



**SPECIAL CORPORATE AND REGENERATION SCRUTINY COMMITTEE
– 13TH MARCH 2025**

SUBJECT: DRAFT ECONOMIC REGENERATION STRATEGY

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT



1. PURPOSE OF REPORT

- 1.1 To provide an overview of a new Economic Regeneration Strategy for the County Borough.
- 1.2 This report seeks endorsement of and comment on a new long term Economic Regeneration Strategy from the Scrutiny Committee.

2. SUMMARY

- 2.1 A new long term Economic Regeneration Strategy has been developed to replace the current Strategies, 'A Foundation for Success' and 'A Foundation for Success – Delivering Growth after Covid'.
- 2.2 Previous Regeneration Strategies that have been developed and adopted by the Council have focussed on the short to medium term, i.e. 3-to-5-year terms. This new strategy incorporates a longer-term approach to cover the next 10 years, which aligns to the placemaking plans currently being developed for a number of our key town centres.
- 2.3 Building on a 'Foundation for Success' this new strategy is intended to '*Nurture Future Success*' and guide economic growth to 2035 in a post covid world and is cognisant of cost-of-living crisis and the external impacts on the local economy.
- 2.4 The strategy will help to coordinate the actions of multiple stakeholders with an interest in promoting and developing the economic well-being of the residents and businesses of the county borough.
- 2.5 The strategy is structured around a vision for the county borough with actions driven through three interconnected themes:
 - People

- Place
- Prosperity

With each theme is guided by the overarching objectives of sustainability and connectivity and complements the Council's corporate Plan.

3. RECOMMENDATIONS

3.1 That Scrutiny:

- (i) Endorses the Economic Regeneration Strategy as the guiding plan for Regeneration Activity within the Council and for Officers to collaborate and work in partnership with key stakeholders, where appropriate.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the authority has an appropriate Strategy in place to inform the actions and direction of officers and stakeholders for the benefit of its citizens and communities.

5. THE REPORT

- 5.1 A long-term economic regeneration strategy is critical for the authority to ensure it can promote sustainable growth and development by addressing the underlying economic challenges, attract investment, and create job opportunities with the aim of improving the quality of life for residents.
- 5.2 By focusing on long-term goals, the authority can plan and implement infrastructure projects, support local businesses, and enhance public services in a coordinated manner. The strategy provides a framework for informing actions whilst allowing the flexibility to adapt to changing economic conditions and the mitigation of potential risks.
- 5.3 The Strategy includes an action plan and delivery strategy that provide targeted interventions for improvements to the county borough up to 2035 and has been prepared following extensive data analysis and stakeholder dialogue to explore the current challenges and future opportunities for Caerphilly County Borough whilst supporting the authority's emerging Place Shaping plan through its Place theme and within the context of the wider national, regional and local policies.
- 5.4 The county borough has an array of assets, such as its landscape features and cultural sites such as Caerphilly Castle. It is centrally located within the Cardiff Capital Region with strong links to the M4 and the South Wales Metro and is well placed to take advantage of regional growth and development.

- 5.5 The county borough does, however, have significant challenges, including some embedded generational challenges and areas of significant deprivation, especially in the north of the county borough, which perform poorly in terms of education, employment, health and access to services. Connectivity within the county borough and east/west across the Valleys is inefficient and does not enable some parts of the community to have sufficient access to employment, education and services.
- 5.6 In order to inform the action plan, the consultants undertook an appraisal of ONS, Stat Wales and other relevant data, supported by the stakeholder engagement process and have interpreted the Key Challenges for the county borough as outlined below:

5.6.1 **Population decline and change.**

In 2021, the total population of Caerphilly County Borough was 176,000 (Office of National Statistics (ONS), 2021 Census data). The population of the county borough has declined by 2,800 (-1.6%) since 2011. Caerphilly County Borough (18.4%) has a marginally higher proportion of residents aged 0-15 years compared to the average for the Cardiff Capital Region (18.3%) and Wales (17.6%) and a higher proportion of 65+ years residents (20.2%) than the Cardiff Capital Region (19.1%), but lower than for Wales (21.4%) (ONS 2021 Census).

As such, the proportion of the working age population (16-64 years) in Caerphilly (61.4%) is lower than the average for the Cardiff Capital Region (62.9%), but higher than the average for Wales (60.9%).

