

+ Caerphilly Economic Regeneration Strategy – Baseline Analysis



May 2024

Introduction

This baseline analysis for Caerphilly utilises the Hatch ‘People, Place, Prosperity’ framework to understand the socio-economic characteristics of Caerphilly.

Data has been collated from a variety of sources including the Office for National Statistics (ONS), and Stats Wales.

Where possible, data has been collected for Caerphilly and the following local authorities (which make up the Cardiff Capital Region (CCR)):

- Blaenau Gwent
- Bridgend
- Cardiff
- Merthyr Tydfil
- Monmouthshire
- Newport
- Rhondda Cynon Taf
- Torfaen
- Vale of Glamorgan

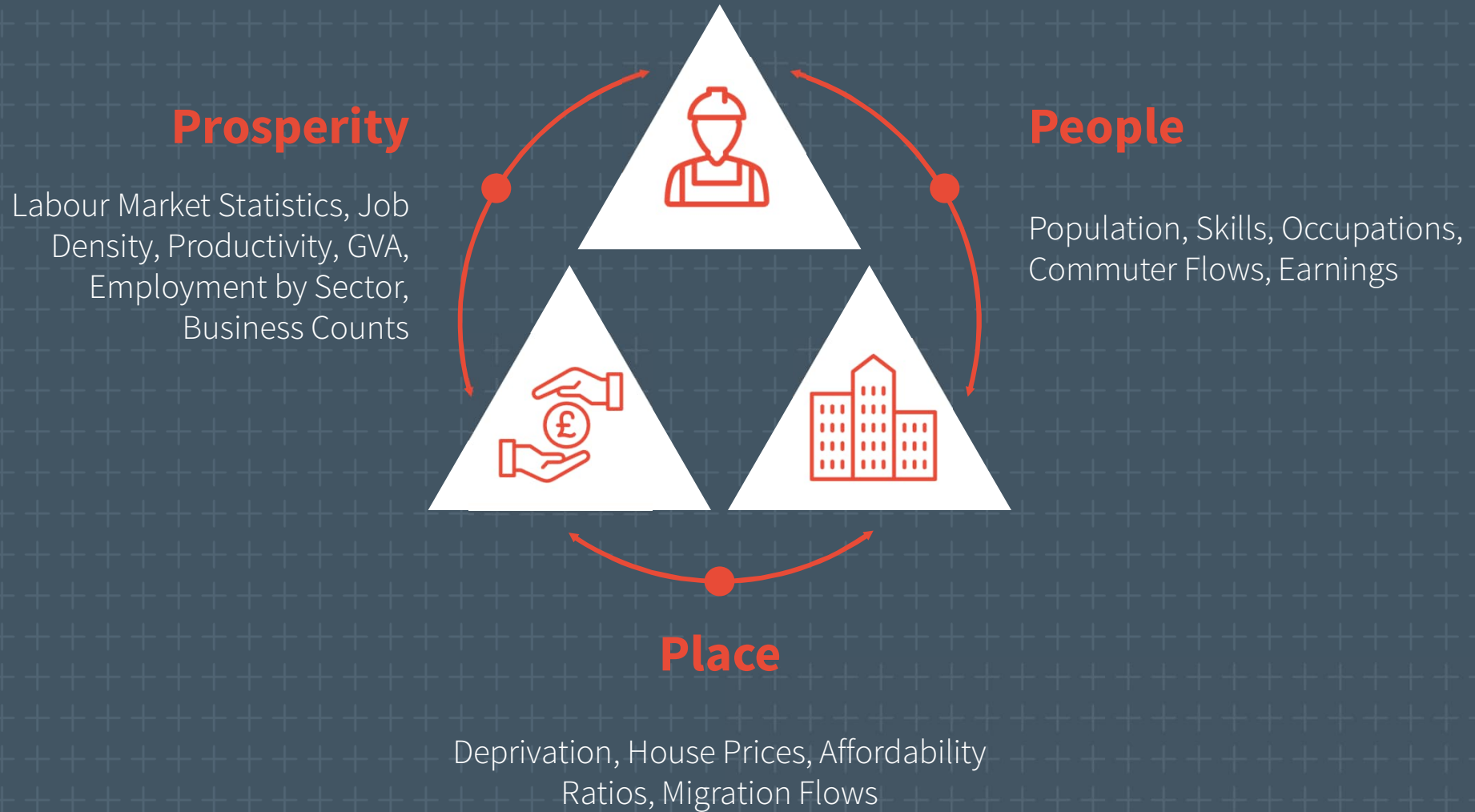
Data has then been aggregated for the CCR to understand the relative performance of Caerphilly in the context of the surrounding area. Data has also been collected for Wales in order to understand

the relative performance of Caerphilly to national averages.

Both the latest data and trend data has been collected and presented.

This baseline analysis also seeks to build upon the existing study conducted by Huggins & Thompson (2023) who developed the *Deep Dive Competitiveness Study of the Cardiff Capital Region’s Northern Valley* for the CCR. Further analysis has been conducted into the specialist sectors identified within this report:

- Advanced Manufacturing
- Pharmaceuticals
- Electronics Manufacturing
- Medical Technology
- Manufacturing of Special Purpose Technology
- Other Advanced Manufacturing
- Business Software and Computer Services
- R&D and Consulting Activities





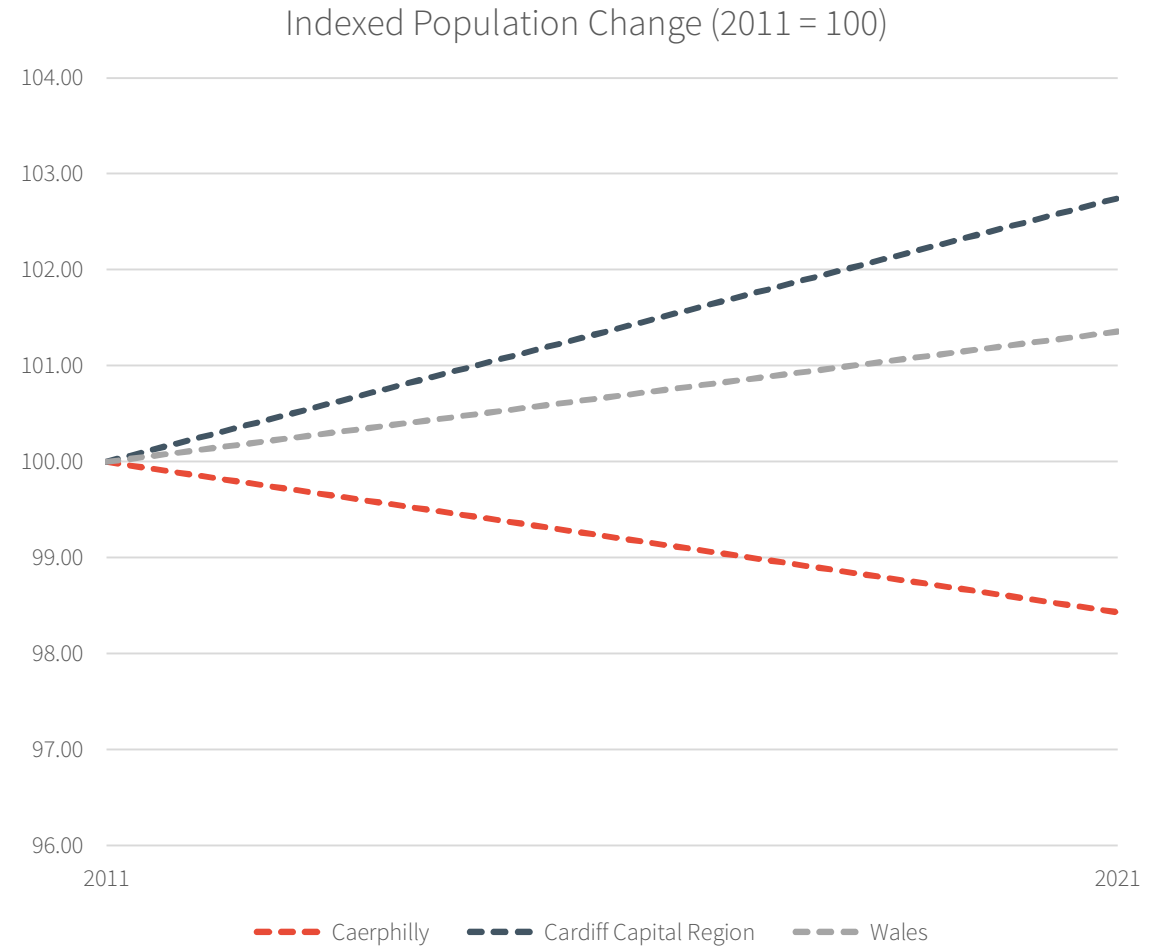
People

Caerphilly Population Growth

In 2021, the total population of Caerphilly was 176,000. The population of Caerphilly has declined by 2,800 (-1.6%) since 2011.

Of all local authorities that make up the CCR, Caerphilly and Blaenau Gwent were the only local authorities to experience a decline in total population over the last decade. Both the CCR (+2.7%) and Wales (+1.4%) experienced an increase in population over the same period.

The decrease in 2021, compared to 2011, in Caerphilly is due to negative natural change (fewer births than deaths), and negative net migration (more people moving out of Wales than moving into Wales).



Source: ONS (2021), Census
Note: Data may fluctuate between 2011 and 2021

Caerphilly Population Structure

Caerphilly (18.4%) has a marginally higher proportion of residents aged 0-15 years compared to the averages for the CCR (18.3%) and Wales (17.6%).

The proportion of working age (16-64 years) in Caerphilly (61.4%) is lower than the average for the CCR (62.9%), but higher than the average for Wales (60.9%).

In terms of residents aged 65+ years, Caerphilly (20.2%) has a higher proportion of elderly residents compared to the average for the CCR (19.1%). This has increased from 16.7% in 2011, indicating that Caerphilly, like much of the UK, has an ageing population.

