused on connecting people with employment and learning.

Improving digital connectivity

While the market will respond to growing demand for connectivity across much of Neath Port Talbot, this demand is likely to outstrip viable supply, especially in rural communities. We will work with community partners, business and the Welsh Government to develop approaches to local demand aggregation to increase access.

Investing in community infrastructure

- 6.10** Finally, ‘quality of place’ is not just about our key town centres and prime natural assets: it is also about the environmental quality of the neighbourhoods and communities in which people live and work. That in turn is associated with the quality of the housing stock, public amenities, access to services, and so on – which itself impacts on local pride and access to opportunities. These issues will be central to the new Regeneration Strategy which will accompany this Plan, recognising the need for an integrated approach to economic wellbeing.

7. Future skills and opportunities

The three preceding themes focus on generating *demand* for new jobs and economic activity. But we also need to invest in workforce *supply*, ensuring that local residents have the skills to access employment and that there is good information about opportunities now and in the future.

The case for action

- 7.1** Neath Port Talbot has a significant workforce skills deficit, and there is evidence that this negatively impacts on the ability of local residents to access some of the higher-paying jobs that the county borough hosts. This presents a significant risk for the future, and with no growth expected in the working age population over the next 20 years, the ability to attract and retain talent is likely to be increasingly important.
- 7.2** At the same time, the ‘transformational’ trends described in Chapter 3 will have implications for skills demand in the economy, as industry gradually decarbonises and digital technology changes the nature of some occupations and leads to the creation of new ones. Increasingly, the ability to retrain and adapt will be key.

Priorities for the future: An adaptable and resilient workforce

- 7.3** In Neath Port Talbot, we are fortunate in having one of the country’s leading providers of further education at NPTC Group: the Council works closely in partnership with NPTC Group, and creating a future workforce that is adaptable and resilient to opportunities and change requires a partnership approach with providers and employers. The Council also delivers several programmes, including through Adult and Community Learning, Skills and Training, the Youth Service, and employability programmes (Communities For Work and Workways Plus).
- 7.4** Building on this, and the increasing integration of existing services, future action will focus on **increasing employer-based routes to training**; developing the skills of the **adult workforce**; increasing **learner ‘demand’** and knowledge in relation to future opportunities; and creating more opportunities to **access employment**, especially for those ‘furthest away’ from the labour market.

Increasing employer-based routes to training

- 7.5** The ability to recruit and retain a skilled workforce is part of Neath Port Talbot’s offer to investors, and it is key to the success of many smaller, locally-based businesses. As well as

providing more opportunities for residents to reach their potential, we want to ensure that the workforce supply meets current and future employer need. Working in partnership:

Key actions

Supporting and accelerating Apprenticeships

Based in Neath Port Talbot, NPTC Group is the largest provider of Apprenticeships in Wales, and the Skills and Training Team within Neath Port Talbot Council is also a significant provider. We seek to increase the number of Apprenticeship opportunities available, working with employers as part of our coordinated package of business support, and supporting initiatives to drive up Apprenticeship take-up within the public sector.

Supporting progression to higher education

While average workforce qualifications in Neath Port Talbot are below the UK and national averages, we have a substantial university presence, with Swansea University's Bay Campus located in the county borough, the University of South Wales' hydrogen centre at Baglan, and the large university offer in Swansea close at hand. We will work with our universities (and with neighbouring authorities) to raise aspiration and create new opportunities for progression to higher education.

Strengthening the employer voice

Strong efforts have been made in recent years to strengthen the voice of employers in planning future technical skills provision – at regional level via the Regional Learning and Skills Partnership and locally through direct employer relationships with providers. We aim to build on this, combining it with better economic intelligence to:

- Identify skills gaps and training needs associated with NPT's priority investments, linked with South West Wales's Skills and Talent Programme
- Promote employer demand for training within the existing workforce, especially where this can support productivity improvements and the adoption of new technology.

Increasing learner demand

- 7.6** Alongside a strengthened employer voice, we want to raise awareness among the workforce of the job opportunities that are available locally and in our neighbouring counties, and the types of skills that these demand. This involves working with schools and other providers, and drawing on the practical experience of those firms in NPT with which we have established relationships to raise aspirations.

Creating routes to employment

- 7.7** Neath Port Talbot has seen significant success in recent years in reducing economic activity and unemployment. But worklessness remains a challenge and is especially concentrated in a number of communities, and in an economy which has seen major structural shifts in recent decades, employment often offers limited pay and opportunities for progression.

