

**REPORT OF DIRECTOR OF DELIVERY & DISCOVERY**

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**SUBJECT: SOUTH WEST WALES ECONOMIC DEVELOPMENT STRATEGY**

Purpose of Report

To provide members with background information on the emerging economic development strategy and action plan for South West Wales and to propose that a joint scrutiny review is undertaken with Brecon Beacons National Park Authority (BBNPA) of the Authority's approach to meeting its socio-economic duty as defined under Section 62 of the Environment Act 1995.

Introduction

In August 2012, the four local authorities in South West Wales (SWW), the Regional Learning Partnership (RLP), the SWW Regional Tourism Partnership (SWWRTP) and the SWW Economic Forum (SWWEF), appointed SQW Ltd (SQW) to assist with the development of a new long-term Economic Development Strategy and Action Plan for the region.

The work to date has been developed as a direct response to the recommendations of the Welsh Government's City Regions Task and Finish Group, published in July 2012, which advocated the development of a Swansea Bay City Region. The strategy development and action planning process, undertaken by SQW over the last 8-9 months, has been structured around four core phases of activity.

The first phase of the process involved the SQW team undertaking a comprehensive analysis of the socio-economic evidence base and developing a robust SWOT assessment of the regional economy. The key findings from this work were discussed and debated with around 30 stakeholders, including the Pembrokeshire Coast National Park Authority (PCNPA), at a workshop event held at the Bridge Innovation Centre in Pembroke Dock, Pembrokeshire on the 25 October 2012.

The second phase of the process focused on translating the emerging issues from the evidence review work into a long term Strategic Framework for the regional economy. A draft Strategic Framework was presented to around 60 stakeholders, including PCNPA, at a second workshop event held at the Liberty Stadium in Swansea on the 6 December 2012.

The third phase of the process – action planning – was discussed at a workshop event held at Parc y Scarlets in Llanelli on the 5<sup>th</sup> February 2013. Again, PCNPA was represented at this meeting. This final workshop focussed specifically on mapping existing and proposed activities from across the SWW region, via a draft action plan, focussing on those initiatives that will make the most significant contribution towards the proposed economic development strategy.

The fourth phase of the overall process involves finalising the Strategic Framework which will guide the economic development activities for the South West Wales Region over the next 10 – 15 years. This work is now close to completion and a consultation process will take place in the coming months to reflect on the proposed strategic approach and to encourage comments and ‘buy-in’ from a wide range of agencies including PCNPA.

### Background

Analysis of the latest economic and labour market statistics shows that there are common economic issues being faced across the SWW region. The economic challenges transcend local authority boundaries, demonstrating the merit of tackling economic regeneration issues at the regional level. Specifically these issues are:

- Low levels of Gross Value Added (GVA<sup>1</sup>), with the gap with the UK widening (GVA per head fell from 69.3% of UK average in 1999 to 67.3% in 2009).
- Low levels of gross disposable household income compared to UK average
- Low average wage rates compared to UK average
- High levels of economic inactivity compared to UK average
- Above average unemployment and high levels of youth unemployment.
- Small stock of businesses and lower levels of entrepreneurship, with fewer business starts than UK average.
- Low skill levels with a lower proportion of the working age population qualified to NVQ level 4+ and a higher proportion with no skill qualifications, compared to the UK average.

However, despite the economic challenges facing the region the workshops, led by SQW to inform the emerging economic development strategy, highlighted a number of strengths that impact on both the potential for growth as well making a significant contribution to quality of life issues. Notably, one of the region’s strengths was identified as being it’s distinctive sense of place and in particular its outstanding natural environment, encompassing Pembrokeshire Coast National Park, parts of Brecon Beacons National Park, the Gower Area of Outstanding Natural Beauty, the Western Valleys and stunning waterfront locations that support a range of economic activities.

The process identified the tourism industry as being a key ‘cornerstone’ of the economy, attracting 1.84 million visitors to the city-region and generating £330 million of expenditure in the regional economy in 2010. In addition, the region’s developing cultural offer was highlighted as a strength with the Welsh language and the unique heritage of the region seen as being important to the distinctiveness of South West Wales. Similarly, the region’s profile has been enhanced considerably in recent times by the Premier League status of Swansea City Football Club and this is seen as being a potential driver for regeneration.

