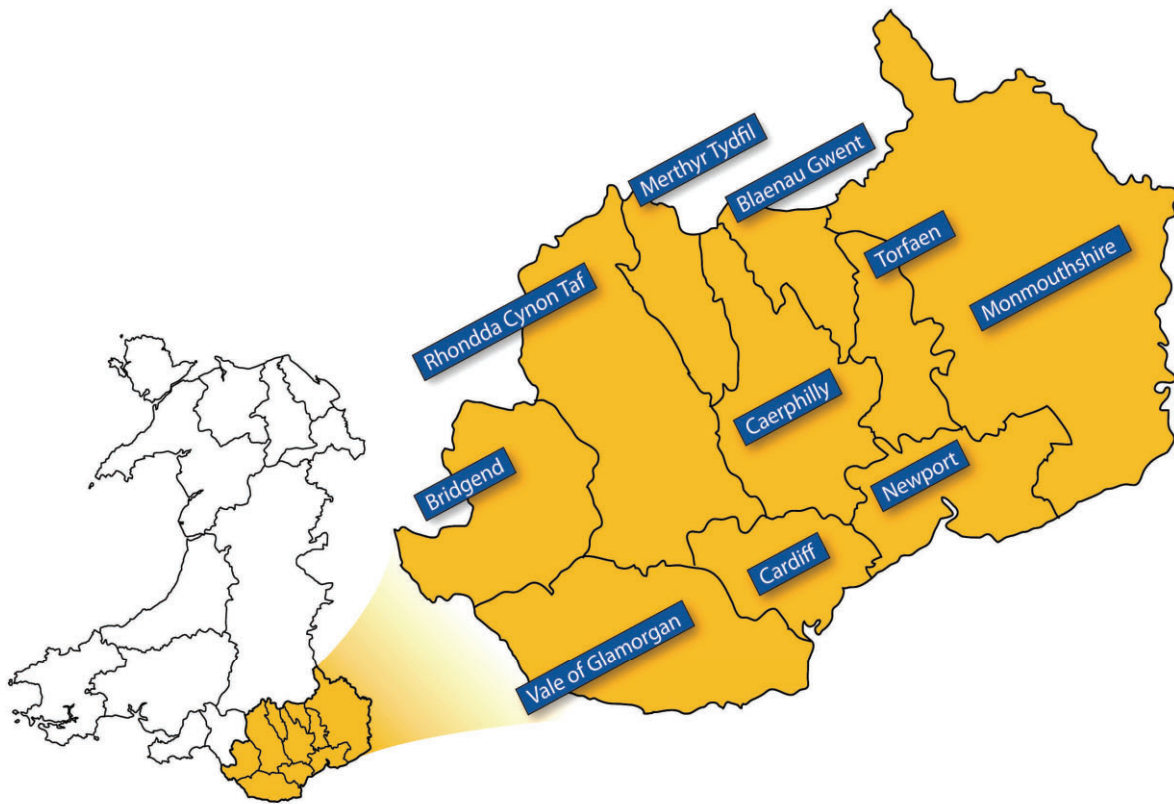


**South East Wales
Regional Strategic Framework
DELIVERING A FUTURE WITH PROSPERITY**



**Prepared by the South East Wales
Directors of Environment & Regeneration
on behalf of the
South East Wales Regional Partnership**

***The Leaders of the unitary authorities of Blaenau Gwent,
Bridgend, Caerphilly, Cardiff, Merthyr Tydfil,
Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen
and the Vale of Glamorgan***

FOREWORD

In December 2011, South East Wales Regional Partnership Board comprising the Leaders of the ten local authorities asked the Directors of Environment and Regeneration to establish a task and finish group to research, critically evaluate and advise on the essential requirements to establish its vision for **South East Wales: a thriving region, visible internationally and distinctively Welsh.**

The publication of this Regional Strategic Framework represents a critical stage in this work, and as well as taking forward collaborative agenda of the local authorities, it sets out agreed priorities to complement and support key Welsh Government policies and initiatives, for example in relation to tackling poverty, implementing regeneration initiatives, securing economic development, effective planning, affordable housing, efficient and accessible transport and excellent connectivity in its widest sense.