2011 Census	Aged 0-15 years	Aged 16-64 years	Aged 65+ years	Total
Caerphilly	34,800 (19.8%)	114,100 (64.8%)	29,800 (16.9%)	178,700
Blaenau Gwent	12,500 (18.7%)	44,800 (67.0%)	12,500 (18.7%)	69,800
Methyr Tydfil	11,000 (18.7%)	38,000 (64.5%)	9,900 (16.8%)	58,900
Rhondda Cyon Taf	44,300 (18.7%)	149,700 (63.0%)	40,300 (17.0%)	234,300
Torfaen	17,200 (18.6%)	57,500 (62.2%)	16,500 (17.8%)	91,200
CCR	277,700 (18.2%)	958,000 (62.9%)	245,900 (16.2%)	1,481,600
Wales	555,800 (17.9%)	1,941,500 (62.5%)	566,400 (18.3%)	3,063,700

Source: ONS (2013), Census

2021 Census	Aged 0-15 years	Aged 16-64 years	Aged 65+ years	Total
Caerphilly	32,400 (18.4%)	108,000 (61.4%)	35,600 (20.2%)	176,000
Blaenau Gwent	11,700 (17.5%)	41,600 (62.2%)	13,600 (20.3%)	66,900
Methyr Tydfil	11,100 (18.8%)	36,600 (62.1%)	11,200 (19.0%)	58,900
Rhondda Cyon Taf	43,700 (18.4%)	147,000 (61.9%)	46,800 (19.7%)	237,500
Torfaen	17,100 (18.5%)	56,100 (60.6%)	19,300 (20.9%)	92,500
CCR	279,200 (18.3%)	952,900 (62.9%)	290,300 (19.1%)	1,522,400
Wales	546,900 (17.6%)	1,892,700 (60.9%)	665,800 (21.4%)	3,105,400

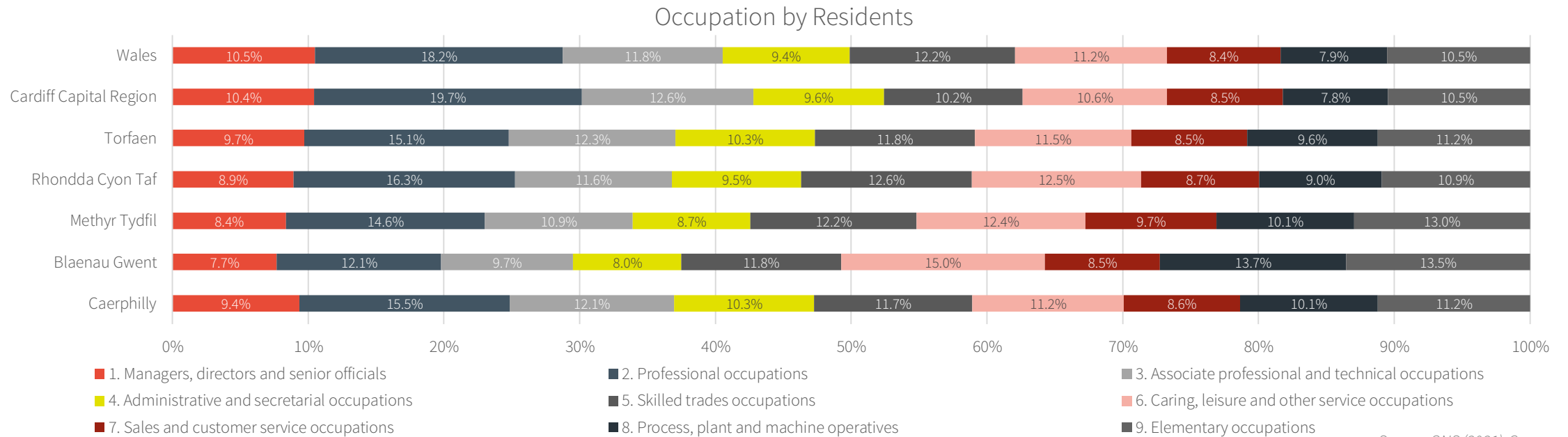
Source: ONS (2023), Census

Occupation by Resident

Based on information from the 2021 Census, a lower proportion of residents in Caerphilly (9.4%) are employed in managerial, director and senior official roles compared to the CCR (10.4%) and Wales (10.5%).

Similarly, Caerphilly (15.5%) has a lower proportion of residents employed in professional occupations compared to the average for CCR (19.7%) and Wales (18.2%).

Conversely, Caerphilly 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).



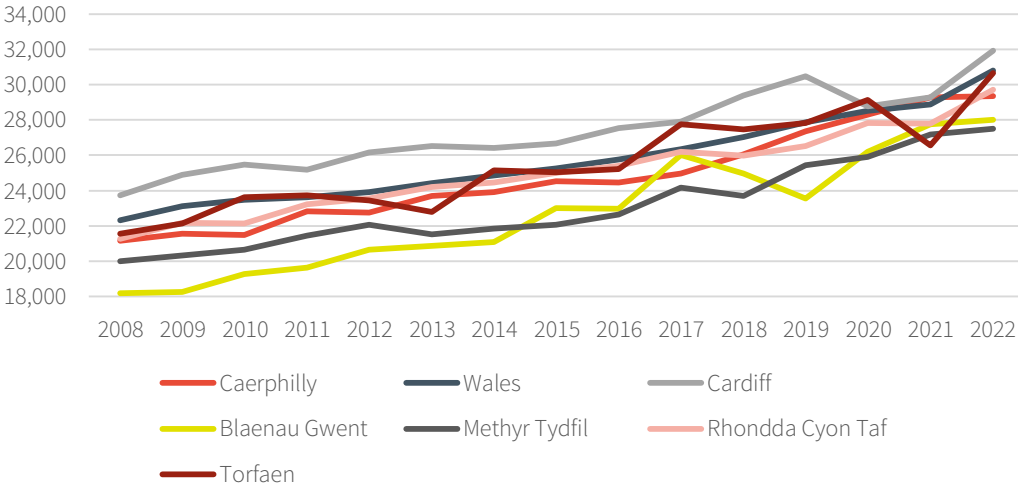
Source: ONS (2021), Census

Earnings

In 2022, gross average annual earnings for residents in Caerphilly were £29,354. Of the 10 local authorities that make up the CCR, Caerphilly had the third lowest gross average annual earnings for residents. Monmouthshire (£36,952) had by far the highest gross average annual earnings for residents within the CCR. The gross average annual earnings for residents in Caerphilly currently lags behind the average for Wales (£30,821).

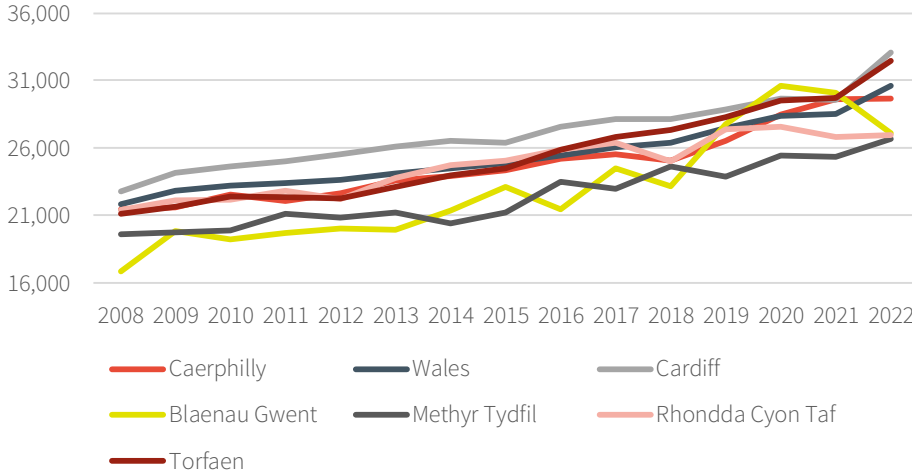
Since 2008, the gross average annual earnings for residents in Caerphilly has increased by 38.6%, which is slightly higher than the growth rate for Wales (38.1%).

Gross Annual Resident Earnings



Source: ONS (2023), Annual Survey of Hours and Earnings

Gross Annual Workplace Earnings



Source: ONS (2023), Annual Survey of Hours and Earnings

In 2022, gross average annual earnings for workers in Caerphilly was £29,646. Of the 10 local authorities that make up the CCR, Caerphilly had the fifth highest gross average annual earnings for workers. Cardiff (£33,106) had by far the highest gross average annual earnings for workers within the CCR. The gross average annual earnings for workers in Caerphilly currently lags behind the average for Wales (£30,596).

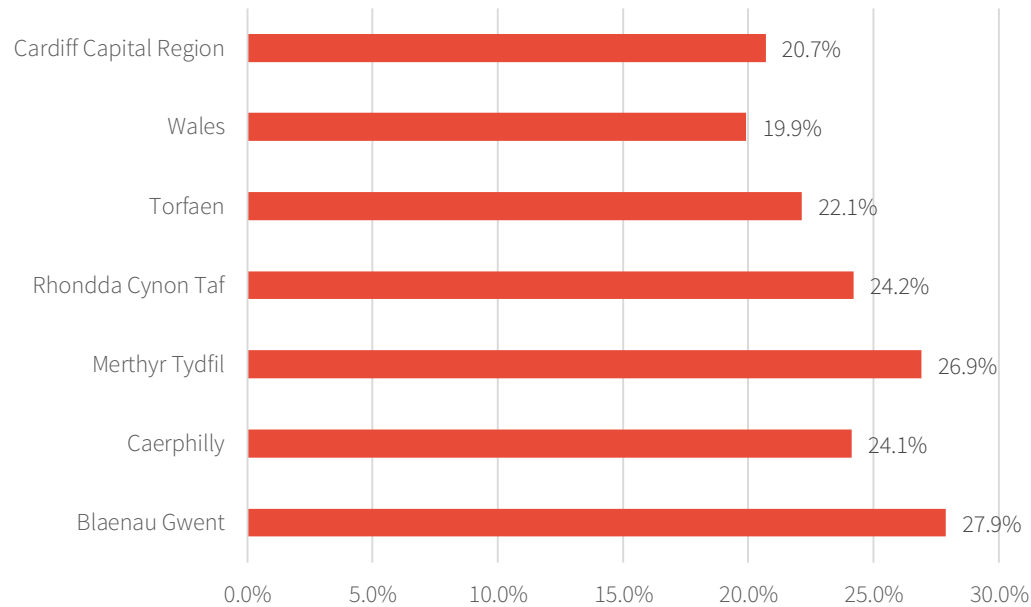
Since 2008, the gross average annual earnings for workers in Caerphilly has increased by 38.2%, which is slightly lower than the growth rate for Wales (40.2%).

Skills

Based on information from the 2021 Census, Caerphilly (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%).

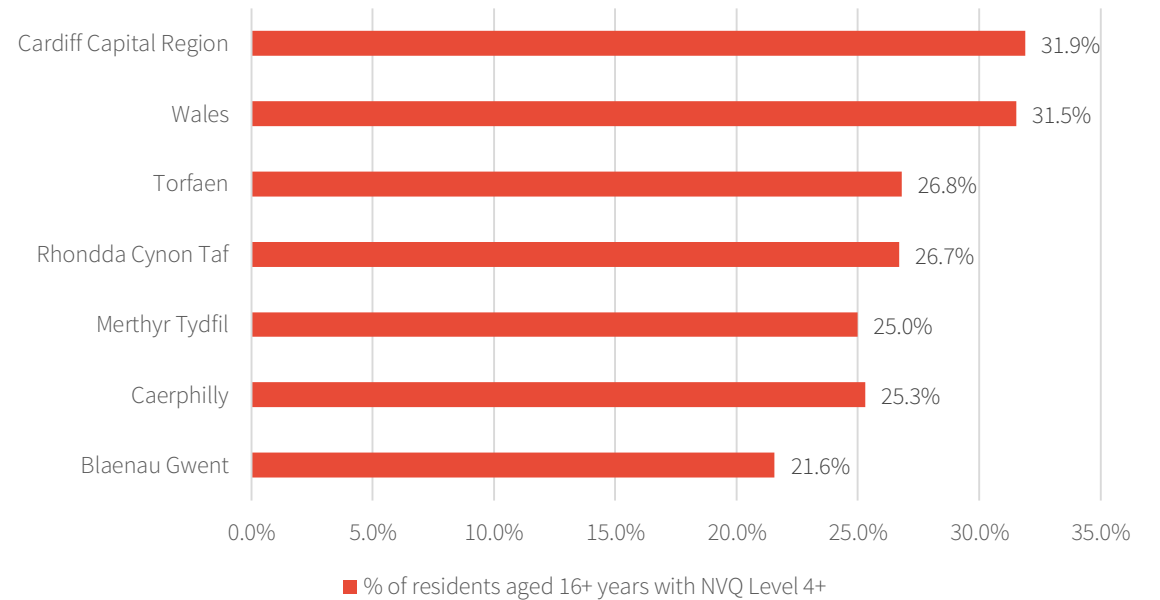
Similarly, Caerphilly (25.3%) had a significantly lower proportion of residents aged 16+ years with NVQ level 4+ (degree level) qualifications when compared to the average for the CCR (31.9%) and Wales (31.5%).

