

Shared Prosperity Fund: Caerphilly Local Investment Plan (September 2022)

Background

The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.

The UKSPF will support the UK government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives to:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging
- Spread opportunities and improve public services, especially in those places where they are weakest
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost
- Empower local leaders and communities, especially in those places lacking local agency

The primary goal of the UKSPF is to build pride in place and increase life chances across the UK.

Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities: communities and place; supporting local business; and people and skills. The SPF aligns and compliments the Levelling Up Fund and the proposals considered under a separate Cabinet report.

All places in the UK will receive a conditional allocation from the UKSPF. Caerphilly County Borough has a conditional allocation of £28,272,298, and an allocation of £5,901,499 for *Multiply (*UK Gov Adult numeracy programme) up to March 2025.

The 10 LAs in the CCR have a combined conditional allocation of £230,432,572 and £48,100,003 for *Multiply.

In order to access UKSPF funding, RCT as the lead local authority for the CCR have prepared a regional investment plan, setting out how they intend to use and deliver the funding over the 3-year period. The regional investment plan has been prepared by RCT with input by all 10 local authorities and it was formally submitted to UK Government on 1 August 2022. The anticipated date for the first investment plans to be approved and payment awarded to Lead Local Authorities by UK Government thereafter is October 2022 onward.

Notably, Caerphilly County Borough Council is not required to develop its own local investment plan for submission to UK Government. However, it is important that a local investment plan for the County Borough is prepared to provide clarity at the local level on the Caerphilly specific interventions that the Council wants to achieve through the UKSPF and this document provides this broad overview whilst Appendix 2 gives an overview of the scope of projects proposed set against the specific eligible interventions.

1 Introduction

1.1 The Caerphilly Local Investment Plan (LIP) has been derived through a series of workshop sessions with key stakeholders as an integral part of its development. The key policy issues that reoccurred throughout each of the workshop sessions have shaped and informed the LIP and the proposed interventions for the area.

1.2 Caerphilly County Borough (CBC) has a diverse population, economy and geography. It is home to 175,900 people (2021 Census). The County Borough is known for its history and in particular its Majestic Castle, its stunning landscapes and for its culture and sense of community. However, Caerphilly faces deep-rooted challenges, caused by the decline of heavy industry and the end of coalmining. Despite investment, significant parts of the county borough continue to be defined as some of the most economically deprived areas in Europe. On a per capita basis Caerphilly and indeed the Cardiff Capital Region (CCR) lags behind the UK average, generating only 80% of the UK average GVA per head. Notably, there are significant and long-established economic and social disparities between the more prosperous south and the more disadvantaged Heads of the Valleys Area. This juxtaposition of need and opportunity is a particular feature of the CCR as a whole and the county borough is no different and the Council is keen to address this disparity in Caerphilly through its SPF interventions.

1.3 Many of our more deprived areas have residents with poor physical and mental health and wellbeing and comparatively low levels of educational attainment and skills, all of which impact hugely on the quality of life for our citizens and communities. Too many people do not have access to the skills they need to get a good job; for too many people, the only jobs available are insecure and low paid. However it is important that the county borough is not defined by its challenges, many communities are doing well; our communities are close knit and willing to help one another during times of crisis, as evidenced during the pandemic. The county borough is also home to successful and growing businesses, particularly small to medium sized enterprises which are an important part of the local economy, and the area has a wide range of public services that employ thousands of people in the county borough.

1.4 This Local Investment Plan therefore includes Caerphilly Specific interventions which have been adapted to suit local characteristics reflecting the differing challenges and opportunities across different parts of the county borough.

2. Communities & Place

2.1 Due to a historic lack of investment, many towns have traditionally suffered from poor physical infrastructure, under-developed tourism and leisure assets, lack of available green space, vacant or derelict buildings and a lack of premises which are considered suitable for businesses to locate and grow. A run-down public realm is not only bad for business but impacts on local pride and morale. (Source: "Transforming the Valleys" Bevan Foundation 2020).