Caerphilly County Borough has a higher proportion of residents employed in elementary occupations (11.2%) and as process, plant and machine operatives (10.1%) compared to the CCR (10.5% and 7.8%, respectively) and Wales (10.5% and 7.9%, respectively)

5.6.2 **Providing sufficient housing for growing population (in line with Regional Local Development Plan growth options.**

Median house prices in Caerphilly County Borough have lagged behind the median house prices for both Cardiff and Wales since 2003, when data became available. Currently, the median house price in the county borough is £175,000, which is significantly lower than the median house price for Cardiff (£257,000) and Wales (£200,000).

Caerphilly County Borough has a lower affordability ratio (5.66) compared to Cardiff (7.76) and Wales (6.16), meaning that properties are more affordable in the county borough.

Through the stakeholder engagement process the biggest constraint in providing further housing was identified as the lack of land. The authority has significant land ownerships across the county borough but the majority of potential sites have significant challenges and require some form of engineering enabling works. From the private sector perspective, viability is

incredibly challenging for schemes in Caerphilly County Borough, as there are infrastructure challenges and only modest revenues can be achieved

5.6.3 Manufacturing employment is forecast to decline

In terms of absolute employment, manufacturing (11,000), wholesale and retail (7,500), and human health and social work (6,500) are the largest employment sectors in the county borough. Sectors with high Location Quotients¹ in Caerphilly County Borough include water supply, sewerage and waste management and remediation (2.56), manufacturing (1.90), construction (1.24), and administration and support services (1.24). In terms of specialisms, Pharmaceuticals (4.45) and electronics manufacturing (3.98) along with medical technology (2.53) perform well in terms of LQ analysis.

Therefore, as well as being a large sector in absolute jobs terms, manufacturing is also a specialism, with a representation almost two times that of the average for Wales.

There are currently mixed trends emerging as reported by Make UK in their annual regional manufacturing outlook report where, across the UK in the period August 2023 to July 2024, manufacturing jobs within the UK fell by 34,000 yet Wales saw an increase of 13,000 manufacturing jobs over the same period driven by supply chains that exist within certain growth sectors - aerospace and defence.

5.6.4 Workforce and resident earnings lower than Welsh average

In 2022, gross average annual earnings for residents in the county borough were £29,354. Of the 10 local authorities that make up the Cardiff Capital Region, Caerphilly County Borough had the third lowest gross average annual earnings for residents, but had grown by 38.6% since 2008, slightly higher than the Wales average (38.1%) (ONS Annual Survey of Hours and Earnings).

Gross average annual earnings in 2022, for workers in Caerphilly County Borough was £29,646, which was fifth highest in the Cardiff Capital Region. Since 2008, the gross average annual earnings for workers has increased by 38.2%, which is slightly lower than the growth rate for Wales (40.2%).

5.6.5 Lower skills levels and lower business start-ups

From ONS data we can see that the number of higher level occupation employees (groups 1-3) within the county borough (46.3%) is on a par with the Welsh average at (46.7%) but falls below the national average at the second level (groups 4-5).

¹ Location quotients (LQ) are measures of an area's employment specialisms. An LQ of above 1.0 represents a higher proportion of employment within that sector compared to the national average.