% of residents aged 16+ years with no qualifications



Source: ONS (2021), Census

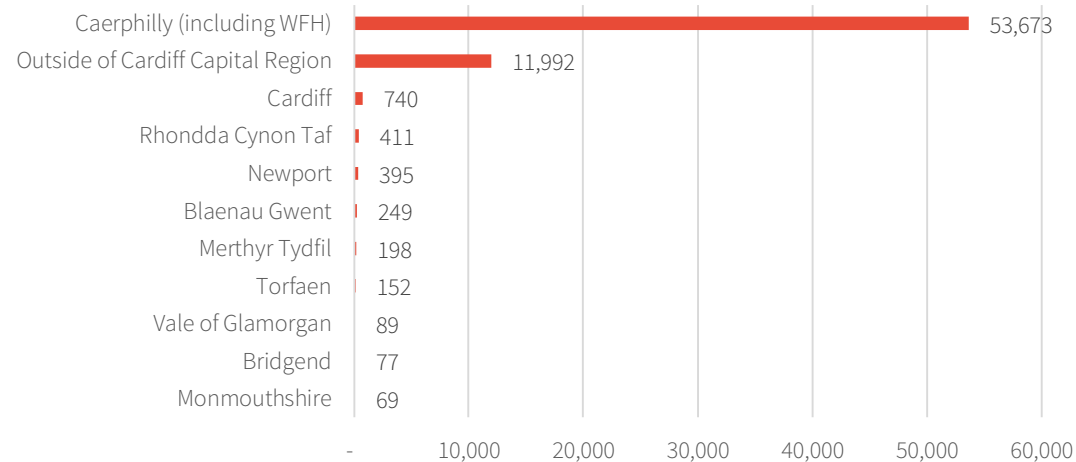
% of residents aged 16+ years with NVQ Level 4+



Source: ONS (2021), Census

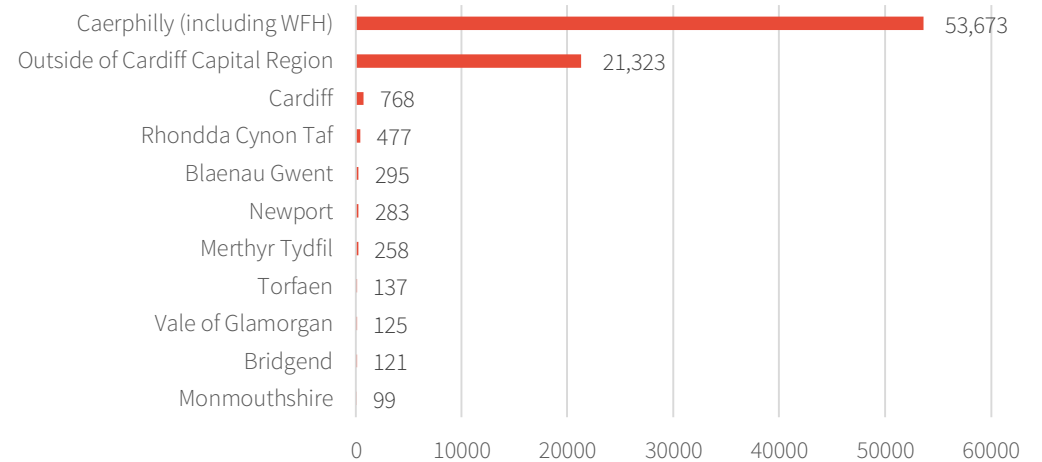
Commuter Flows

Works in Caerphilly



Source: ONS (2021), Census

Works outside of Caerphilly

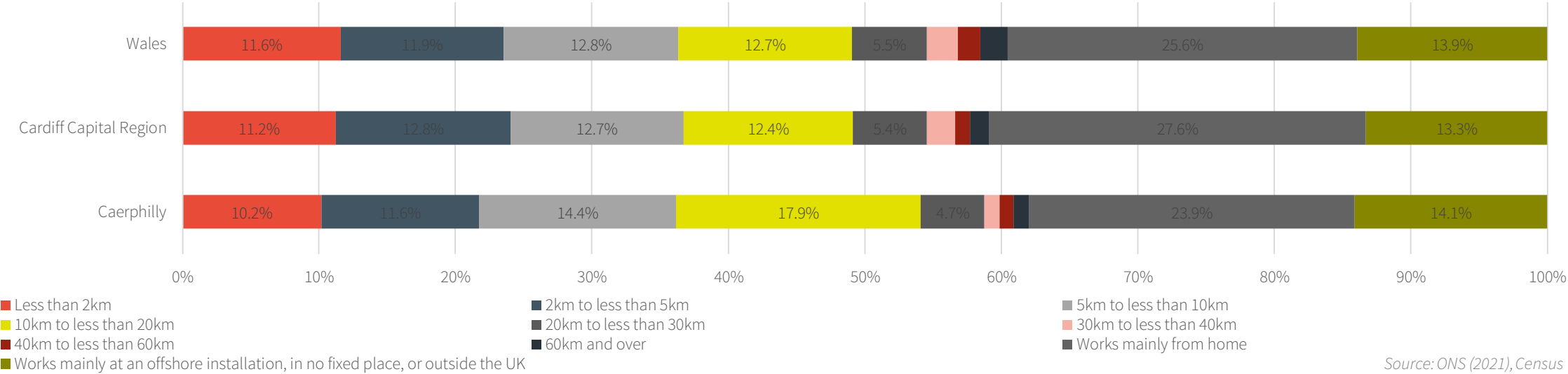


Source: ONS (2021), Census

Based on information from the 2021 Census, the majority of workers in Caerphilly live within the local authority. Of the local authorities within the CCR, Cardiff (740), Rhondda Cynon Taf (411) and Newport (395) had the largest number of residents that commuted into Caerphilly for work.

Of the residents of Caerphilly that commuted out of the local authority for work, Cardiff (768), Rhondda Cynon Taf (477) and Blaenau Gwent (295) were the most common places of work within the CCR.

Distance Travelled to Work



Based on information from the 2021 Census, residents of Caerphilly travel slightly further to their place of work compared to the average for the CCR and Wales. Similarly, a lower proportion of residents in Caerphilly mainly work from home, although this is potentially skewed due to the Census being conducted during the COVID-19 pandemic.

More specifically, a larger proportion of residents in Caerphilly (14.4%) travelled between 5km and 10km to their place of work, compared to the CCR (12.7%) and Wales (12.8%). In addition, 17.9% of Caerphilly residents travelled between 10km and 20km to their place of work, higher than the rate for the CCR (12.4%) and Wales (12.7%).



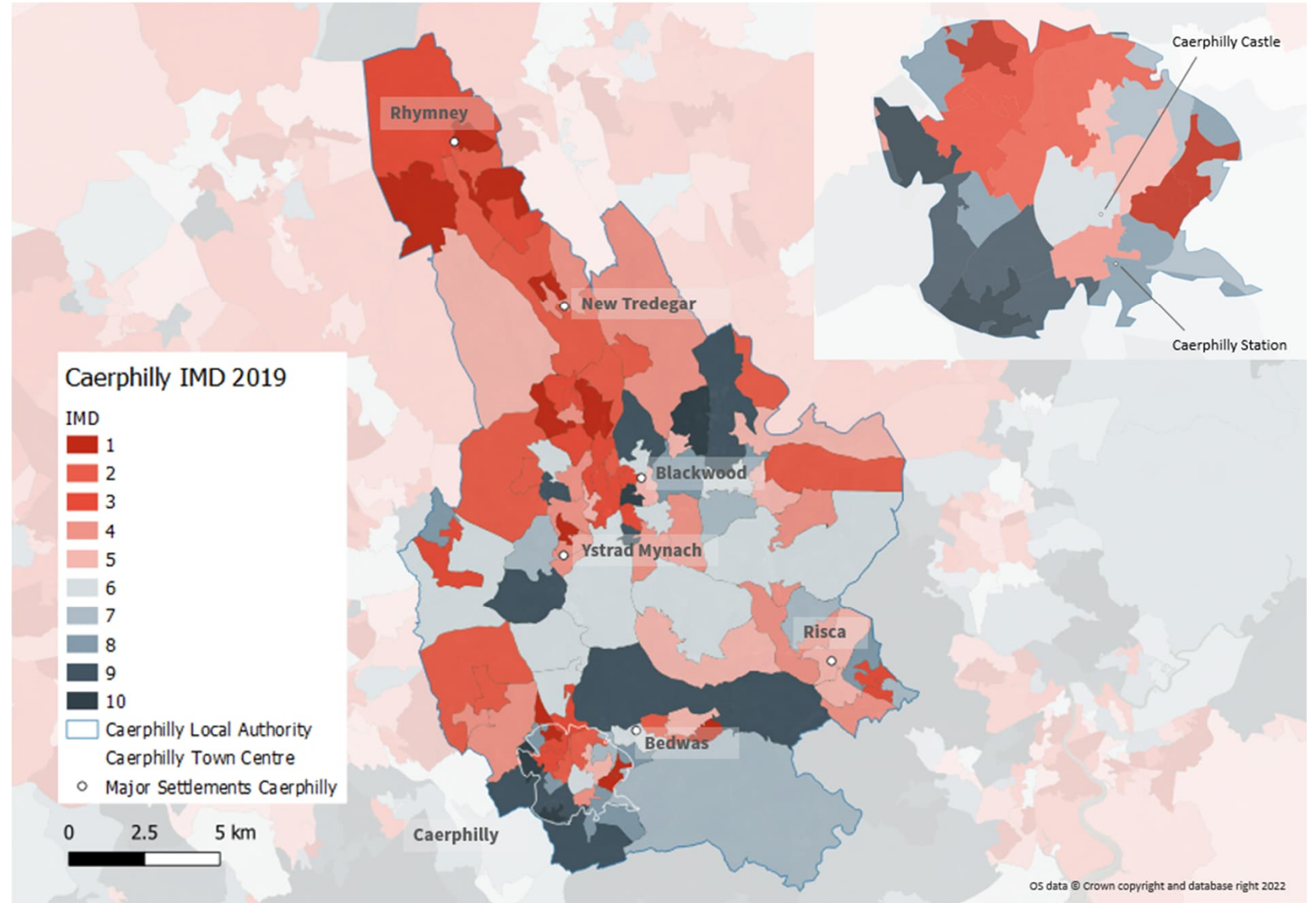
Place

Deprivation

The Welsh Index of Multiple Deprivation was most recently updated in 2019 and shows the relative deprivation of LSOAs against others in Wales. It classifies LSOAs into deciles, with 1 being the most deprived and 10 being the least deprived.