The strategic framework also provides definition, clarity and authority to other regional documents including those which are currently in development such as the South East Wales regional prospectus of activity in relation to the new European Programmes 2014-2020, and we will be seeking to ensure that what we're proposing fits within WEFO's Economic Prioritisation Framework for Wales.

The next stage will be to deliver the strategy and meet our aspirations for 2030 with the full support of our lead partners in Welsh Government and also other key stakeholders.

14th October 2013



THE SOUTH EAST WALES REGION

South East Wales is home to 48% of the total population of Wales, with 60 miles of coastline and a diverse landscape from stunning countryside to urban cities, facilitated by major inter-regional highway routes to the north and south and rail links directly to Bristol and London and with an International Airport. The region currently supports 630,900 jobs and 88,800 businesses but has significant variations in employment, educational attainment and wealth across the region.

In many ways, South East Wales is already operating as a city region, albeit not formally constituted as such. There is a high degree of interdependence and cooperation between the local authorities, they actively produce joint regional plans and have a track record of working closely together. The region has a total Gross Value Added of £22 billion which translates to £16,900 per head or 81% of the UK average, compared to 75.2% for Wales. However, it is clear from this that it is in no way fulfilling its potential to be a UK or European economic force and the authoritative statistics show that there is a real need for effective joint action to drive the economy of the region forward.

This Regional Strategic Framework for economic development in South East Wales identifies the key high priority investments that the local authorities in the region wish to see implemented in order to secure sustained future prosperity for the South East Wales City Region.

The three key Strategic Priorities for the local authorities in the South East Wales region are:-

Strategic Priority 1: PLACE

Strategic Priority 2: BUSINESS SUPPORT & DEVELOPMENT

Strategic Priority 3: PEOPLE & SKILLS

STRATEGIC PRIORITY 1: PLACE

South-East Wales needs to become a place that develops a prosperous and sustainable economy, promoting social inclusion and equality, whilst protecting its unique environmental assets.

This can only be achieved through better integration of both transport and spatial planning, alongside increased digital provision and better housing.

The South East Wales Regional Strategic Framework will deliver an effective and efficient cross-regional transport infrastructure that links seamlessly to the world beyond, quality residential and business premises in the right locations, and high-end digital connectivity to benefit both businesses and individuals.

Key projects under this Strategic Priority will include:

- The implementation of a South Wales Metro network linking the urban centres of the coast with the Heads of the Valleys
- Electrification of the rail network
- Strategic road improvements
- Developing an international airport of significance
- Identifying and implementing digital infrastructure improvements
- Delivering high quality environment throughout to include residential (central, urban and rural)

STRATEGIC PRIORITY 2: BUSINESS SUPPORT & DEVELOPMENT

Economic growth in the region will be achieved through the identification of key business clusters in sectors where the region boasts established strengths, and which also have potential for high levels of future growth, for example recycling and low carbon energy investment, non-traditional finance, ICT etc.

These clusters will be supported by the Framework through the establishment of networks, skill-building, appropriate business advice and making sites and premises available. The business clusters will also link into the three Enterprise Zones designated by the Welsh Government within the region (Cardiff, St Athan, Blaenau Gwent), aligning collaborative agendas and maximising opportunities. The Enterprise Zones will be extremely effective hubs, supporting wider supply chains and giving rise to further employment.