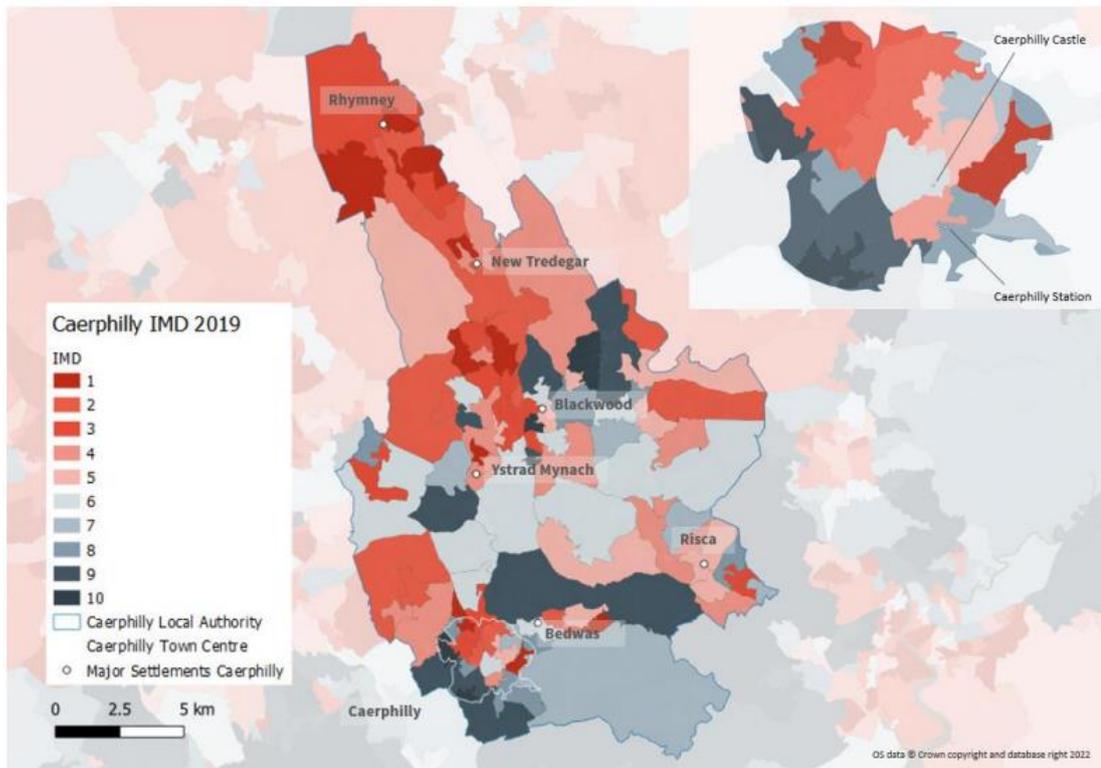
	Caerphilly (Numbers)	Caerphilly (%)	Wales (%)	Great Britain (%)
Soc 2020 Major Group 1-3	38,900	46.3	46.7	52.6
1 Managers, Directors And Senior Officials	7,300	8.6	9.3	10.5
2 Professional Occupations	18,100	21.3	23.2	27.0
3 Associate Professional Occupations	13,600	16.1	14.0	14.9
Soc 2020 Major Group 4-5	14,500	17.2	18.7	18.4
4 Administrative & Secretarial Occupations	9,300	11.0	9.3	9.6
5 Skilled Trades Occupations	5,200	6.1	9.3	8.7
Soc 2020 Major Group 6-7	15,900	18.9	17.2	14.1
6 Caring, Leisure And Other Service Occupations	9,900	11.8	9.8	7.9
7 Sales And Customer Service Occs	6,000	7.0	7.3	6.1
Soc 2020 Major Group 8-9	14,800	17.6	17.4	14.9
8 Process Plant & Machine Operatives	4,200	4.9	6.5	5.4
9 Elementary Occupations	10,600	12.5	10.8	9.5

Business Start Ups have averaged around 754 new businesses per year for the period 2018-2023 remaining static with minor variations from year to year within this period. For the first 11 months of 2024 to November there were 609 business start-ups registered, which is below the Wales average.

5.6.6 Deprivation in the North of the county borough

In Caerphilly County Borough, deprivation is most acute in the north of the local authority in the areas surrounding Rhymney and New Tredegar. There are however pockets of deprivation in the south of the local authority, specifically just north of Ystrad Mynach and east of the town centre of Caerphilly.

The least deprived areas of Caerphilly County Borough can be found south of Caerphilly town centre and north-east of Blackwood.



5.6.7 Climate change and zero carbon economy targets

In response to the Climate Emergency declared in Wales, the public sector in Wales is expected to work towards achieving the Welsh Government’s target of a net zero carbon position by 2030 which in 2023 was estimated to be 3,118 ktCO₂e with local authorities contributing the highest proportion of emissions at 44% and within this figure, 67% of the carbon footprint are accounted for by the supply chains used by local authorities.

Across the UK there is a legally binding commitment to reach net zero by 2050, which can only be delivered through change across the whole of society including individual behaviour change, power generation infrastructure, investment decisions, consumption, the business sector and their supply chains.

Sustainability is recognised in the strategy as an overarching and connected theme across each of the pillars of the strategy and is inherent on each action identified.

5.6.8 Below average educational attainment

Based on information from the 2021 Census, Caerphilly County Borough (24.1%) has a significantly higher proportion of residents aged 16+ years with no qualifications compared to the CCR (20.7%) and Wales (19.7%). Conversely, the county borough (25.3%) had a significantly lower proportion of residents aged 16+ years with NVQ level 4+ (degree level) qualifications when compared to the average for the CCR (31.9%) and Wales (31.5%).

5.6.9 Improving health outcomes

There are a number of indicators that show that the health of the residents of the county borough falls behind the Welsh average in life expectancy, healthy life expectancy, obesity and those not in work due to long term sickness. An extract from the 2023 - 2028 Corporate Plan are outlined below.