Key actions

Promoting re-training within the existing workforce

Within an ageing workforce, the ability to retrain over the course of the working life will become ever more important. Working with partners, we will increase awareness, and the take-up, of retraining opportunities in Neath Port Talbot, with the public sector leading by example and supporting the business community to invest in future workforce resilience.

Developing new access to work

For many people, access to employment is challenging, despite the county borough's success in supporting people to enter the labour market in recent years. Building on the success of programmes such as Workways + and Communities for Work, and in partnership with DWP, the community and voluntary sector and other agencies, we will seek to invest further in schemes providing additional support for people to access and sustain fair employment, and this will form part of our future approach to the Shared Prosperity Fund and similar funding programmes.

8. Moving forward

From the Plan to delivery

Flexibility

- 8.1** This Plan provides a framework for longer-term growth and investment in the Neath Port Talbot economy. However, the economy is dynamic: new investment ideas and opportunities will come forward, and it is possible that there will be economic shocks to which we will need to rapidly respond. It is therefore important that the Plan is seen as flexible tool to guide activity over the next few years.
- 8.2** Alongside the Plan, we will develop an **action plan**, containing specific, measurable actions which can clearly be implemented. We recognise that this action plan will evolve over time: some actions may be delivered quickly and result in positive change in the short term; others may be more developmental, and may require feasibility work before they can be brought forward. Our action plan will therefore be a 'living' document, subject to ongoing review in line with the overall priorities we have set out here.

Shared leadership

- 8.3** It is anticipated that Neath Port Talbot Council will 'own' the Plan. But as the action areas demonstrate, delivery will only be possible through partnership working with a range of other partners. These include the Welsh and UK Governments (as potential funders, but also, in view of the national significance of some of NPT's assets, as strategic partners); local strategic partners (such as skills providers) and our neighbours within the South West Wales regional arrangements. Crucially, the voice of business – both employers within NPT and external investors – will be essential in shaping the next stage of the Plan and its delivery.

Funding diversity

- 8.4** This Plan has not been prepared in response to any specific allocation of funding, and investment will come from a number of sources. This will mean adapting to some new ways of working: over recent decades, the European Structural Funds have provided important sources of capital and revenue funding in NPT, and there is substantial expertise in managing them. Going forward, the new Shared Prosperity Fund (and the other UK-wide funding streams that may come forward) will require a different approach: we will need to work pragmatically, in the context of our local strategy.

Measuring success: Key indicators

- 8.5** The action areas within this Plan will be taken forward to different timescales and with different funding arrangements. But indicatively, a series of measures that we would want the

Plan to deliver is set out in Table 8-1. In addition, potential delivery against the National Wellbeing Indicators is set out in Annex A.

Table 8-1: Indicative measures of success

| Indicator | Description |
|----------------------------|---|
| Firm creation and survival | New business starts, and survival rates over time |
| Firm expansion | Additional turnover or employment as a result of business expansion |
| Jobs | Total jobs created/ safeguarded |
| GVA | Additional gross value added |
| Private investment | Private investment levered |
| Additional floorspace | Sq m commercial floorspace delivered |
| Access to employment | Additional people accessing employment |
| Carbon savings | Overall business CO2 savings |

Source: SQW

Annex A: Well-being of Future Generations Act assessment

Contribution to the Well-being Goals

- A.1** The Wellbeing of Future Generations (Wales) Act 2015 (WFGA) identifies seven Well-being Goals: a Prosperous Wales; a Resilient Wales; a Healthier Wales; a More Equal Wales; a Wales of Cohesive Communities; a Wales of vibrant culture and thriving Welsh language; and a Globally Responsible Wales. Guidance on the application of the WFGA states that policy should seek to contribute to all seven Well-being Goals, not just the one that most closely approximates to the central purpose of the initiative.
- A.2** The table below summaries how this Plan contributes to the Well-being Goals:

Table A-1: Contribution of the Economic Recovery Plan to the Well-being Goals

| Goal | Contribution |
|--|---|
| A Prosperous Wales | Direct contribution The Plan seeks to support economic growth, especially by taking forward transformational investment schemes, growing entrepreneurship and the SME base and improving 'place based' economic opportunities. |
| A Resilient Wales | Direct contribution The Plan should support economic diversification and resilience through growing the business stock, increasing opportunities for business expansion and supporting the development of the foundational economy. |
| A Healthier Wales | Indirect contribution The Plan is not directly concerned with health matters. However, greater prosperity (especially where more equally distributed) leads to better health outcomes. |
| A More Equal Wales | Direct contribution The Plan acknowledges the need to promote economic opportunities in disadvantaged areas, and proposes measures to support this. |
| A Wales of Cohesive Communities | Indirect contribution Better economic inclusion outcomes should improve cohesion. However, we would expect this to be developed elsewhere in the Wellbeing Plan |
| A Wales of Vibrant Culture and Thriving Welsh Language | Indirect contribution Measures to support the growth of the creative economy are implicitly identified, especially in relation to Quality Places. |
| A Globally Responsible Wales | Indirect contribution Achieving over time a decarbonised growth model will contribute to this The Plan also highlights openness to new ideas (and investment) from elsewhere |