Key projects under this Strategic Priority will include:

- The identification and exploitation of growth clusters, supporting the real assets in our economic base that allow the region to build upon genuine strengths and generate opportunities for investment and further employment
- Maximising the growth opportunities arising in the region's three Enterprise Zones and looking to develop further initiatives where a strong business case can be demonstrated, extending their reach and spreading their benefits as widely as possible
- Working alongside the private sector to build resilience into our business demographic, determining business needs and matching the right people with the right skills and qualifications against those needs; we will also want to ensure that people have every opportunity to further enhance their skills and qualifications

STRATEGIC PRIORITY 3: PEOPLE & SKILLS

This strategic priority will focus on ensuring the skills agenda meets the needs of the business community and that local people are able to exploit the opportunities arising from major capital investment within the region.

The delivery of this agenda will be dependent upon both the creation of an effective partnership between businesses and the higher education sectors as well as the effective targeting of European, Local Government and Welsh Government Funds.

Ultimately this priority is seeking to ensure that our workforce meets the demands of our new industries and businesses.

Key projects under this Strategic Priority will include:

- Regional initiatives to grow the appropriate skills base needed for the workforce of South-East Wales to be considered an asset for regional growth
- Enabling people, particularly in disadvantaged areas, to take advantage of new opportunities as they are generated
- Promote training and a thriving Further and Higher Education Sector that offers leading qualifications, the provision of research and development facilities, and one which supports the assets and aspirations of key economic sectors
- Retaining the existing knowledge and skills base more effectively within the region: we aim to grow the best, nurture the best, and keep the best.

CROSS CUTTING THEMES

Alongside the three strategic priorities are six cross-cutting themes that will underpin them, ensuring effective and efficient delivery of value for money programmes and projects.

The cross-cutting themes will support the achievement of our economic aims and promote significant improvements in the quality of life across the region. This approach will result in the region as a whole strengthening its offer to new investors and assist in developing new collaborative opportunities.

Cross cutting themes against which proposals will be assessed:

- (1) REGIONAL FOCUS - ensuring that investment and delivery maximises regional benefits
- (2) QUALITY - an excellent standard of development (including residential housing) combined with service provision that meets a range of needs and constitutes an improved offer
- (3) PARTNERSHIP WORKING - collaborative working between local authorities, with the Welsh Government, with the Private Sector and with other key partners and stakeholders
- (4) OWNERSHIP AND ACCOUNTABILITY - a focus on clear, transparent and democratic governance with responsibility for decision making, development, implementation, monitoring and delivery
- (5) APPRAISAL AND MEASUREABILITY - investment decisions based on transparent assessment of outcomes, outputs and underpinned by robust business cases
- (6) SUSTAINABILITY - development that ensures that the needs of the economy, the environment and society are in balance

REGIONAL INDICATORS

South East Wales was once one of the economic centres of the world and the aim must be to restore this legacy of prosperity to the region in the modern era. Therefore this Regional Strategic Framework is unapologetically ambitious in its vision. But it is also realistic. The region has a lot of catching up to do if it is to compete effectively with other city regions in the UK and Europe. But this is achievable if strong regional leadership is collaborative, focused on delivering the key regional strategic priorities with associated targets that can be monitored and evaluated.

The Framework embraces this challenge eagerly, primed by a holistic analysis of opportunities for growth across the region, and is confident an internationally-significant renaissance of the fortunes of the region can be delivered.

Some of the key indicators that will tell us we've delivered this economic renaissance are:

- (1) Increased investment
- (2) Improved GVA
- (3) Higher employment rates
- (4) Greater numbers of 18 to 25 year olds in education, training and/or employment.
- (5) Improved digital connectivity
- (6) Increased income from tourism
- (7) Increased regional mobility, both in capacity available and a reduction in the time taken to access key employment centres.

And this will be delivered through a programme of investment, prioritised and sequenced, with regional targets to be monitored to ensure the effectiveness of the approach adopted. In addition, specific targets will be set for each of the agreed projects using a results based accountability model, for example.

LEADERSHIP & VISION

The unitary local authorities in South East Wales are already working together and by 2030, the regional partnership will be a mature and established governance framework delivering significant improvements in the economic performance of the region. Business and academic communities will be fully engaged within the partnership and decisions will be made between all partners based on a sound evidence base and a shared vision and aspiration to achieve a sustainable and lasting legacy of success.