	Caerphilly	Gwent	Wales	UK ***
Life Expectancy at Birth (Females) 2018-2020	81.1	81.7	82.1	82.9
Life Expectancy at Birth (Males) 2018-2020	77.4	78.1	78.3	79.0
Healthy Life Expectancy at Birth (Females) 2018-2020	57.0	58.9	62.4	63.6
Healthy Life Expectancy at Birth (Males) 2018-2020	56.7	60.1	61.5	62.8
Percentage of Children Aged 4-5 with Obesity 2021-2022	13.0	12.9	Not verified*	No UK data**
Percentage of Adults with a BMI of 30+ (Obese) 2021-22 and 2022-23	31.7	28.9	25.3	No UK data**

5.6.10 Accommodating business growth

Demand for employment premises is also most significant for relatively small industrial units under 500 sqm, especially where these fall under the single-occupier business rate threshold. There is, however, a further demand for larger units, starting from 1,500-2,000 sqm size for the larger manufacturers in the area. Nelson and the Mid-Valleys areas are key locations for industrial unit demand.

Critically for business growth, the availability of readily developable land in the county borough is very limited in 2024. While some employment allocations remain vacant, due to infrastructure delivery requirements and development costs, these sites have not come forward despite demand from businesses for further space. There is evidence of firms looking to expand. However, the firms have reported a lack of large industrial options to allow movement into, or within the county borough

5.6.11 Existence of a limited tourism sector

Tourism is a relatively minor part of the economy in Caerphilly County Borough, though has about 4-5 significant attractions that bring people to the area (e.g. Caerphilly Castle attracts 90,000-100,000 visits per annum). Caerphilly County Borough is mainly a day-trip destination. There is a need to link facilities together into a coordinated network to enhance the offer and encourage longer stay.

5.6.12 Connectivity links within the county borough remain a challenge

Transport obstacles remain the biggest issue, in particular, east-west connectivity that does not enable some parts of the community to have

sufficient access to employment, education and services. Connectivity to employment nodes is critical, both for businesses and employees. Convenient and integrated connectivity to our town centres is also critical for the vitality of the centres and for their users.

5.6.13 GVA output per worker remains below average

Gross Value Added (GVA) output has improved in recent years and its growth compares favourably within the CCR region outside of Cardiff but it still lags behind the Welsh average, latest figures from Stats Wales show that in 2022, GVA per head for Wales stood at £23,804 per head compared to £18,821 per head for Caerphilly County Borough.

5.7 In summary, there are many challenges that have been identified through a process of evidence gathering, workshop activity and individual key stakeholder meetings and the emerging strategy to address the challenges identified has undergone an iterative process to produce an appropriate action plan that can be disseminated to stakeholders and to be used as a framework for positive action.

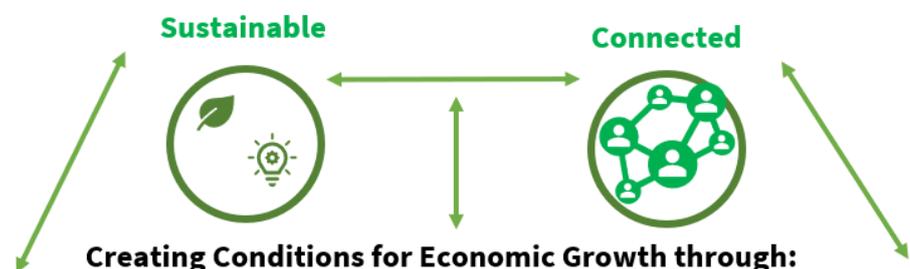
5.8 The strategy is structured around a clear vision for the future of the county borough with action driven through three interlinked strategic themes of:

- People
- Place
- Prosperity

Vision

Caerphilly County Borough will be a more prosperous, resilient, healthier, sustainable and more equal place with strong cohesive communities where everyone is empowered to participate and make a difference, where local achievements are celebrated, and visitors are welcomed, and residents are proud to say where they are from.

Over-arching Objectives



Creating Conditions for Economic Growth through:

Strategic Themes



5.9 Several of the proposed actions outlined in the Strategy (Appendix 1) can potentially proceed through existing Council budgets and processes. However, many actions require additional resources and will depend on future funding opportunities. The actions have been prioritised on a ranking basis of 1 – 4 and profiled into the short (1 year), medium (2 – 5 years) and long term (6 – 10 years).

5.10 **People**

5.10.1 The strategy under the People theme is driven by the following ambitions:

- Communities are connected, celebrated and valued by residents.
- The workforce is skilled, engaged and motivated.
- People are inspired to learn and engage with education and training to realise their potential.