In Caerphilly, 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 can be found south of the town centre and north east of Blackwood.

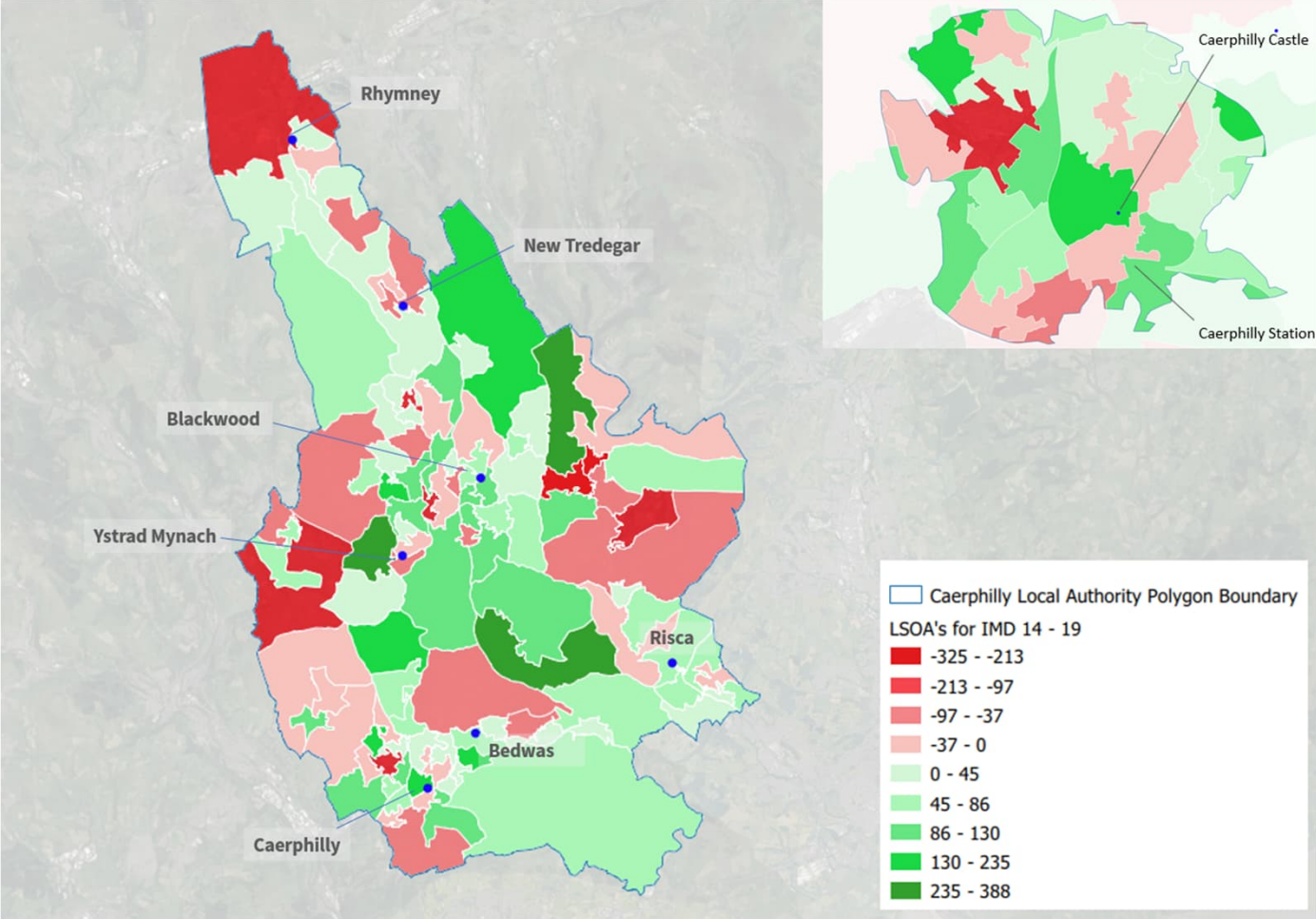


Source: Stats Wales (2019), Welsh Index of Multiple Deprivation

Deprivation Changes (2014-2019)

LSOAs in Wales are ranked from 1 to 1,909, with 1 being the most deprived and 1,909 being the least deprived.

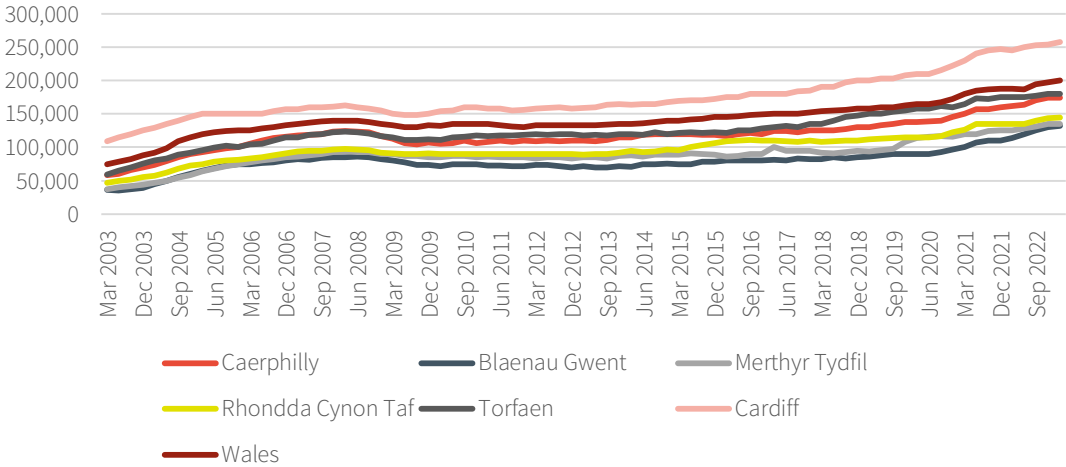
The map to the right shows the relative in rank of all LSOAs in Caerphilly between 2014 and 2019. The shades of red represent a negative change in rank, meaning in relative terms the LSOA has become more deprived. The shades of green represent a positive change in rank, meaning in relative terms the LSOA has become less deprived.



Source: Stats Wales (2019), Welsh Index of Multiple Deprivation; Stats Wales (2014), Welsh Index of Multiple Deprivation.
Note: It is not possible to infer absolute change over time in indices as the WIMD is a relative index. Therefore, it should be noted that rank changes may not mean change in absolute levels of deprivation. In addition, the methodology for estimating deprivation scores across domains of deprivation have changed slightly between 2014 and 2019, meaning it is not possible to measure the change in scores.

House Prices

Median House Price



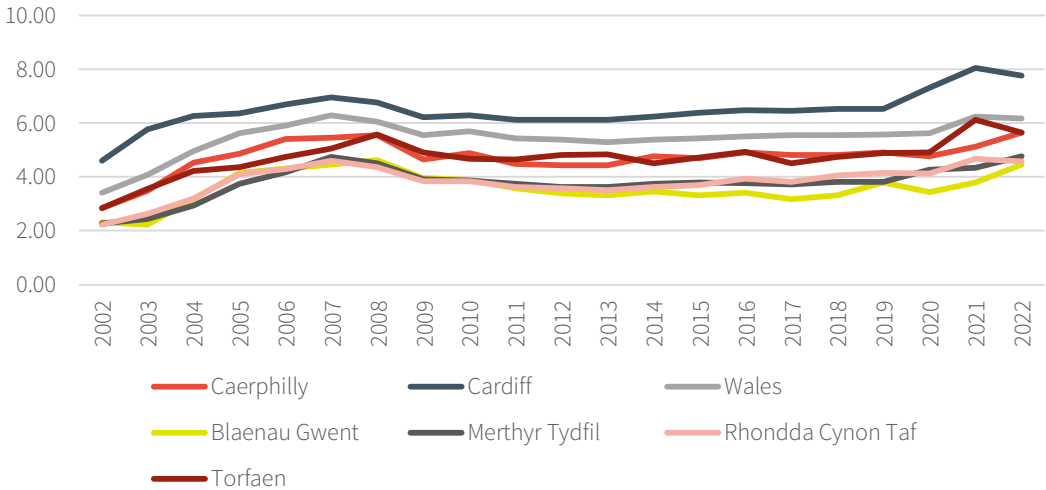
Source: ONS (2023), Median house prices for administrative geographies: HPSSA dataset 9

Affordability ratios are calculated by dividing house prices for existing dwellings by gross annual residence-based earnings. Caerphilly has a lower affordability (5.66) compared to Cardiff (7.76) and Wales (6.16). Meaning that properties are more affordable in Caerphilly.

Median house prices in Caerphilly have lagged behind the median house prices for both Cardiff and Wales since 2003, when data became available.

Currently, the median house price in Caerphilly is £175,000, which is significantly lower than the median house price for Cardiff (£257,000) and Wales (£200,000).

Affordability Ratio



Source: ONS (2023), House price (existing dwellings) to residence-based earnings ratio

Migration Flows

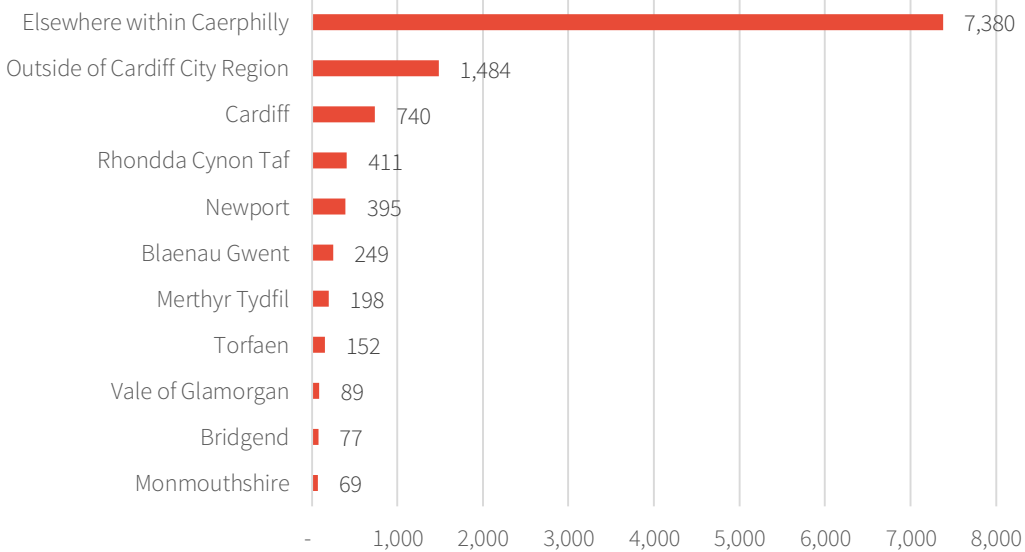
Based on information from the 2021 Census which recognises those with a different address during the year before Census Day, the local authority of Cardiff had the largest number of inward and outward migration with Caerphilly. Over the year before Census Day, 740 people from Cardiff moved to Caerphilly whilst 768 people moved the opposite way.

local authority outside of Cardiff City Region whilst 1,490 people moved the opposite direction.