The work undertaken to date also demonstrates that the region has a diverse industrial base. Swansea has a service sector dominated economy, which includes high levels of public sector employment, with emerging strengths in life sciences, creative industries, digital media and innovative research & development activities,

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<sup>1</sup> [http://en.wikipedia.org/wiki/Gross\\_value\\_added](http://en.wikipedia.org/wiki/Gross_value_added)

linked to the expertise within the Higher and Further Education sector. To the east and west of the region, there is a more manufacturing based economy, with strengths in advanced manufacturing & materials. There are also particular strengths in food, farming and energy. The region has the potential to be a major location for the development and deployment of offshore marine energy projects and the energy sector has been boosted by the Enterprise Zone designation for Pembrokeshire Haven.

South West Wales has high quality health and education systems, good housing stock and a variety of cultural and sporting facilities, which makes it an attractive place to do business. Multi-National companies that have already made significant investments include TATA, Amazon, Valero, South Hook LNG, Admiral, Virgin and Wall Colmonoy. Swansea University's ambitious plans for a new Science & Innovation Campus will provide a catalyst for growth and investment in the region.

There is an urgent need to raise the economic performance of the South West Wales economy, raise skill levels, grow the private sector, attract investment and reverse the widening GVA gap with the rest of the UK. The growth strategy for the region needs to exploit the strengths of its key sectors, HE/FE institutions, natural environment and outstanding quality of life.

Existing interventions across the region have been able to take us so far, but they have not translated into a significant improvement in our economic performance – a step change in approach is now required that addresses the key drivers of productivity: enterprise, skills, innovation, investment and competition. Within this context, the City Region approach, based on Swansea Bay, is seen as being the catalyst for stimulating economic activity throughout South West Wales

Developing a shared regional economic development strategy for the City Region and for South West Wales will provide the platform for achieving this. Working together across the public, private and voluntary sectors in South West Wales to achieve a common vision and shared priorities will ensure that the region capitalises on its strengths, targets resources where we can have the greatest impact and becomes more responsive to emerging opportunities in buoyant markets.

Furthermore, West Wales & the Valleys (which includes South West Wales) currently qualifies for the highest level of EU structural funding support, and latest EU Regional GVA data indicates that it will continue to qualify for the highest level of support under the next round of European Funding 2014-20. Again, a Regional Economic Development Strategy will help to inform discussions on the shape of any future EU funding programmes in South West Wales and the development of strategic projects.

### Next Steps

The development of a Regional Economic Development Strategy & Action Plan for South West Wales provides an opportunity to re-iterate the contribution that protected landscape areas (Pembrokeshire Coast National Park, Brecon Beacons National Park and the Gower Area of Outstanding Natural Beauty) make to the regeneration of the SWW region.

For PCNPA, specifically, it provides an opportunity to highlight how the environment of the National Park and the activities and services of the Authority support the

economic goals within Pembrokeshire, as identified in the Pembrokeshire Single Integrated Plan (SIP)<sup>2</sup>, alongside the wider economic goals for the South West Wales region. For example, a study undertaken in 2001 by the Welsh Government (WG), the Countryside Council for Wales (CCW), the Environment Agency for Wales (EAW), the National Trust (NT) and the Heritage Lottery Fund (HLF) estimated that the environment of the Pembrokeshire Coast National Park contributes, directly and indirectly, somewhere in the region of £81m in GDP and supports approximately 4,500 jobs<sup>3</sup>. However, this figure is now considerably out of date and work is currently underway to provide a more up to date assessment of the Park's contribution to socio-economic outcomes.

It is also worth noting that the Welsh Government is in the process of reviewing and updating the 'Policy Statement for National Parks and National Park Authorities in Wales'<sup>4</sup>, the overarching document which guides the priorities for National Parks and National Park Authorities (NPA's) at a national level. This again provides an opportunity to re-emphasise the important role that National Parks play in supporting wider societal goals in Wales.

For the reasons stated above, it is proposed that Members consider examining the success of the Authority in meeting our socio-economic duty role, in pursuance of park purposes, and identify areas where PCNPA can improve. It is suggested that the best mechanism for undertaking a review of this nature is via the joint scrutiny activities with the Brecon Beacons National Park Authority (BBNPA). As a result, Members may wish to make a review of this nature a key priority in order to provide more detailed guidance to PCNPA Officers and to inform policy formation relating to the SWW Economic Development Strategy, Pembrokeshire SIP & the Welsh Government's evolving 'Policy Statement for National Parks and National Park Authorities in Wales'.