Towns:

2.2 The high street has also undergone rapid change and has been impacted by societal and technological change. Out of town shopping in close proximity to the county borough, the progressive loss of essential services such as banks and post offices and the growth of online retailing have all had significant consequences for communities and towns. The Audit Wales Town Centre Report 2021 highlights that towns are primarily configured for daytime services, and this is particularly the case in Caerphilly County Borough where the night-time offer is mostly underutilised. Many of our towns offer little in the way of community use (educational, institutional or religious buildings) and leisure (indoor or outdoor recreation) services and facilities. This can create concerns with regards to feeling safe when being out and about after dark, with worries about crime and anti-social behaviour. The pandemic has compounded some of these challenges as, for some people, shopping has become less functional and with a focus more on a day-out activity combining eating out, meeting friends and family and entertainment. So there is a clear challenge to ensure that towns and high streets can provide a wider and more flexible offer to residents and visitors alike.

2.3 The change facing our communities and towns also offers a substantial opportunity to deliver interventions that matter to local communities, developing community confidence and resilience as well as a strong and unique sense of identity and place. As a result of the pandemic, there is evidence that retail spending has shifted to local high street shops, mainly due to people shopping locally as they worked from home. However, it is no longer feasible nor desirable for towns to rely solely on retail. The "Review of High Street Footfall" report published by the UK High Street Task Force in August 2020 highlights how retail is declining as a dominant driver of visitors in many towns. Multifunctional towns which offer a wide range of non-retail attractions are proving more attractive to visitors as footfall returns to high streets. Maximising the mixed offer of housing, community, leisure, cultural and recreational opportunities through effective use of empty properties, public realm and green spaces, will enhance their long-term sustainability, and are clear areas for growth. This clearly fits with the Welsh Government's "Town Centre First" initiative which recognises that towns are vital to economic, social and cultural well-being and encourages the location of facilities and services within town centres to increase footfall and create vibrancy. The unique identity of each of our towns will play a key role in giving communities, high streets and our Principal Towns a sense of place and identity.

2.4 The diversification of our towns and the development of community, cultural and heritage venues to be more inclusive and accessible for all abilities and ages, will inevitably increase footfall and dwell time in our town centres and encourage an increase in the levels of volunteering and community engagement across the county borough, which will in turn provide community-based solutions to support participation and active healthy lifestyles. This is critical in terms of combatting societal issues such as anti-social behaviour, social isolation and facilitating prevention measures that avoid expensive health and social care costs.

2.5 Unless people feel safe in their homes and the places they live and work, they may not have the confidence or desire to access services or participate in community life. Four Lower Layer Super Output Areas in Caerphilly are in the 10% most deprived category for overall deprivation and three are in the 10% most deprived category for the health domain and two are in the most deprived category for Community Safety.

Proposed Interventions

2.6 In response, the Local Investment Plan proposes interventions that will:

- Enhance the public realm in our town centres including public realm improvements, decluttering of street spaces, introduction of smart solutions for business such as waste management storage and improved lighting design to enhance Caerphilly's night-time economy.
- Repurpose empty properties and heritage assets for meanwhile and community-led uses.
- Fund the appointment of a dedicated Town Centre Response Team to work across all towns in the county borough to clean, green and undertake general enhancements and improvements.
- Provide a Town Centre Enhancement Fund to ensure that the Council is able to react effectively to town centre audits.
- Focus on town centre high streets and event spaces and undertake measure to design out crime through hostile vehicle mitigation and other safety measures, such as appointing an Intervention & Prevention Co-ordinator to deliver a Crime and Disorder Prevention Project by to improve / support local communities and deal with anti-social behaviour.

Transport and Accessibility:

2.7 There is still heavy dependence on the car with public transport connections lacking capacity and efficiency in key places. Some communities in the valleys are poorly served by public transport. Not all are on a metro line, and even for those

that are, it does not necessarily reflect complex travel patterns that are not just north-south but also east-west. In some places, no buses run after 6 pm or on Sundays and some villages are served only by 1 bus per hour. Essential journeys such as shift-based employment, visiting hospitals and accessing leisure outside the county borough therefore is all but impossible for households without a vehicle.