The delivery of this Regional Strategic Framework and its strategic priorities will only be achieved by strong leadership and a collective long term agreement for all stakeholders, public and private sector, to work together for the good of the region.

This will require an appropriate governance arrangement that provides:

- **LEADERSHIP AND VISION**

- Effective and committed leadership across sectors/levels
- Clear/agreed sense of purpose and vision which is realistic and implementable
- A long term perspective and maturity of partnership
- Business leadership, buy-in and engagement
- Prioritisation through targeting drivers of growth and assets

- **INTRINSIC ASSETS FOR ECONOMIC DEVELOPMENT**

- Strong connectivity regionally, nationally and internationally
- Different and effective marketing proposition
- Financial competence and autonomy
- Skills and quality human capital
- High levels of innovation and adaptability in business base
- Quality of place both perceived and actual
- Appropriate scale
- Sustainability

- **ACCOUNTABILITY, TRANSPARENCY AND STABILITY**

FUNDING

In order to maximise the potential of this strategic plan, a truly collaborative approach must be taken, aligning priorities, showing that South East Wales can work in unison and establish an exemplar city region. Such an approach will need to consider innovative capital and revenue funding strategies to finance the essential investment in our region.

Potential funding streams include:

- The Wales Infrastructure Investment Plan
- European Structural Funds Programmes with our proposals clearly set out in WEFO's Economic Prioritisation Framework for Wales.
- Welsh Government apprenticeships funds
- Lottery Funding
- Funding available to Housing Renewal Areas
- Regeneration funding under Vibrant and Viable Places
- Business support schemes

We will need to build on successful initiatives and maximise the impact of our own investment by leveraging EU, Welsh Government, Private Sector and Institutional investment where ever possible. An example of successful innovative funding is the LGBTI model following on from the prudential borrowing initiative of Project 21 by Newport City Council.

The Welsh Government, with the objectives of boosting the Welsh economy and improving the local highway asset, have made a commitment to assist local authorities meet mounting revenue pressures, allowing them to free up resources for prudential borrowing up to an expected aggregate total of £172 million. This upfront investment will enable authorities to halt the decline of major assets, avoid unnecessary litigation costs, and establish better transport and communication links. This scheme will be delivered through regional frameworks, working in partnership to realise cost benefits.

A further collaborative approach by Welsh Government and Local Authorities which has the potential to generate asset funded development opportunities in the future is the electronic Property Information Service e-PIMS, one database detailing all public sector land and property available for redevelopment.

ACTION PLANS for Strategic Priority 1

1.1 Transport & Highways Infrastructure

South East Wales future growth opportunities will be greatly reduced unless the limitations of the existing public transport and highway infrastructure are addressed.

The M4 in South Wales forms part of the Trans-European Transport Network (TEN-T), which provides connections throughout Europe by road, rail, sea and air. The M4 plays a key strategic role in connecting South Wales with the rest of Europe, providing links to Ireland via the ports in South West Wales and England and mainland Europe to the east. It is a key east-west route being the main gateway into South Wales and also one of the most heavily used roads in Wales. Providing a facility for transporting goods, linking people to jobs and employment sites as well as serving the Wales tourism industry, the M4 is critical to the local South Wales economy. The M4 Motorway between Magor and Castleton falls well short of modern motorway design standards. This section of the M4 has many lane drops and lane gains, resulting in some two-lane sections, an intermittent hard shoulder and frequent junctions. It is congested during weekday peak periods resulting in slow and unreliable journey times and stop-start conditions with frequent incidents causing delays.