#### Financial considerations

There will be no additional cost to the Authority, other than a commitment of Member and Officer time in undertaking the proposed scrutiny review. The main aim of the exercise is simply to provide an objective audit and assessment of existing activity and to present this in a way that helps to explain how the Authority's environmental aspirations and the region's wider economic development goals are intrinsically linked.

The Authority has already commissioned a piece of work, in conjunction with the Brecon Beacons NPA, Snowdonia NPA, CCW and the Welsh Local Government Association (WLGA) to examine and evaluate the economic contribution of the National Park *environments* (but not the specific services and activities provided by NPA's in Wales). PCNPA is making a small financial contribution to the economic study, which is being undertaken by 'Arup' and will be available in June 2013.

#### Risk considerations

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<sup>2</sup> <http://www.pembrokeshire.gov.uk/content.asp?id=26687&language=>

<sup>3</sup> [www.nationalparks.gov.uk/voe\\_national\\_parks\\_summary\\_english.pdf](http://www.nationalparks.gov.uk/voe_national_parks_summary_english.pdf)

<sup>4</sup> <http://wales.gov.uk/topics/environmentcountryside/consmanagement/countrysidecoastalaccess/landscapes/?lang=en>

For Wales to remain prosperous, a more sustainable economic model is necessary that creates a better balance between economic, environmental and social goals. Within this context it is important that issues relating to environmental stewardship and access to the countryside are not perceived as 'fringe issues' as they play a crucial role in meeting the well-being and quality of life goals for Wales, as set out in the Welsh Government's 'Vibrant and Viable Places – New Regeneration Framework' document<sup>5</sup>. Unless protected areas, such as NPA's, clearly identify and communicate how their work directly contributes to the region's economic development goals there is a risk of the environment being perceived as a 'secondary issue'.

### Compliance

The proposed scrutiny review will help PCNPA to re-evaluate the socio-economic benefits derived from both the environment of the National Park and the services provided by the Authority. This will help to ensure that we are fully considering our duties under Section 62 of the Environment Act as well as further aligning our work with economic development priorities identified in the Pembrokeshire Single Integrated Plan 2013-2018 and the South West Wales Economic Development Strategy and Action Plan.

### Human Rights/Equality issues

The current economic climate poses a number of challenges for residents throughout Pembrokeshire. It is important that the Authority considers how it can best act to tackle issues of inequality and disadvantage through its work to protect, enhance and increase access to the National Park.

### Biodiversity implications/Sustainability appraisal

The proposed actions, as detailed in the above report, are focussed on further evaluating how PCNPA's work can best meet the socio-economic priorities of both Pembrokeshire and the wider region whilst retaining a clear focus on delivering the Authority's primary statutory purposes<sup>6</sup>.

### Welsh Language statement

The proposals outlined in this report comply with the requirements of the Authority's Welsh Language Policy.

### Conclusion

Both Wales and the South West Wales region, including Pembrokeshire, are facing almost unprecedented socio-economic challenges. In this context it is vital that all public bodies are unified in delivering key economic development and quality of life outcomes for our local communities. To this end it is proposed that Members of the Authority undertake a review of the Authority's activities that, in pursuance of our primary statutory purposes, deliver positive socio-economic results for communities within the National Park. A review of this nature is felt to be timely in order to further enhance the Authority's contribution to a range of evolving work including the SWW Economic Development Strategy, Pembrokeshire SIP & the Welsh Government's evolving 'Policy Statement for National Parks and National Park Authorities in Wales'.

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<sup>5</sup> <http://wales.gov.uk/docs/desh/publications/130311vibrantandviableplacesen.pdf>

<sup>6</sup> <http://www.pembrokeshirecoast.org.uk/?PID=258>

## **RECOMMENDATION**

**Members are asked to consider undertaking a joint scrutiny review, with Brecon Beacons National Park Authority, of the Authority's approach to meeting its socio-economic duty as defined under Section 62 of the Environment Act 1995.**

### Background Documents

Draft South West Wales Economic Development Strategy and Action Plan

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