In achieving these ambitions, the authority will work with local groups to build engagement and involvement with local communities. Targeted programmes of support for local people are proposed, including helping people gain fundamental employability skills and bespoke support for long-term unemployed. The authority will have a leading role in this to connect with secondary schools, colleges and business representatives. Programmes that bring education providers and businesses closer together will help to ensure that school and college leavers have skills that are in demand by businesses.

5.11 **Place**

5.11.1 The ambitions for the Place theme are:

- Caerphilly is an attractive place to live, visit and work.
- Towns and villages are well connected with strong links within the Borough and the wider region.
- The town centres are vibrant and diverse hubs of activity.
- Caerphilly's landscape is protected and supports recreation and leisure activities.

The town centres are key elements defining the characteristics of Caerphilly County Borough and it is critical that they are vibrant and successful. It is recommended that the local villages and town centres are supported through actions to reduce vacancy levels, increase activity and footfall, diversify use types, improve connections to the local catchments and improve the promotion of the centres. Several of these elements would be promoted through the placemaking plan process and this Economic Regeneration Strategy supports and is consistent with this. It is recognised that smaller centres are not proposed to have placemaking plans and it is considered that there are opportunities for mini placemaking plans appropriate to the scale of smaller centres.

5.12 Prosperity

5.12.1 The ambitions for the Prosperity theme are:

- The economy is strong and resilient, underpinned by a robust manufacturing sector and vibrant towns.
- Technological innovation and new ways of working are encouraged and actively supported.
- Centres of employment are connected to local communities with a choice of safe, reliable and sustainable transport options.
- Caerphilly contributes to CCR's economic success through growth in Med Tech, Pharmaceuticals and Advanced Manufacturing sectors.

The county borough has a strong manufacturing sector, and this is to be supported and celebrated. The authority should have a facilitation role between local businesses and wider stakeholders; Cardiff Capital Region, Welsh Government and UK Government, in promoting the manufacturing sector nationally and internationally and take every opportunity to link with wider partners in promoting the manufacturing strengths, success stories and opportunities within the county borough.

Conclusion

5.13 The challenges identified are significant and wide ranging and cannot be overcome through the authority acting in isolation alone. It will require a coalition of stakeholder actions to work in harmony over the long-term working in the context of the strategic framework to achieve the overarching objective of **Nurturing Future Success**.

There is a recognition of the limitations of the authority's influence and control but by coalescing around regional and national objectives and policies the tools that the authority has with regards to planning, land ownership, transport infrastructure, supply chain spend, educational delivery and regeneration experience there is no reason that the challenges can be met head on and change can be delivered with a resourced and willing authority.

6. ASSUMPTIONS

6.1 Delivery of the regeneration strategy will be reliant on maintaining staff resources over the longer term to deliver and implement the action plan.

6.2 There is stability in the long term with regard to the financial plan of the authority and that cuts in public spending are short term in nature.

6.3 That there is a long-term replacement funding programme for the UK Levelling Up programme that can be accessed by Local Authorities alongside the availability of Welsh Government Regeneration funding.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 Actions and projects identified within the Economic Regeneration Strategy will seek to improve the economic, social and cultural well-being of the community and leave a lasting positive impact. The aim of the strategy is for Caerphilly County borough to be a more prosperous, resilient, healthier, sustainable and more equal place with strong cohesive communities where everyone is empowered to participate and make a difference, where local achievements are celebrated, and visitors are welcomed.

7.2 **[Link to IIA](#)**

8. FINANCIAL IMPLICATIONS

8.1 The authority has earmarked a limited amount of capital funding to different projects under the Place Shaping Plan that will contribute to the actions of the regeneration strategy and external revenue funding is currently place to provide staff resource that can deliver against actions under the people theme. External funding will be used where available to resource and deliver projects that emerge from the strategy.

8.2 It is expected that private investment and external stakeholder resources will contribute to a number of the desired outcomes identified in the strategy.

9. PERSONNEL IMPLICATIONS

9.1 The strategy is a ten-year plan to achieve growth and prosperity across the county borough and it is expected that staff resources will change over this time frame. There are no personnel implications as there are staff in place across the authority that have a role in delivering outcome that align with the regeneration strategy.

10. CONSULTATIONS

10.1 Consultation responses have been included in this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2000, Local Government (Wales) Measure 2011 and the Local Government and Elections Act 2021.

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Cllr. Philippa Leonard, Cabinet Member for Planning and Public Protection.
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Appendix 1 Draft Caerphilly Economic Regeneration Strategy - Summary