2.8 The proportion of people who do not have access to a vehicle coupled with the climate emergency makes new and existing active travel routes and reliable and affordable public transport that provides cross-valley connections absolutely essential. (Source: "Transforming the Valleys" Bevan Foundation 2020). The current modal share in the CCR is 80:10:10 car, active travel, public transport. (Source: "Prosperity for Our Place" March 2021, Cardiff Capital Region).

2.9 The South Wales Metro is a multi-million investment project that connects the valleys and the wider region. It will provide an integrated network of bus, rail and active travel that will vastly improve connectivity and make sustainable travel easier across South Wales. Caerphilly does have an extensive and well used network of walking and cycling routes which enable the public and visitors to access town centres, flagship country parks, green spaces and centres of employment. The further development of Active Travel options will support health and well-being, tourism growth as well as contributing to the reduction in transport emissions and improvement in air quality.

2.10 Access poses another problem particularly for less able-bodied residents with issues related to the availability of off-street car parking, and poor public transport alternatives. Transport infrastructure (cycle ways, pavements and roads) have been identified as being generally in need of investment and enhancement, particularly to ensure that less able-bodied residents can access facilities and services. (Source: "Regenerating Town Centres in Wales" September 2021, Audit Wales).

Proposed Interventions

2.11 In response, the Local Investment Plan proposes interventions that will:

- Support initiatives that support active travel use such as the provision of new or improved cycleways / paths and an Active Travel Promotional Budget to promote their use.
- Increase Electric Vehicle charging points at key destinations.

Digital:

2.12 Notwithstanding the recent roll out of free Wi Fi in some of our town centres (Bargoed, Rhymney, Risca, Ystrad Mynach) the digital infrastructure throughout the

county borough is not strong, and a citizen survey conducted by Audit Wales identified that most towns lack an effective digital offer with poor connectivity, limited free and effective Wi-Fi. This can often be a barrier to people accessing many services which moved online during the pandemic. There is also limited access to banks or building societies, which can make it more difficult for vulnerable individuals to access banking facilities.

2.13 Digital data can offer insight on travel movements, parking, mobile phone activity, social media interaction and Wi-Fi usage, and can provide cost effective insights about the changing use of our high streets and towns. The collection and use of digital data as a way of increasing understanding, targeting, marketing and monitoring change is an important mechanism to inform policy intervention in our towns, and whilst all of our towns will have issues in common, no two towns are the same and will require different policy responses to the challenges they face.

2.14 The average UK broadband speed has nearly doubled in the past two years from 28.9 Mbit/s to 46.2 Mbit/s. Most authorities in the CCR only reach just over half the average speed with some rural and valleys areas reporting feeling 'left behind'.

Proposed Interventions

2.15 In response, the Local Investment Plan proposes interventions that will:

- Increase the accessibility and availability of digital infrastructure in local communities.
- Identify key sites that need digital infrastructure improvements plus various employment sites.
- Improve Wi Fi/digital connectivity in town centres and offer support to local businesses via the Caerphilly Enterprise Fund (CEF) to enable businesses to buy and implement new industrial digital technology solutions to add value to their offer.
- Develop a digital application e.g. Near me Now which will enable residents to access the nearest shop, bank, restaurant online and allow independent companies to advertise appointment or promotional offers on the local high street.

Health and Wellbeing:

2.16 The prevalence of physical and mental ill-health in a considerable number of communities is high. 25.4% of residents in Caerphilly report that their day-to-day activities were limited a little or a lot due to their health, slightly higher than the average (22.7%) in Wales as a whole.

2.17 The incidence of chronic diseases such as heart disease, respiratory disease, cancer, and diabetes is far higher than most other areas of Wales. Wales's Chief Medical Officer (CMO) has identified physical inactivity as a principal health risk to physical and mental health, and its cost to Wales is over £650 million a year. The County Borough has a high economic inactivity rate (25.7%) and one of the key drivers of this is a high rate of people who are long term sick.