Over the same period, 7,380 people house with the local authority of Caerphilly.

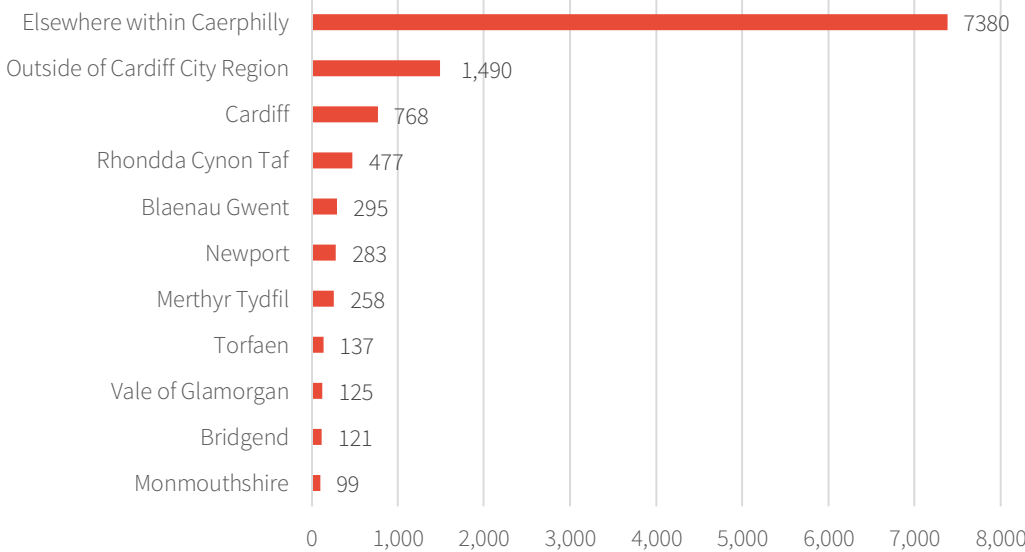
In year before Census Day in 2021, 1,484 people moved from a

Moved to Caerphilly



Source: ONS (2021), Census

Moved from Caerphilly



Source: ONS (2021), Census



Prosperity

Employment by Sector in Caerphilly

The charts (radar and bubble) on the next two slides uses *ONS (2023) Business Register and Employment Survey Data* to assess the economic specialisms of Caerphilly and the scale of employment by sector.

The red line on the radar chart shows Location Quotients of each sector and the y-axis of the bubble chart represents location quotient (LQ) of each sector. The LQ is the proportion of total employment within that sector in Caerphilly compared to the proportion of total employment within that sector in Wales. An LQ of above 1.0 represents a higher proportion of employment within that sector compared to the national average, meaning Caerphilly demonstrates an economic specialism in terms of employment within that sector.

The x-axis of the bubble chart represents the percentage change in employment between 2015 and 2022.

The size of each bubble is representative of the total employment in that sector in 2022.

In terms of current employment in Caerphilly, manufacturing (11,000), wholesale and retail (7,500), and human health & social work (6,500) were the largest sectors.

Sectors with high LQs in Caerphilly were water supply, sewerage

and waste management and remediation (2.56), manufacturing (1.90), construction (1.24), and administration and support services (1.24).

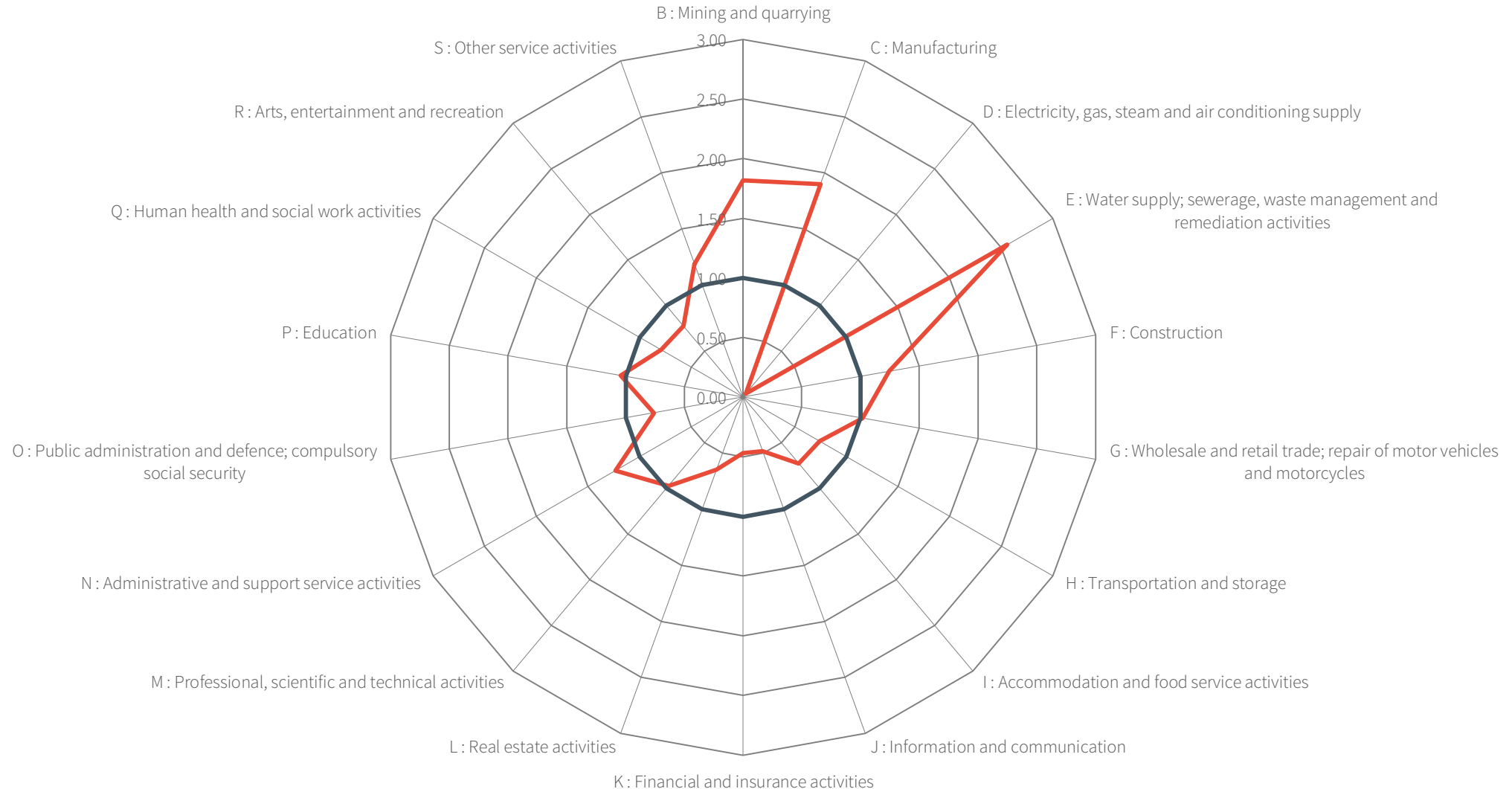
Two of the worst performing sectors in terms of LQs in Caerphilly were financial and insurance (0.47) and information and communication (0.48).

Between 2015 and 2022, the information and communication sector did grow by 84.6% (+275 jobs), the largest percentage increase. Although it does remain one of the smaller sectors in terms of total employment.

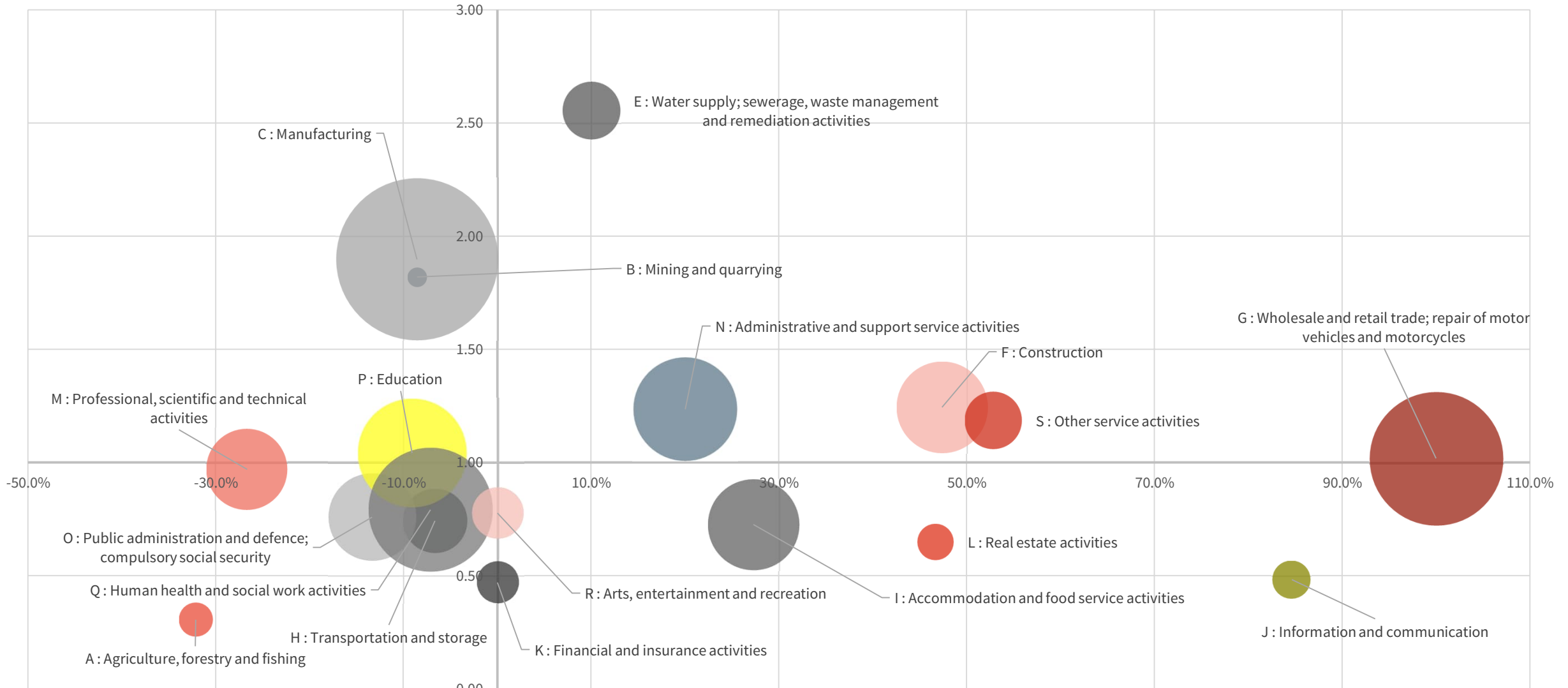
Over the same period, other service activities (52.8%), construction (47.4%), real estate activities (46.7%), and accommodation and food service activities (27.3%) all experienced growth in employment.