Within the Region, building on the benefits of rail electrification, the emerging priorities are reduced journey times and increased service frequency for north south journeys from the periphery to employment centres; increased capacity of the transport network to deal with demand and overcome pinch points; improve east west connectivity between key settlements; develop a transport system that caters for urban growth particularly in and around Cardiff; and increase the reach of the public transport network to places off the rail network. Many of these aspirations have been packaged as the South Wales Metro. This will need to be supported by an effective International Airport and integrated ticketing, walking and cycling connections, co-location of interchange facilities, bus priority measures, network efficiencies, clear branding and publicity.

It is essential to the economy of South Wales that these existing constraints are addressed. The South East Wales Regional Partnership are ideally placed as highway and planning authorities to support the Welsh Government in introducing improvements to the highway and public transport system.

The South East Wales Regional Partnership will:

- 1.1.1 Work with the Welsh Government in assessing and developing the regional transport priorities
- 1.1.2 Agree a regional programme of implementation
- 1.1.3 Use their highway and planning powers to assist with delivery of the programme
- 1.1.4 Ensure that investment aligns with and facilitates regionally significant land use development

It is assumed that with the support of the SEW Regional Partnership, the Welsh Government will lead on:

- Rail electrification
- The development of Cardiff International Airport
- Securing improvements to the M4 Corridor
- Implementing the final stages of the Heads of the Valleys Road
- Secure control of the Severn Bridge tolls after the franchise finishes

Impact:

By 2030 the transport and highway infrastructure will have improved connectivity both within the region and beyond, reducing the reliance on the private car and increasing use of public transport. Travel times to work will be reduced as will carbon reduction emissions. It will also unlock economic growth, increasing the number employed by providing improved access to the 3 Enterprise Zones, Cardiff and Newport City centres and other key employment growth areas.

Key indicators for this priority will be:

- Improved Public transport services, increased capacity and usage
- A reduction in Carbon emissions
- Development of employment land
- Increase in employment numbers
- Greater social mobility to access employment opportunities and service provision

ACTION PLANS for Strategic Priority 1

1.2 Digital Connections

An effective region with effective business growth must have appropriate digital infrastructure. In addition there is scope to build upon some of the key successful digital businesses that are already located within the area.

The local authorities of South East Wales Regional Partnership will:

- 1.2.1 Support Cardiff and Newport Councils in continuing to roll-out the broadband projects within their areas and ensure that the region as a whole benefits.
- 1.2.2 Assess the other infrastructure needs required to ensure that connectivity is available across the region.
- 1.2.3 Identify the training needs and skills sets necessary to implement the infrastructure and to secure employment in the key digital companies.
- 1.2.4 Develop innovative business advice services
- 1.2.5 Establish a digital business cluster and the necessary support mechanisms
- 1.2.6 Implement the conditions for growth of further Enterprise Zones, or business clusters based in the city region where sectoral gaps can be identified.

It is assumed that with the support of the South East Wales Partnership, the Welsh Government will:

- Through their digital strategy, support the roll-out of effective high speed services throughout the South East Wales region, identifying and addressing 'not-spots' and areas of poor connectivity.
- Consider the implementation of an Enterprise Zone based around the ICT sector to based in the South East Wales region.

Cont/d ...

Impact:

By 2030 Wales will be recognised as a leading region for digital connectivity and boast some of the best digital inclusion levels in the UK. Wales will be effectively linked to the global marketplace via a modern broadband network, and reliance on declining industries will be reduced. Investment in digital infrastructure will drive up employment, reduce reliance on car travel, and contribute to the cultural presence of Wales as a nation visible to the world.

Key indicators for this priority will be:

- The expansion of Superfast Broadband
- Expansion of the ICT sector and associated digital and creative industries
- Universities recognised as centres of excellence in ICT training
- Contribution to reduction in travel

Example:

Cardiff and Newport local authorities have recently been successful in unlocking £15m investment into super-fast broadband infrastructure for the urban heartlands of South-East Wales via the Super-Connected Cities fund from DCMS.

Homes and businesses in these areas will enjoy speeds of over 80 mbps as a result.