Proposed Interventions

2.18 In response, the Local Investment Plan proposes interventions that will:

- Promote the importance of community sports facilities and engaging in sports.
- Establish a CCBC Sports and Recreation Grants programme for community groups to support community sports leagues.
- Make provision for 3G pitches at a local Community School to improve the provision of sports facilities to create a county borough that supports a healthy lifestyle in accordance with the Sustainable Development Principle within the Well-being of Future Generations (Wales) Act 2015.
- Make provision for Area Co-ordinators to signpost and link to existing services to improve health and well-being in the community.
- Provide a programme of Fitness Suite Enhancements to increase the number of facilities supported/created with the aim of increasing the number of users of facilities/amenities.
- Strengthen our social fabric and foster a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities, such as community infrastructure and local green space, and community-led projects.

Cost of Living Crisis:

2.19 The cost of living is already taking a heavy toll on households and the effects are expected to worsen over the next year. While everyone is affected by rising prices, people on the lowest incomes are hardest hit. (Source: "Cost of Living Crisis" Bevan Foundation February 2022) In November 2021 the Bevan Foundation undertook a "Snapshot of Poverty in Winter" which identified that 39 per cent of Welsh households found it difficult to afford anything beyond everyday essentials. National Energy Action7 Cymru estimate that heating costs have doubled in 18 months, pushing 100,000 more people into fuel poverty. With further increases in energy prices likely, many households will be unable to heat their homes or risk being disconnected because of arrears.

Proposed Interventions

2.20 In response, the Local Investment Plan proposes interventions that will:

- Establish a Cost-of-Living Crisis Support Fund to provide programmes and campaigns to encourage the uptake of energy efficiency measures for homes such as heat pumps, water pumps, increased insulation etc.
- Target the most deprived communities across the county borough with support via an Energy Efficiency Fabric First Programme.
- Provide support for local foodbanks, social supermarkets and Fair Share Schemes to assist residents.

Community Engagement:

2.21 Caerphilly has a considerable strength in its social fabric and community spirit, which provides optimism regarding the capacity to forge a strong and distinctive identity which will help it address the challenges it faces as well as build on its opportunities. The involvement and engagement of the local community in identifying what they want and need from the high streets, towns and green spaces across Caerphilly will be vital to its success.

2.22 Engagement and volunteering will help develop a sense of ownership and pride as well as providing health and wellbeing and economic benefits such as tackling social isolation, creating social cohesion, providing opportunities for skills development as well as employment opportunities. Voluntary and community groups across the region understand the needs of their local communities well and can often deliver tailored services to people that statutory bodies have difficulty reaching. They are also able to provide trusted advice and signposting to other local services and can contribute to easing the pressure of the cost-of-living crisis by, for example, delivering local food projects; by advising people on energy use and offering a warm place to be; and by supporting people with their housing options.

Proposed Interventions

2.23 In response, the Local Investment Plan proposes to:

- Establish a Community Grants Programme for use by community groups/third sector/voluntary sector.

Natural Heritage:

2.24 Welsh Government is clear that the path to decarbonisation puts the welfare of our people, the health of our economy, and the protection and enhancement of

our natural environment front and centre. The storms of early 2020 highlighted the vulnerabilities of many communities and businesses in Caerphilly to flooding which has reaffirmed the growing importance of appropriate and effective management of the county borough's natural heritage and green infrastructure and its importance in terms of resilience to extreme weather events.

Proposed Interventions

2.25 In response, the Local Investment Plan proposes interventions that will:

- Establish a new Green Team, to contribute to the effective management of the county borough's green infrastructure and develop resilience to extreme weather events.
- Develop a Green Infrastructure Strategy.

Cultural Heritage:

2.26 The cultural heritage of Caerphilly is recognised and valued by communities and visitors as an important to the Visitor Economy and to the social, economic, cultural and health and well-being of citizens. With such variety of history and culture in a relatively small geographical area, this provides a unique selling point and major opportunity for tourism, health and recreation and a significant opportunity for activity across both the Communities and Place and Supporting Local Business priorities.