Sectors identified as both growing and specialised in Caerphilly are administration and support services, construction, other service activities and water supply, sewerage and waste management and remediation.

Caerphilly Employment Location Quotients



Employment by Sector in Caerphilly



Employment by Sector in Caerphilly

Sector	Employment	%
A : Agriculture, forestry and fishing	475	0.9%
B : Mining and quarrying	160	0.3%
C : Manufacturing	11,000	19.8%
D : Electricity, gas, steam and air conditioning supply	10	0.0%
E : Water supply; sewerage, waste management and remediation activities	1,375	2.5%
F : Construction	3,500	6.3%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	7,500	13.5%
H : Transportation and storage	1,750	3.1%
I : Accommodation and food service activities	3,500	6.3%
J : Information and communication	600	1.1%
K : Financial and insurance activities	750	1.3%
L : Real estate activities	550	1.0%
M : Professional, scientific and technical activities	2,750	4.9%
N : Administrative and support service activities	4,500	8.1%
O : Public administration and defence; compulsory social security	3,250	5.8%
P : Education	5,000	9.0%
Q : Human health and social work activities	6,500	11.7%
R : Arts, entertainment and recreation	1,125	2.0%
S : Other service activities	1,375	2.5%
T : Activities of households as employers;undifferentiated goods-and services-producing activities of households for own use	0	0.0%
U : Activities of extraterritorial organisations and bodies	0	0.0%
Total	55,670	-

Source: ONS (2023), BRES 2022

Employment by Sector in Caerphilly

Building upon the specialist sectors identified by Huggins & Thompson (2023) in the *Deep Dive Competitiveness Study of the Cardiff Capital Region's Northern Valley* for the CCR, further analysis has been conducted into the performance of these sector in Caerphilly.

In terms of economic specialisms (LQs) for Caerphilly, the pharmaceuticals sector (4.45) was the best performing. Total employment in 2022 was estimated to be 700 people, double the number of people in 2015.

The electronics manufacturing sector (3.98) also performed well in terms of LQ analysis. This sector currently employs 305 people, increasing from 0 in 2015.

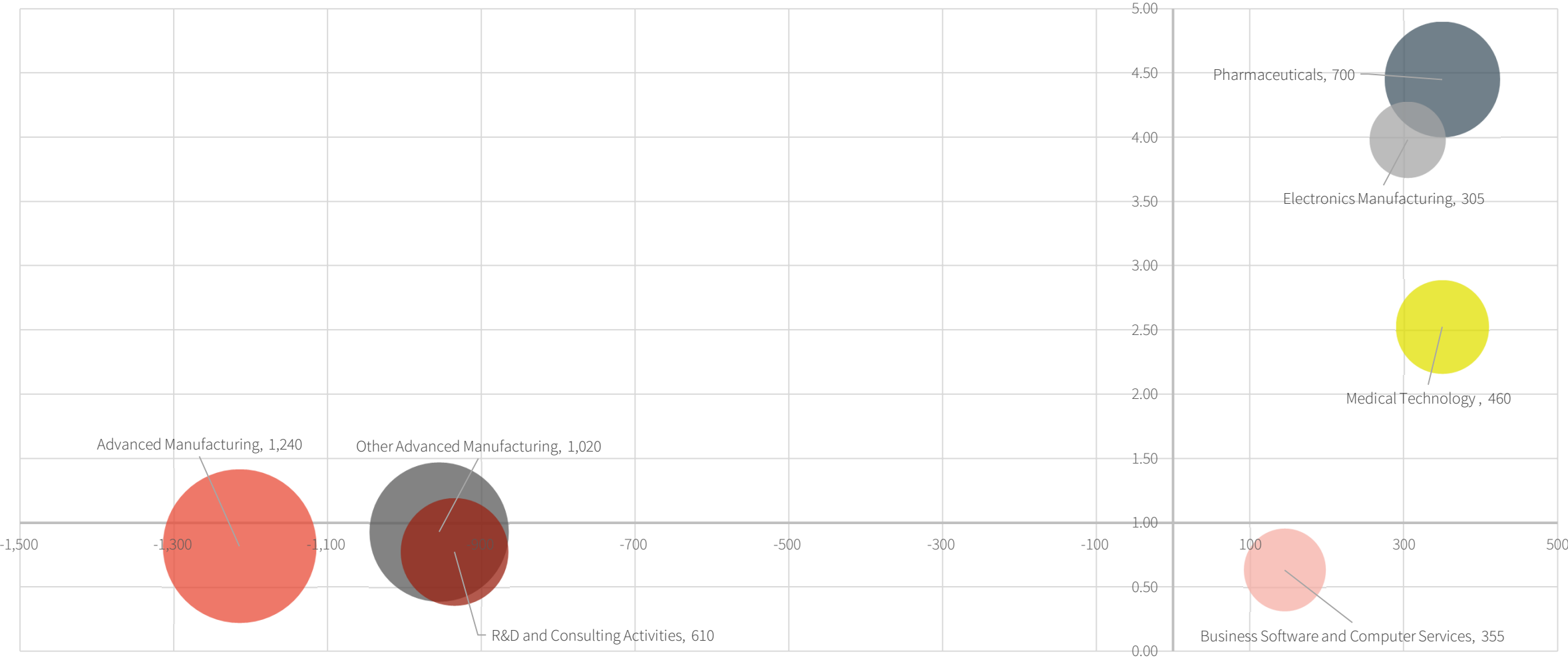
The medical technology sector (2.53) was another also performed well in terms of LQ analysis. This sector currently employs 460 people, increasing from 110 in 2015.

The business software and computer services (0.63) sector was the worst performing in terms of specialisation. However, this sector did grow by 69% between 2015 and 2022. It now employs 355, increasing from 210 in 2015.

Advanced manufacturing (-49.5% / -1,215), R&D and consulting activities (-60.5% / -935), and Other advanced manufacturing (-48.4% / -955) all experience a decline in employment between 2015 and 2022.

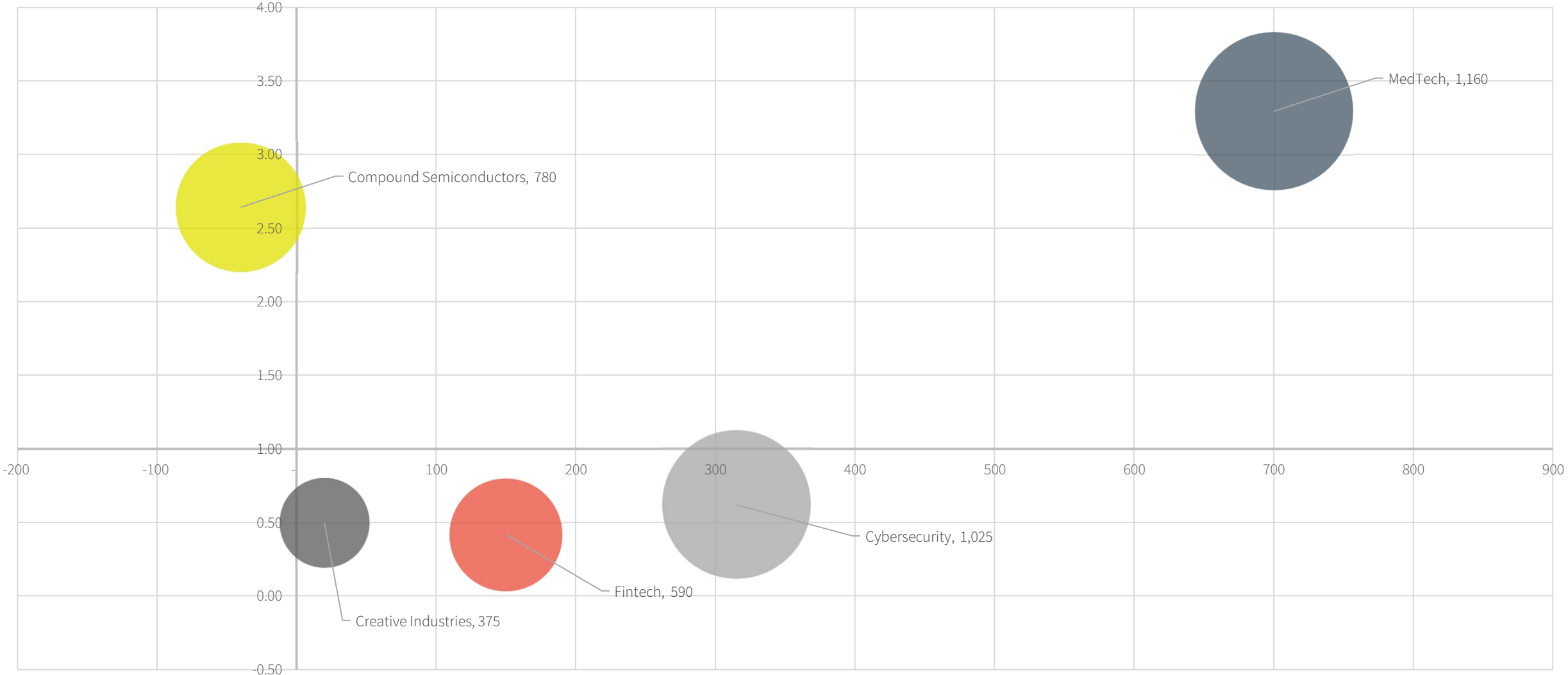
When focusing on the CCR's priority sectors of FinTech, MedTech, Cyber Security, Creative Industries, and Compound Semi-Conductors Medtech stands out. The MedTech sector has the highest employment, LQ and growth of the priority sectors.

Employment by Specialised Sector in Caerphilly



Source: ONS (2023), BRES 2022
Note: Bubble size is indicative of total employment in 2022.

