

# **SOUTH WEST WALES CORPORATE JOINT COMMITTEE**

## **Report of the Chief Executive**

**Report Title: South West Wales Regional Economic Delivery Plan (REDP)**

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| <b>Purpose of Report</b> | To brief the CJC on the Regional Economic Delivery Plan for South West Wales                              |
| <b>Recommendation</b>    | To adopt the REDP as the regional strategy for the economic wellbeing strand of the CJC's work programme. |
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### **Background:**

It has been eight years since the publication of the Swansea Bay City Region Economic Regeneration Strategy in 2013, and the economic and policy context has changed considerably at the Welsh and UK level since then, particularly in light of the UK's decision to leave the European Union and the impact of the Covid-19 pandemic. In addition, the regional landscape is changing with the advent of the new Corporate Joint Committees, and the preparation of new Regional Economic Frameworks by Welsh Government that set out visions and high level priorities for each region in Wales.

To respond to changing circumstances, the four local authorities in South West Wales, in partnership with Welsh Government, commissioned SQW to produce a new Regional Economic Delivery Plan (REDP). This will replace the previous Swansea Bay City Region Economic Regeneration Strategy.

The REDP commission included:

- A thorough analysis of the evidence base on the region's economy, labour market and infrastructure to determine its strengths, weaknesses, opportunities and threats
- Interpretation of the strategic policy context at local, regional and national level

- Development of detailed strategic aims and objectives that respond to the economic opportunities for the region and complement the shared regional vision as articulated in the Regional Economic Framework
- Preparation of Regional Economic Delivery Plan that includes actions that need to be taken to achieve the vision and objectives

The Regional Economic Delivery Plan is attached at Appendix A

The REDP complements the new Welsh Government Regional Economic Framework (REF) and provides a further layer of detail below the REF, outlining the objectives and actions that will deliver against the high level vision in the REF.

The REDP sets out an ambitious 'route map' for the development of the region's economy over the next ten years, identifying priorities for intervention and setting out how business, government, education, voluntary/ community organisations, social enterprises and other partners can work together to bring them forward.

The South West Wales Corporate Joint Committee is able to exercise economic wellbeing powers. Formal adoption of the REDP by the CJC will enable the CJC to leverage opportunities to help deliver the missions set out in the Plan.

### **Financial Impacts:**

Funding to take forward the Regional Economic Delivery Plan and its component projects will come from multiple sources, and some individual funding packages are likely to be complex. At the time of writing, there is some uncertainty regarding future funding, as European sources (historically an important part of the funding mix in South West Wales) draw to a close. However, potential sources may include

- Private investment, especially in bringing forward some of the energy related investments set out in relation to Mission 1, and in respect of major regeneration and development schemes;
- The proposed Shared Prosperity Fund (or alternative successors to the European Structural Funds);
- Joint investment across the local authorities, or between the local authorities and the Welsh Government;

- UK Government funds (such as the Strength in Places Fund and the Levelling Up Fund).

The nature of the funding sources identified above will change over time. Given the scale of the opportunity (and the regional challenge) in South West Wales, there is potential to secure a devolved regional investment fund, which would offer the region the ability to lever in additional funding and bring projects forward on a flexible basis. Such a fund could be structured to give a partial financial return on investment, as well as an economic and social return, depending on the nature of the project. This would require investment expertise and capacity, but could lead to the development of a regional portfolio of projects, derived from the emerging project pipeline and building on the successful implementation of the existing City Deal. Currently, the projects within the pipeline have a total value of around £3 billion over the coming decade: while costs will be determined through the business case process, this provides an indication of the scale of the challenge and opportunity ahead. Further work will be undertaken to establish the business case for such a proposal.

### **Integrated Impact Assessment:**

The CJC is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance

with the sustainable development principle, aimed at achieving the 'well-being goals'.

### **Workforce Impacts:**

Given the breadth and scale of the REDP proposed project pipeline, it is envisaged that dedicated resources will be required to manage and facilitate delivery. As an interim measure, during 2022/23 it is proposed that EARTH staff resources are deployed to ensure momentum is maintained with individual local authority partners contributing resources as required. Financial contributions required of the CJC for subsequent years will be considered as part of the CJC budget setting process.

### **Legal Impacts:**

The CJC is able to exercise economic wellbeing powers and these are the powers under which the CJC is requested to consider adopting the REDP.

### **Risk Management Impacts:**

The REDP has been prepared to assist the region's economic recovery from the impacts of Brexit and the Covid pandemic. A full SWOT analysis was undertaken to inform the production of the REDP and the project pipeline.

Risk management will be undertaken at a programme and project level.

### **Consultation:**

The REDP was prepared by the four local authorities in South West Wales in partnership with Welsh Government. In preparing the REDP, consultation has taken place with over 50 stakeholders from business, local authorities and Welsh Government, Universities, Further Education Colleges, leaders within the region's Enterprise Zones and local business partnerships, and the third sector.