Proposed Interventions

2.27 In response, the Local Investment Plan proposes interventions that will:

- Provide support for existing cultural, historic and heritage groups and institutions that make up the local cultural and heritage offer recognising their impact on the social, economic, cultural and health and well-being of citizens.

3. Supporting Local Business:

3.1 During the pandemic businesses have had to adapt quickly, and local and national government support had to be rolled out quickly and tailored accordingly. Besides the many challenges faced, the restrictions also created opportunities for businesses to adapt their operating model to reflect these changing habits. As lockdown restrictions began to ease, businesses that adapted benefitted from increased footfall, as people stayed local rather than travelling into cities for shopping, work and leisure. The FSB Wales has identified the "essential role played by Wales's smaller businesses in supporting local communities, creating wealth and employment, driving innovation and helping Wales adapt and respond to these challenges".

Foundational Economy:

3.2 The Covid crisis has removed any doubt about the fundamental role of the foundational economy to the well-being of our citizens. This is the part of the economy which could not be shut down during the pandemic as it provided the infrastructure of everyday life, serving our essential daily household needs, and keeping us all safe and civilised, providing jobs at the heart of our communities in healthcare, childcare, food, housing, energy, construction, waste and recycling.

3.3 The Foundational Economy also makes a substantial contribution to GVA in Wales. The Centre for Research on Socio-Cultural Change estimated that the foundational economy accounts for approximately four jobs in every ten and approximately £1 in every £3 spent by households in Wales and Caerphilly County Borough is no exception.

3.4 These sectors of the non-tradeable economy act as critical pillars for job creation and stability, and for the employment of non-migrating graduates. As such, it provides considerable resilience to the local economy because its activities are distributed according to population and demand. It is also heavily community and place-based and provides a powerful enabler of collective consumption, and local wealth creation. Judicious support for key local 'anchors' can help keep money circulating locally and create better employment conditions, so helping spread local prosperity and drive productivity.

Proposed Interventions

3.5 In response, the Local Investment Plan proposes interventions that will:

- Provide grant support for SME within the Foundational Economy to expand and grow.
- Provide grant for new start-up businesses in the Foundational Economy.

Tourism (Leisure and Hospitality sector):

3.6 Businesses in the tourism, leisure and hospitality sector have been particularly impacted by the Covid pandemic. In a seasonal industry, the sector notes that 2020-21 is likely to be the equivalent of 3 winters. (Source: "Our Business is Wales" December 2020, FSB Wales). Given that between 2017-2019 the annual average for tourism expenditure in the CCR was £2.17 billion there is a significant challenge to re-build what is a key industry for the economy. (Source: "Tourism Profile South East Wales 2017-19" Government Social Research)

3.7 Tourism provides opportunities to rebuild a key industry to the economy following the significant detrimental impact of the pandemic. As well as supporting existing, and the development of tourism events that offer local opportunities in relation to targeted and niche markets, there is also scope to grow an integrated

approach to the tourism offer, aimed at deriving higher levels of economic impact, developing supply chains and inter-dependencies across the CCR. New innovation in relation to food and travel tech has the potential to create value in relation to export capacity and ensure that the CCR and Caerphilly are able to play a more active role with Department for International Trade and Trade and Invest Wales Green.

Proposed Interventions

3.8 In response, the Local Investment Plan proposes interventions that will:

- Provide grant support for SME within the Foundational Economy to expand and grow.
- Enable the Council to work with Business Wales to gather market information and develop a 'experience / tastebud tourism' (result of Hackathon). A marketing drive to increase 'tastebud tourism' within the borough will be carried out including improved websites and interaction with potential customers.
- Provide support to develop a tailored export strategy.
- Provide Grants to support International Trade within the county borough.

Sustainability of local businesses/enterprises:

3.9 Similar to the pattern across Wales and the UK, Caerphilly business demography is dominated by micro businesses (those employing fewer than 10 people) at 94.3% of total enterprises, with only 3.5% classed as small (10-49 employees) and 1.1% classed as medium (50-250 employees). The region has a higher business birth rate (12.6%) compared with Wales (11.4%) and GB (11.9%) but conversely also has a higher death rate at 11.2% (Wales 9.8% and GB 10.6%). (Source: Office for National Statistics November 2021).