Annex B: Summary SWOT analysis

B.1 The Local Economic Evidence Base prepared in support of this Plan contained an analysis of Neath Port Talbot's strengths, weaknesses, opportunities and threats. This is summarised below:

Table B-1: Summary SWOT analysis

| Strengths | Weaknesses |
|--|--|
| <ul style="list-style-type: none"> • Excellent connectivity by road and rail (especially in the south of NPT) and relatively good digital infrastructure • Established and distinctive industrial base and some large manufacturing firms • Good track record in taking forward major regeneration and business investment schemes in the context of a long-term approach • Recent evidence of labour market resilience: falls in economic inactivity and less impacted by C-19 than elsewhere • Strong economic relationships with neighbouring centres and positive history of joint working with neighbours • Proximity and good connections to concentrations of industrial activity across South Wales • Proximity to the 'knowledge base' (Swansea Bay campus within NPT and a range of university assets and programmes) | <ul style="list-style-type: none"> • Significant lag in workforce skills... • Reflected in relatively low pay and productivity (and in the inference that there is inbound commuting to higher-paid jobs and some outbound commuting to lower-paid jobs) • Continued economic activity gap, despite recent improvements • Persistent concentrations of disadvantage • Mismatch in some areas between capacity for additional employment and economic opportunity (especially in parts of the upper Valleys), linked with a continuing 'legacy' of deindustrialisation • Environmental challenges associated with the industrial base and transport infrastructure (although significant improvements in recent years). • Relatively modest business base, despite the presence of some large firms |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Nationally-significant strategic sites (e.g. at Baglan Bay) with potential for major development over time. • Capacity for development, linked with excellent connectivity and commercial interest. • Slight anticipated growth in the 'working age' population (in contrast to a diminution in Wales as a whole) and increasing opportunities for extended and more diverse working lives. • Significant potential to take a lead in the drive to decarbonise the economy, through existing assets (e.g., the Hydrogen Centre at Baglan and renewable energy capacity) and scope for innovation and adoption within industry. | <ul style="list-style-type: none"> • Relatively high levels of dependency on a limited number of key industries. This dependency has reduced over recent years, but there is still vulnerability to disinvestment by larger firms and restructuring within industries as a result of global change (c.f., the changes in the structure of the automotive sector impacting on activities locally), with environmental and land-use, as well as employment implications. • Vulnerability of key parts of the industrial base (obviously the steel industry, although relevant to other parts of the economy as well) to technology change and pressures to decarbonise. This is partly about the costs of change, but also about the skills and management capacity to support adoption |

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> • Opportunities presented by changing working practices to attract new uses to town centres and reduce dependence on traditional retail activities. • Potential to explore new approaches to community-led economic development, building on the more active use of local public sector procurement, small business growth in the foundational economy, and so on. • Opportunities to realise and enhance NPT's 'quality of life' offer, linked with its connectivity, rural environment and heritage. • Opportunities to build on the knowledge base (highlighted in Strengths above): much of Swansea University is within NPT, with potential for stronger industry links and the role of the universities as economic drivers themselves) | <p>and adaption (and links with the risk of loss of skills and capabilities over time).</p> <ul style="list-style-type: none"> • High costs of bringing forward some of NPT's major sites: while these present an opportunity (building on the strong track record highlighted earlier), the risk is that there is insufficient public investment to enable/ de-risk private sector activity. • Challenges associated with capturing the 'added value' of capacity within Neath Port Talbot (e.g., where industrial R&D can be decoupled from the industrial base; or where higher-paid/ higher-skilled jobs are taken by people commuting in from beyond the county borough. • Continued uncertainty of public investment as we transition away from European funding (with the risk of competition for resources with other parts of the UK, and the need to develop new investment models). |

SQW

Contact

For more information:

Ross Gill

Associate Director, SQW

T: +44 (0)20 7391 4104

E: rgill@sqw.co.uk

14-15 Mandela Street

London

NW1 0DU

www.sqw.co.uk

About us

SQW Group

SQW and Oxford Innovation are part of SQW Group.

www.sqwgroup.com

SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning.

www.sqw.co.uk

Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.

www.oxin.co.uk