ACTION PLANS for Strategic Priority 1

1.3 Quality Environments

The delivery of a sustainable, world-class quality of life will be achieved through the provision of high standard and affordable housing, establishing South East Wales as an accessible and attractive tourism destination, and the implementation of strategically-targeted regeneration schemes.

This will enable the region to capitalise on its improved economic performance by attracting inward investment and retaining its home-grown skills and business base. It will also be essential to develop greater regional integration to allow a greater focus on developing complementary strengths and encourage those currently lacking in opportunities to access the means by which they can improve their prosperity.

The local authorities of South East Wales Regional Partnership will:

- 1.3.1 Via their planning processes and developer agreements, provide an excellent standard of housing that meets a range of needs and promotes greater quality of life.
- 1.3.2 Introduce effective destination management that takes the regional offer to the global stage.
- 1.3.3 Agree an unique and effective marketing stance for the South East Wales region that showcases the strengths and assets of the region.
- 1.3.4 Establish a clear understanding of the potential within the visitor economy of South East Wales and develop a fully integrated tourism and destination management strategy.
- 1.3.5 Concentrate resources on the six product themes where the region demonstrates a competitive advantage.
- 1.3.6 Integrate sustainability as a core concern for the framework, linking economic renaissance with improved quality of life and a leading local environment.
- 1.3.7 Work together to develop regional housing strategies that work for the needs of the city region.
- 1.3.8 Target regeneration funding at cooperative schemes that favour the region as a whole over ‘quick wins’

Cont/d ...

It is assumed that with the support of the South East Wales Regional Partnership, the Welsh Government will lead on:

- Emphasising the critical importance of South East Wales as the gateway to the nation and an income generator within the forthcoming national tourism strategy.
- Support the regional framework to develop responsibility for strategic housing and regeneration.
- Continue to embed sustainable development as the core principle of government in Wales.

Impact

By 2030, South East Wales will be the place of choice to live and work, the place to train and to learn, the place for businesses to invest with confidence, and the ideal location for recreational activities.

Key indicators for this priority will be:

- Increased Business tourism
- Increased Culture and Heritage tourism
- Increase in Countryside tourism
- Increase in City Breaks
- Improved Visitor satisfaction
- House prices to be monitored

Example:

The Valleys Regional Park is a dynamic regional partnership between the ten local authorities of South East Wales, the Welsh Government and other key stakeholders to transform the Valleys as a tourism destination.

Including ERDF funding, this vital project has drawn down over £22m from the partners to promote the Valleys unique offer in terms of the environment, culture, heritage and leisure opportunities to be found here.

ACTION PLANS for Strategic Priority 2

2.1 Business Growth

The term 'economic cluster' has become an increasingly popular phrase and is focused on developing innovation systems, whereby new ideas are allowed to spread through firms within developing regions by way of extensive communications expansion as well as increased development of social infrastructure. Simultaneously the idea of the city region as a dynamic economic space in which agglomeration economies can be utilised has also grown. In South East Wales this concept has coalesced around the city region concept, encompassing the 10 unitary authorities of Bridgend, Rhondda Cynon Taff, Vale of Glamorgan, Cardiff, Newport, Monmouth, Caerphilly, Blaenau Gwent, Torfaen and Merthyr Tydfil.

It seems logical to examine how these two concepts might interact with one another, as well as with other Welsh Government policy initiatives, such as priority sectors, anchor companies and regionally important companies concepts, public procurement, and innovation initiatives and Enterprise Zones.

The local authorities of South East Wales Regional Partnership will:

- 2.1.1 Map the priority clusters identified as key to the South East Wales region (advance manufacturing, construction, creative industries, energy/environment, food/farming, financial/professional services, ICT, life sciences and tourism) and their current activity across the region.
- 2.1.2 Identify where public sector support and facilitation could be beneficial. This should link into the designated Enterprise Zones to enable effective cluster development.
- 2.1.3 Propose bespoke solution for the promotion of economic growth where genuine strategic assets are identified beyond the current Enterprise Zones.
- 2.1.4 Create a regional approach to business development to ensure that the appropriate expertise is available in relation to the key clusters and priority sectors.
- 2.1.5 Further encourage and support indigenous businesses, start-up businesses and social enterprises.