3.10 Many larger firms began as individual sole traders, so gearing support to them is vital to strengthening the resilience of the area. (Source: "Transforming the Valleys" December 2020, Bevan Foundation). There is evidently a clear challenge to provide an environment in which smaller businesses can grow and become sustainable in the longer term.

Proposed Interventions

3.11 In response, the Local Investment Plan proposes interventions that will:

- Provide grant support for SMEs to expand and grow.
- Provide grant for new start-ups.

Availability of Business Premises:

3.12 A lack of available and suitable infrastructure is a challenge to businesses reaching their full potential. Research commissioned by the CCR Regional Cabinet, and the Welsh Government has illustrated that good quality sites for employment are in short supply and there is now a very limited availability of all sizes and types of speculative, ready to occupy premises ranging from space for small businesses and start-ups right through to large scale manufacturing projects. (Source: "CCR City Deal Strategic Business Plan Wider Investment Fund 2020-2025").

Proposed Interventions

3.13 In response, the Local Investment Plan proposes interventions that will:

- Unlock land for new development for a range of businesses.
- Facilitate delivery of new start-up units.

Low levels of R&D Investment:

3.14 The CCR has a highly regarded science base through its universities, collaboratively providing a strong foundation for developing new technologies and applications. However investment in R&D has remained comparatively low in the region, with Innovate UK expenditure in Wales measured at less than a third of the average UK per head figure. Levels of public R&D investment in Wales stands at just 1% of Welsh GVA. In the CCR, average investment is well below 1% with only Cardiff showing a figure of 1.1%. A Nesta report has highlighted that Wales loses out to the tune of between £400-600M per annum on R&D investment. Although the region has innovation strengths, evidence shows these successively fail to convert to 'innovation outcomes'. This is because the region does not have the structural conditions and systems in place to support eco-systemic growth. This is crucial because innovation-led growth provides the best prospects for high-order jobs and strong productivity. (Source: "Strategic Business Plan 2021/2026" Cardiff Capital Region). Issues such as decarbonisation and skills deficits also provide challenges to local businesses.

3.15 The economy of the CCR accounts for approximately 50% of the Welsh economy, so there are many opportunities to support local businesses (both private and social enterprises) as part of this Priority. Support for the social, commercial and community food economy to increase production, shorten supply chains, and reduce food inequality through capital, revenue and social investment is required.

3.16 A number of strong and emergent clusters offers opportunities to develop value-chain growth. The CCR has global credentials in manufacturing advanced compound semi-conductors, a key component for the international smartphone, mid-tech, automotive and 5G industries.

3.17 In life sciences the region has clear strengths in medical diagnostics and devices, whilst in the creative industries there is a proven strength in stage and screen.

Proposed Interventions

3.18 In response, the Local Investment Plan via the CCR proposes interventions that will:

- Introduce companies in the clusters and supply chains to innovation and productivity indicatives – growing capability and leadership skills as well as pragmatic issues around energy security.
- Attract further businesses to the region that are innovative and aligned with priority clusters to grow the high value jobs base and increase regional productivity and competitiveness.
- Increase the number of knowledge-based businesses in the region that create high wage jobs that are key to growing and spreading prosperity.
- Establish a series of assured academies across the region supported by FE and clusters in the region, supporting social mobility and 'widening access' and contributing to the employer-led skills landscape.

3.19 This will help promote better economic inclusion by focussing on the needs of SMEs and micro-businesses and root this provision in local place and context The plan is that establishing a small but focussed regional programme of activity, means that it is capable of growth over time with the opportunity to lever in wider UKG funds for Research and Innovation – for which billions of pounds of new investment is available through Innovation Launchpads, Accelerators and investment such as the Innovation Infrastructure Fund.

Green Jobs Growth:

3.20 In March 2021 Senedd Cymru approved a net zero target for 2050 with interim targets for 2030 (63%) and 2040 (89%). The transition to a low carbon economy will bring opportunities for communities around clean growth, quality jobs, as well as wider benefits such as better places to live and work, clean air and water, and better health (Source: "Prosperity for All – A Low Carbon Wales" 2019, Welsh Government) This is very much an opportunity which cuts across both the Communities and Place and the Supporting Local Business investment priorities.