Consultation has included one-to-one consultations throughout the process; discussions at county-level economic partnership boards including Regeneration Swansea, the Regional Learning and Skills Partnership, and the Economic Strategy Group of the Swansea Bay City Deal; and a stakeholder consultation workshop which took place in June 2021.

## Reasons for Proposed Decision:

The REDP identifies that South West Wales has a diverse economy and a unique set of natural and cultural assets, underpinned by the quality of its coastal and rural environment, industrial heritage and university presence.

The economic analysis shows:

- In the years leading up to the Covid-19 pandemic, the South West Wales economy performed strongly in generating new jobs: by 2019, there were 322,000 jobs in the region, an impressive increase of 20,000 on the 2013 figure.
- The productivity gap with the rest of the UK has narrowed slightly over time but is still substantial, with regional productivity (GVA per filled job) standing at 80% of the UK level in 2018.
- Economic activity rates in South West Wales have improved at a faster pace than the rest of the UK over the past 15 years, but the rate continues to fall behind the UK average: the economic activity rate in South West Wales was 73.8% in 2018, compared with 78.9% across the UK.
- There has been a steady improvement in qualification levels with 35% of the working age population qualified to NVQ level 4+ (degree level) compared to 22% in 2004, and the proportion with no qualifications has halved over the same period, but in relative terms there is still a gap with the rest of the UK
- The business base grew in the years leading up to the pandemic but the number of enterprises relative to the working age population (enterprise density) and start up rates remain lower than the rest of the UK.
- There is a widely recognised gap between demand and supply for industrial premises, with low rental levels affecting the viability of private sector led developments.
- Across the region concentrations of disadvantage are significant, principally in the urban centres of Swansea, Llanelli, Neath, Port Talbot, Pembroke Dock and upper Western Valleys.

Overall, the review of economic performance suggests good progress over recent years, especially in terms of job creation, but there is a persistent gap in outcomes between the region and the rest of the UK. This reflects the 'structural' nature of many of the region's challenges linked to the long-term processes of industrial change (which in some respects are still ongoing), and are shared with other regions in Wales and the UK.

The review has also identified a series of distinctive strengths and opportunities in South West Wales, especially linked with the region's energy potential (particularly green energy and the net zero opportunity), university-industrial links, strong cultural identity, environmental assets and quality of life offer. The REDP aims to build on these distinctive regional strengths and opportunities to develop a more prosperous and resilient South West Wales economy.

Unlike the previous Economic Regeneration Strategy, which was predominantly focused on improving productivity, the REDP recognises that 'Transformational' growth opportunities need to be balanced with the conditions for incremental improvements in resilience, capacity and capability across the whole of the economy. This was a key theme that emerged from consultation with regional partners during the preparation of the Plan. While there are distinctive opportunities to pursue at the 'leading edge', long-term employment resilience and wage growth is going to depend on the sustainability, productivity and expansion of the wider stock of regional businesses.

To help plan for the future, the REDP sets out three 'Ambitions' which set out the nature of the South West Wales economy that we want to work towards.

These are:

- Resilient and sustainable
- Enterprising and ambitious
- Balanced and inclusive

The ambitions are supported by three complementary Missions, which will guide activity over the next ten years:

- Mission 1 – Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy: Taking forward the region's major energy related projects and driving the benefits through the region (via industrial decarbonisation, supply chain opportunities, university-linked innovation, etc.).
- Mission 2 – Building a strong, resilient and embedded business base: Understanding and growing the business stock, supporting widespread social and commercial entrepreneurship, creating stronger supply chain and innovation networks, making public sector support sustainable; driving forward technology adoption and diffusion.
- Mission 3 – Growing and sustaining the 'experience' offer: Linking environmental quality, quality of life and community character to create a region

that retains and attracts talent and investment, and to promote this consistently and powerfully to the outside world.

The REDP sets out some initial key action areas to deliver against the ambitions and missions. These actions will form the basis of a 'living' action plan document, in the form of a project pipeline supplement, that will be regularly reviewed by regional partners and will evolve to embrace new investment proposals as they emerge.

The REDP has now been approved each of the local authorities in the region as the over-arching economic regeneration policy document to replace the 2013 Swansea Bay City Region Economic Regeneration Strategy.

The CJC is invited to formally adopt the REDP and to use the Plan when exercising its powers to promote economic wellbeing.

### **Implementation of Decision:**

The four local authority regeneration directors will oversee the implementation of the Plan and be responsible for developing project pipeline business cases, ensuring staff resources are allocated, securing investment and overseeing delivery of the REDP. The Chief Executive will work with officers of the constituent councils to identify opportunities for the CJC to support the delivery of the Plan.

### **Appendices:**

South West Wales Regional Economic Delivery Plan

### **List of Background Papers:**

[Swansea Bay City Region Economic Regeneration Strategy](#)

Welsh Government South West Wales Regional Economic Framework: [South-west Wales regional economic framework \(gov.wales\)](#)