Cont/d ...

It is assumed that with the support of the South East Wales Regional Partnership, the Welsh Government will lead on:

- Providing the infrastructure requirements in the three Enterprise Zones in South East Wales.
- Progress the recommendations of the 2012 Business Rates Review and establish a funding regime to assist businesses in the period up to the 2017 revaluation.
- Embed the cluster approach being developed by the Regional Partnership Board within national policy on city regions, economic development and funding.

Impact:

By 2030 the region will be renowned for the development of key employment opportunities in the identified cluster areas by developing and expanding existing industries and by attracting new businesses to the area. This will be complemented by a local population with the appropriate skills mix to support and strengthen further these key business areas.

Key indicators for this priority will be:

- Employment rate growth by sector
- Improved GVA by sector
- Business Cluster development and expansion
- Increased Business start-ups
- Increased Business turnover
- Increased levels of Private Investment
- Increase in numbers of Welsh domiciled business headquarters

Example:

Local Investment Fund (ERDF) Valleys wide. The six Valleys authorities of South East Wales have collaborated over a £20.9m project comprising grants of up to 40% (maximum £10k) to new businesses. Existing small businesses and social enterprises that involve expansion and job creation.

The scheme will have support 1050 enterprises and created 1265 jobs.

ACTION PLANS for STRATEGIC PRIORITY 3

3.1 People and Skills - critical to the success of the region

The people and skills agenda will be an intrinsic part of the development and success of the region. If the skills are not available, the development of the economy will flounder.

South East Wales will therefore create a Learning and Enterprise Partnership working in partnership with the Further and Higher Education establishments in order to develop a skills plan that links into the Economic Growth agenda. This plan will shape future investment in post 16 training within the region.

The local authorities of South East Wales Regional Partnership will:

- 3.1.1 Develop a skills plan which links to the economic growth agenda for post 16 training provision.
- 3.1.2 Encourage centres of educational excellence for new and emerging economic cluster groupings.
- 3.1.3 Create a regional apprenticeship hub that will enable social clauses linked to major regional capital projects to be achieved.
- 3.1.4 Provide meaningful opportunities for businesses and investors to shape the curriculum in South East Wales to meet their current and future needs.
- 3.1.5 Support the integration of funding and promotion of the Communities First Programme as the key vehicle that engages with the most disadvantaged in our poorer communities.

It is assumed that with the support of the South East Wales Partnership, the Welsh Government will:

- Formally recognise and support the establishment of the LEP.

Cont/d ...

- Provide funding towards the creation of centres of excellence and a regional apprenticeship scheme
- Support and promote the new universities of the region as a catalyst for growth and prosperity

Impact:

By 2030 the South East Wales region will be internationally recognised as a centre of excellence in the five priority sectors. Education and opportunities will be open and inclusive to all and will promote and secure prosperity and wellbeing across the region. The private sector, training institutions, Higher and Further Education bodies will work together to provide the skills needed for the South East Wales Workforce to develop as a competitive asset for the region.

Key indicators for this priority will be:

- A reduction in economic inactivity levels
- An increase in student population numbers
- Greater graduate retention in the region
- Greater NVQ Level 4 attainment
- A reduction in NEETS
- Closing of basic skills gaps

Examples:

Bridges into Work is a collaborative approach drawing down £23m in ESF funding which aims to engage, support and prepare the economically inactive in the most deprived areas, including those who are unemployed or on incapacity benefit, to acquire skills to become job-ready and to gain sustainable employment.

Working Skills for Adults is a £12m ESF funded project intended to support individuals in employment with low skills, or no skills.

Both projects extend across the six South East Wales local authorities within the Convergence Area.