3.21 These progressive targets will provide new opportunities for innovation and economic activity with initiatives to support decarbonisation, energy efficiency and the green economy. There is significant opportunity to build on the work being undertaken within the region in both power electronics and vehicle manufacture to take a significant step forward towards the zero-carbon agenda, if the roll out of a

suitable EV charging infrastructure as well as refuelling stations for green gas such as biomethane and hydrogen, can be expedited.

Proposed Interventions

3.22 In response, the Local Investment Plan via the CCR proposes interventions that will:

- Provide grant support to expand and grow green technology and improve efficiency to move to a zero-carbon economy.

4. People and Skills:

4.1 Many of Caerphilly's communities are characterised by high levels of socio-economic deprivation caused by a number of interrelated economic indicators including high levels of unemployment, low-income levels, high levels of economic inactivity, poor health conditions and low educational attainment levels.

Employment / Economic Activity:

4.2 Improving local skills through workforce planning, training, apprenticeships and volunteering opportunities will help future generations find decent, rewarding work and avoid in-work poverty. Labour market statistics demonstrate that economic activity is lower than the national average. e.g. in Caerphilly between January-December 2021 64.9% of people were economically active (compared with 76.4% for Wales and 78.4% for GB). The economic inactivity rate was 35.1% (compared with 23.6% in Wales and 21.6% for GB) (Source NOMIS Report - ONS Annual Population Survey).

4.3 The Covid-19 pandemic is likely to have had a significant impact on the pattern of employment locally, with the biggest impacts in the Retail, Hospitality, Tourism and (to an extent) Construction sectors. One of the key challenges for the whole of the county borough will be to ensure that the public, private and community sectors link in with the CCR City Deal where appropriate, so the area benefits as much as possible from the investment and economic growth that will take place in the years to come.

4.4 The Council's LIP interventions will develop a Regional Innovation Cluster and Skills Academy ensuing a regional contribution based on regional analysis of need. Funding for increasing scope and reach of businesses such as Welsh Ice / Town Square etc. to include the introduction of satellite hubs to provide an extension of the 5-9 club, boot camps etc, who have delivered similar programmes. Accelerator and incubator provision (the development of smaller start-up units in the county borough) built by both CCBC and the private sector will support businesses to innovate, scale and reach new investment. Employment unit improvements which comply with building regs and become energy efficient which will reduce running costs and help to ensure sustainability of business tenants.

Unemployment / Economic Inactivity / Worklessness:

4.5 Between February to April 2022 unemployment stood at 3.5% in Wales, the same as the rate for GB. However economic inactivity rates are particularly high (23.3%) with a significant level of jobless people who are potentially available to work. Many of these people will be the hardest to reach, engage with and upskill and are likely to require varying degrees of help to re-enter the labour market. One of the large drivers of the higher economic inactivity rate is a comparatively high number of people (30%) who are long-term sick and only 79,200 indicated they wanted a job. Reducing economic inactivity will require raising aspirations and opportunity in those young people for whom unemployment may already be entrenched in their family. The achievement of softer outcomes and their subsequent ripple effects will be equally important so that marginalised groups get closer to the labour market with onward progression to education, training or employment. Volunteering and social enterprises can also offer important routes to improving skills and experience that may lead to increased rates of economic activity.

Young People Not in Education, Employment or Training (NEET):

4.6 There is a need to reduce the number of 11 to 19-year-olds who are in education but at risk of becoming not in education, training, or employment (Pre-NEET), and those who are 16 to 24-year-olds who are NEET, to bring about their sustainable integration into the labour market, thereby contributing to a reduction in youth unemployment. More generally there will be a need to manage expectations on the level of funding that is available across the regions for employability support provision following on from European Social Fund, including the 3rd sector, colleges and universities. With the introduction of DWP employment support programmes i.e. RESTART, JETS, and the continuation and expansion of the WG employment programmes from 2023, there is a need to ensure that SPF funding is aligned and complements current provision and avoids duplication.