Employment by CCR Priority Sectors in Caerphilly



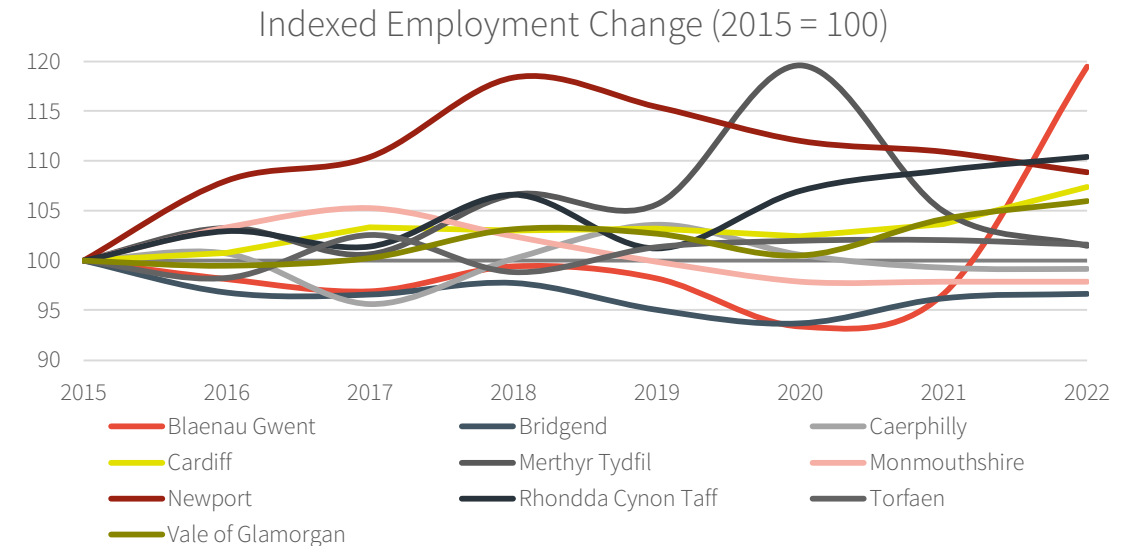
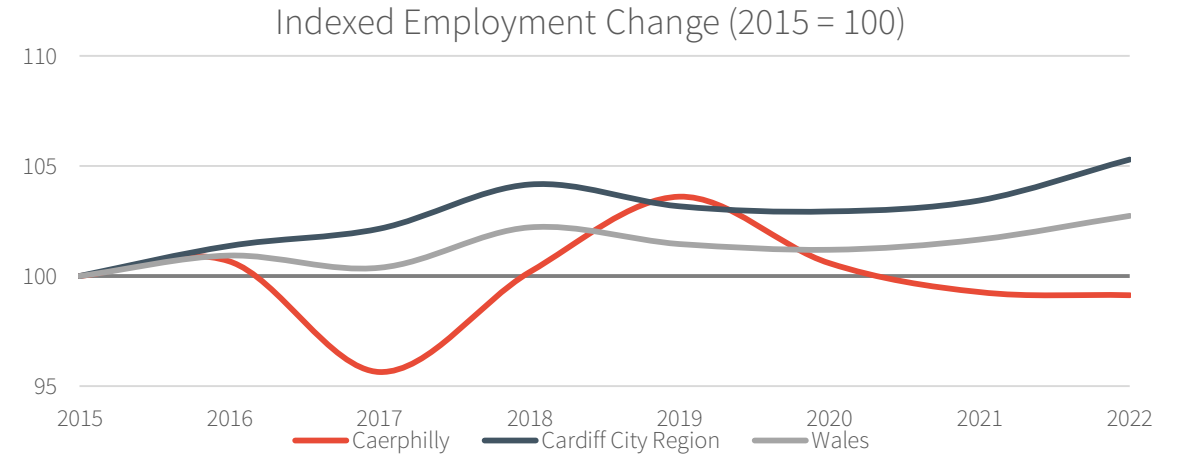
Source: ONS (2023), BRES 2022
Note: Bubble size is indicative of total employment in 2022.

Indexed Employment Change (2015-2022)

In terms of total employment, there was a slight decrease (-480) in Caerphilly between 2015 and 2022. Bridgend (-2,030) and Monmouthshire (-810) were the only other local authorities in the CCR to experience a decline over this period.

When indexed at 100 for 2015, the CCR and Wales as a whole, demonstrated an increase in employment between 2015 and 2022.

In the CCR, 33,375 additional people were employed between 2015 and 2022. Over the same period, 23,625 people were employed in Wales. This indicates a large proportion of the additional jobs in Wales in recent years were created within the CCR.



Source: ONS (2023), BRES 2022

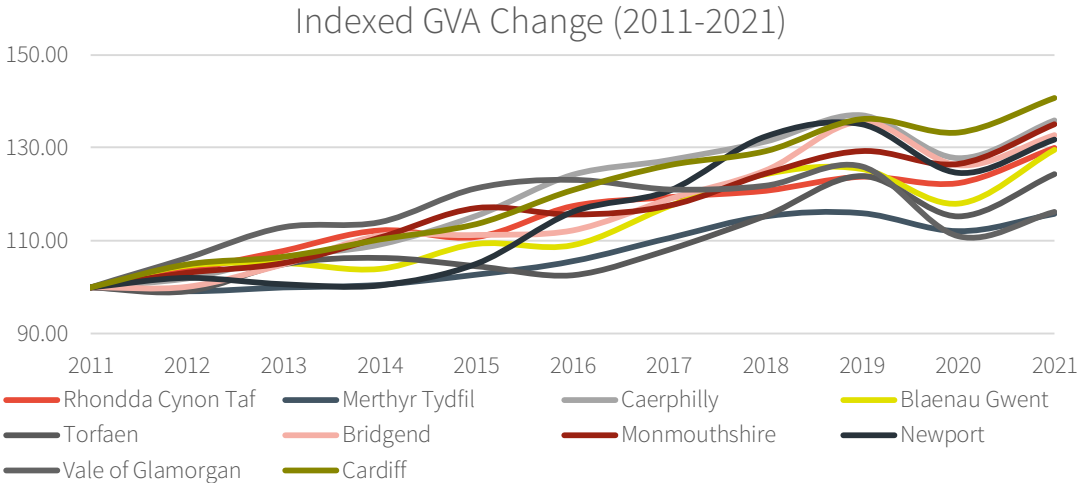
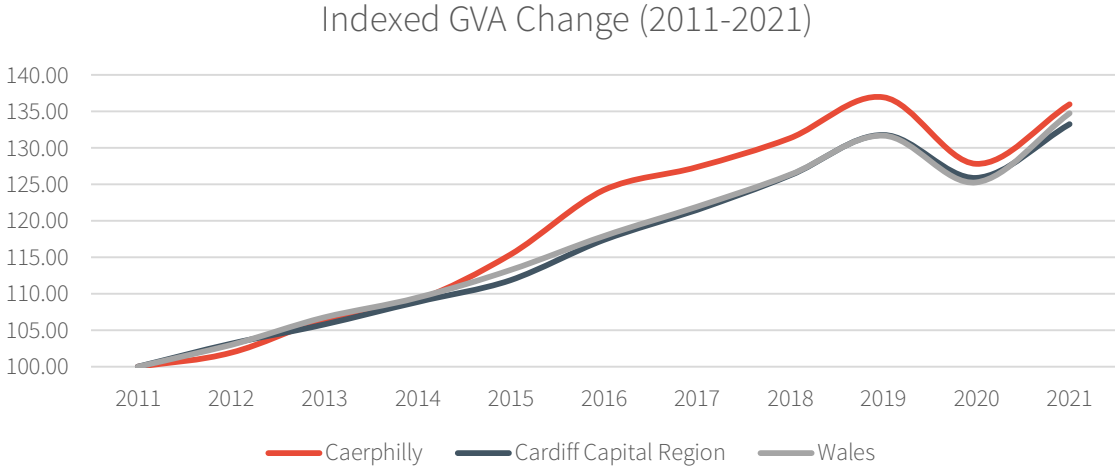


Indexed GVA Change (2011-2021)

Between 2011 and 2021, GVA in Caerphilly increased by 36.0%. This was a greater percentage increase than in the CCR (33.2%) and Wales (34.7%).

Apart from Cardiff (40.7%), GVA growth in Caerphilly between 2011 and 2021 grew quicker than all other local authorities in the CCR.

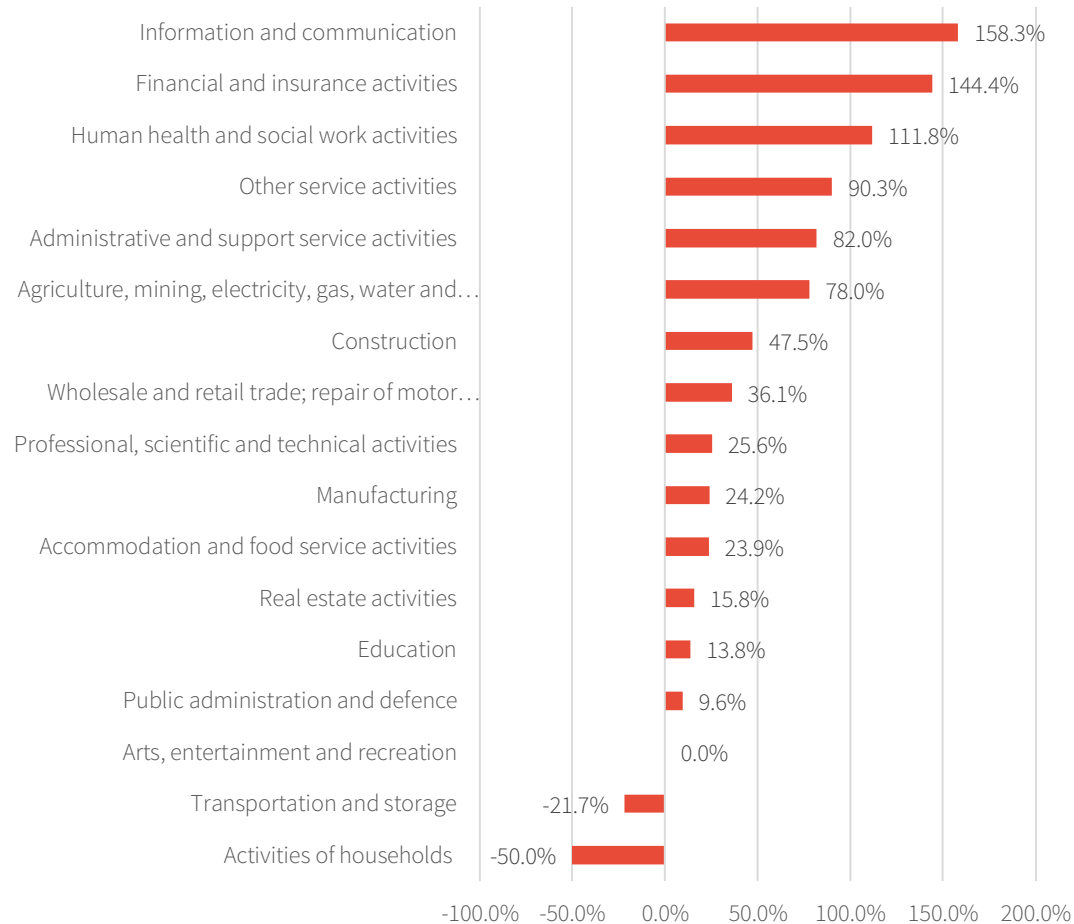
All geographies experienced a decline in GVA in 2020 which can be attributed to the impacts of COVID-19.