4.7 Programmes targeted at pre-16's can form part of activity under the Communities and Place priority and People And Skills Priority will form part of the overall regional approach to People and Skills employment support programmes.

Skills Levels:

4.8 NOMIS Data (Apr 2021-Mar 2022) shows the rate of people with NVQ Level 4 or above qualifications in Caerphilly is 32.8%, Level 3 or above is 49.7%, Level 2 or above is 70.9% and 10.3% have no qualifications at all. However, there are significant differentiations across the CCR with just 3.1% of the working age population in Monmouthshire have no qualifications compared with 21.3% in Merthyr Tydfil.

4.9 Across the UK, skills shortages are becoming more prevalent (Open University Business Barometer 2019). The Business Barometer Survey of 2019 asked 950 senior business leaders at SMEs and large enterprises across the UK whether they

were currently experiencing a skills shortage – with 63% saying yes. In Wales, this was 67%. In Wales, skills shortages are estimated to be costing the economy £155.2m per year. Given the regional economy accounts for 51% of the total GVA in Wales, it is likely to be having a significant financial impact in the CCR. (Source: “Employment and Skills Plan” Cardiff Capital Region Skills Partnership).

4.10 There is also the challenge of addressing the skills needs of small businesses, as their day-to-day needs are likely to differ to large companies, and their ability and capacity to respond to challenges, such as Brexit and digitalisation, differ to larger companies. They are also harder to reach and, unlike large companies which may have their own specialist divisions to report on individual skills issue, management are fulfilling many roles within the businesses. Recruitment and skills issues can therefore cause significant disruption to a business. Good skills are crucial for local and prospective employer confidence that jobs can be filled with suitable and appropriately skilled workers. This increases the likelihood of local workers being able to successfully compete for vacancies. Currently businesses are experiencing difficulties with recruitment and finding employees with the right skill levels, and workers who are facing uncertain futures as a result of the pandemic, need to be able to access new or different types of work quickly, including by reskilling, retraining and having clear pathway back into the labour market.

Multiply

4.11 The overall objective of Multiply is to increase the levels of functional numeracy in the adult population across the county borough. It is intended that a series of interventions to achieve the following outcomes will be pursued:

- **More adults achieving maths qualifications / participating in numeracy courses** (up to, and including Level 2/ SCQF Level 5).
- **Improved labour market outcomes** e.g. fewer numeracy skills gaps reported by employers, and an increase in the proportion of adults that progress into sustained employment and / or education.
- **Increased adult numeracy across the population** this overall impact, which goes beyond achieving certificates or qualifications, will track both the perceived and actual difference taking part in the programme makes in supporting learners to improve their understanding and use of maths in their daily lives, at home and at work and to feel more confident when doing so.

Proposed Interventions

4.12 In response the Local Investment Plan will work with partners in the region in line with the approved Regional Employability Model to:

- Make provision for employment support for economically inactive people.
- Jointly commission FE, ACL and locally procured bespoke courses which address skills gaps, address recruitment issues linked to skills gaps, and focus on growth areas in the local labour market including Creative and Digital, Green skills and green industries, Lower carbon sectors etc.
- Enable those employed in high carbon sectors locally to retrain / develop skills in lower carbon sectors.
- Jointly commissioning the FE sector to provide keyworker & wrap-around support (including counselling, financial inclusion, enrichment activities, health & wellbeing advice, hook courses, alternative qualifications etc) for those who are at risk of disengaging from EET within the FE setting.
- Deliver and procure work related qualifications.
- Provide individual support for people who are in work and would like to progress or change their career direction. Work related qualifications and interview skills and job search skills will be the focus.
- Set courses or learner led and cover topics such as – numeracy refresh, budgeting, managing your energy bills, shopping on a budget, cooking on a budget, and much more). One -to-one sessions will also be offered for those furthest away from engagement.
- Large scale events will be held over the life of the project to engage and enthuse the public/potential learners with the Multiply Programme.