Source: ONS (2023), Regional gross value added (balanced) by industry: current prices

GVA by Sector - Caerphilly

% Change in GVA (2011-2021)



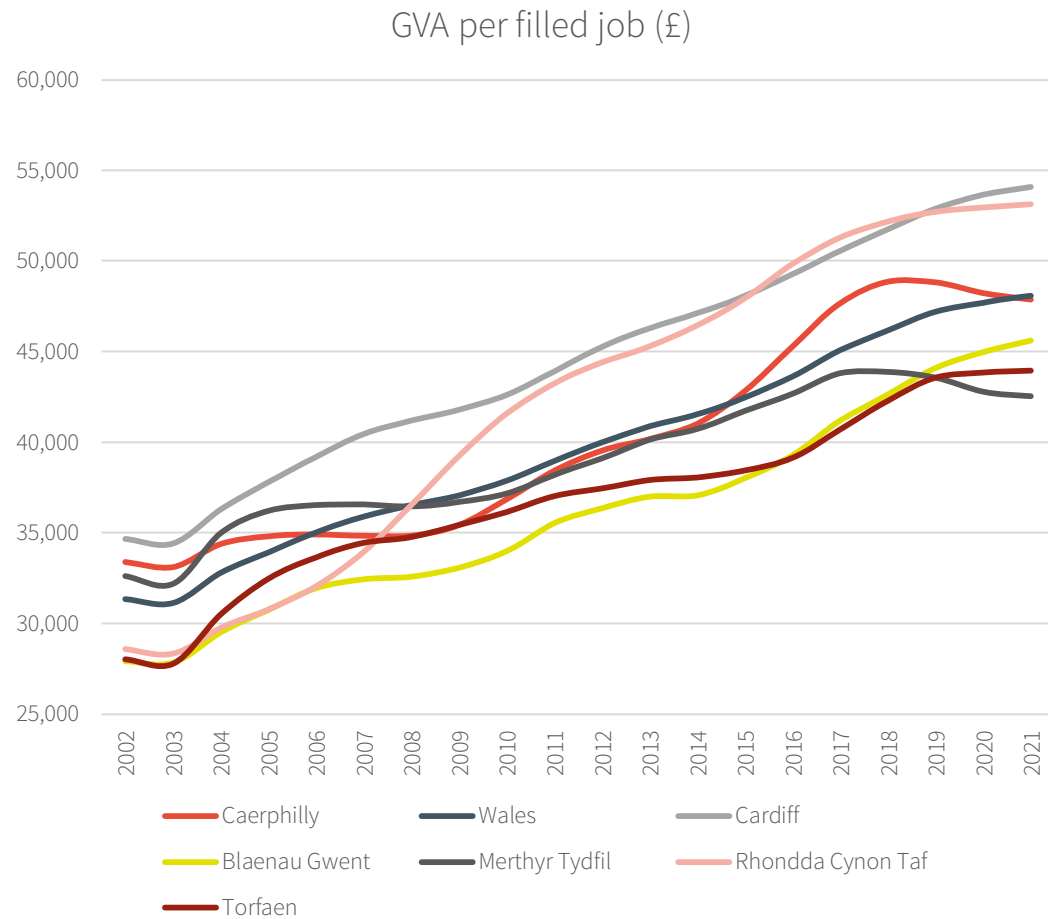
Source: ONS (2023), Regional gross value added (balanced) by industry: current prices

In terms of GVA by sectoral performance, information and communication (+158.3%) experienced the largest increase between 2011 and 2021.

Financial and insurance activities (+144.4%), human health & social work activities (111.8%), other service activities (+90.3%), administrative and support service activities (+82.0%) all experienced strong growth in GVA between 2011 and 2021.

Only activities of households (-50.0%) and transportation and storage (-21.7%) experienced a decline in GVA over the same period.

GVA per filled Job



Source: ONS (2023), Current Price (smoothed) GVA per filled job (£); Local Authority District, 2002-2021

In 2021, GVA per filled in Caerphilly (£47,863) was approximately in line with average for Wales (£48,102).

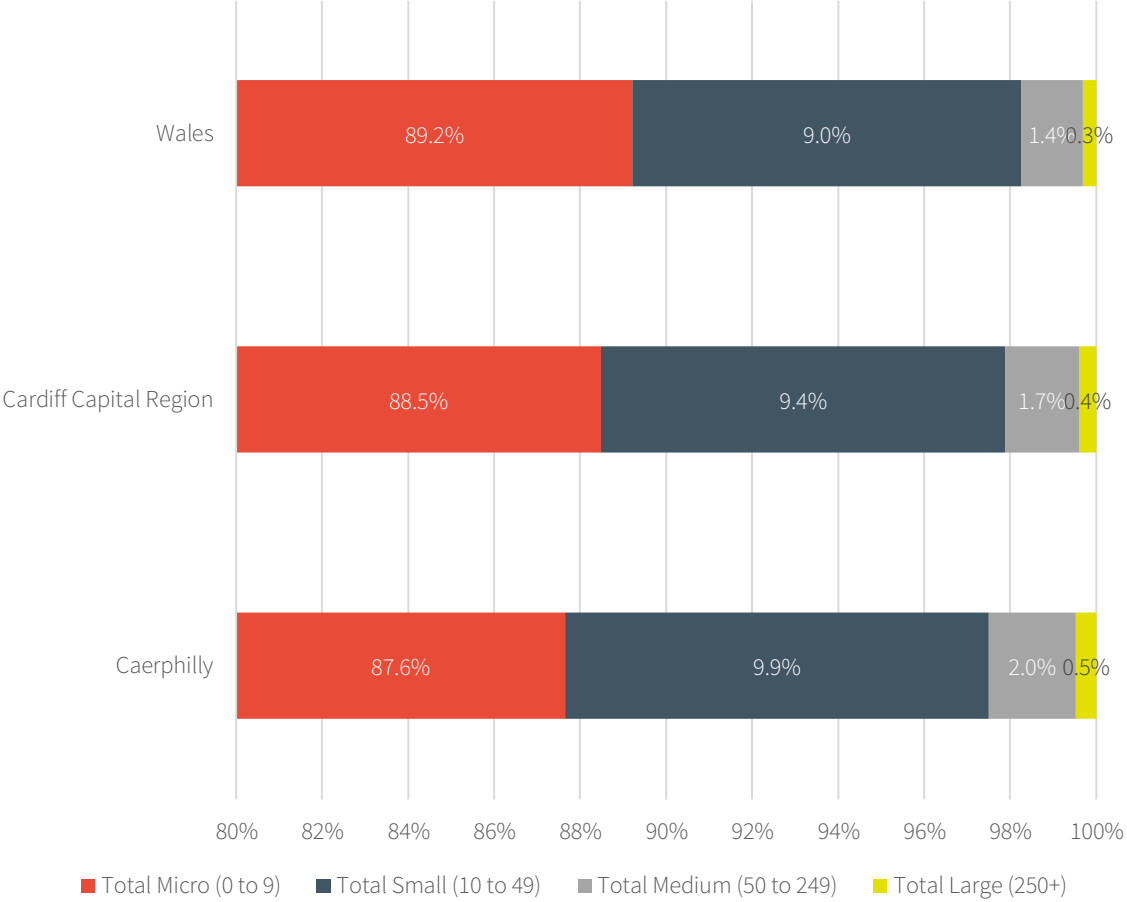
Productivity in Caerphilly has stagnated since it peaked in 2018 at £48,863.

Productivity in Cardiff and Rhondda Cynon Taf exceeds that of both Caerphilly and the average for Wales.

Meththyr Tydfil, Torfaen and Blaenau Gwent had the lowest productivity rate of the Northern Valleys.

Business Demography

Business Count by Number of Employees



Caerphilly (87.6%) has a lower proportion of micro-businesses (0-9 employees) compared to the average for the CCR (88.5%) and Wales (89.2%).

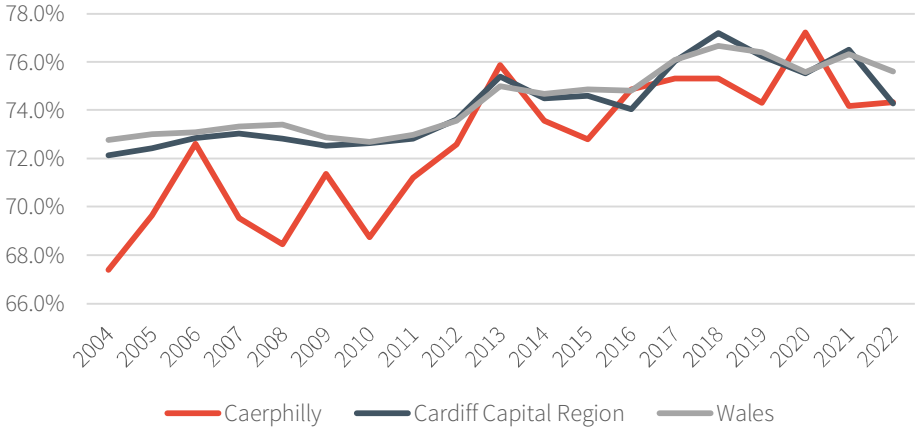
Conversely, Caerphilly (9.9%) has a higher proportion of small-businesses (10-49 employees) compared to the average for the CCR (9.4%) and Wales (9.0%).

Caerphilly (2.0% and 0.5%) also has a higher proportion of medium (50-249 employees) and large (250+ employees) businesses compared to the CCR (1.7% and 1.4%) and Wales (1.4% and 0.3%).

Source: ONS (2023), UK Business Counts

Economic Activity Rate

Economic Activity Rates (% of 16-64 years)

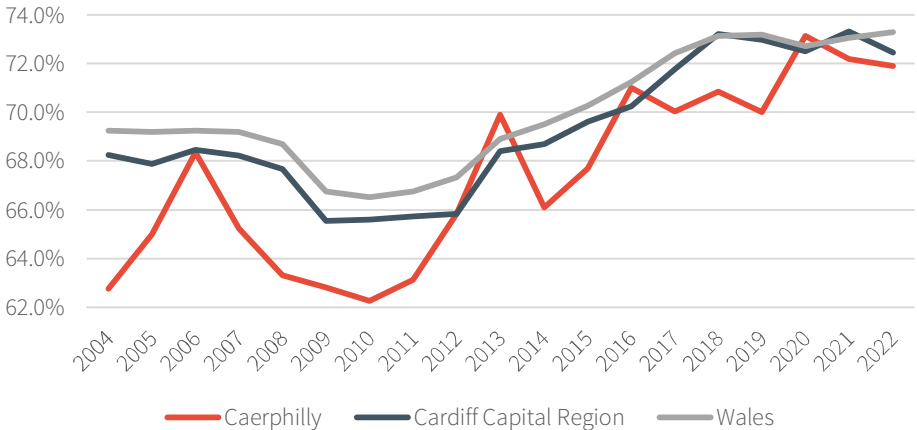


According to Annual Population Survey data, the economic activity rate for Caerphilly (74.3%) is in line with the average for the CCR (74.3%) but lower than the average for Wales (75.6%).

Economic activity rates have historically been lower in Caerphilly compared to the averages for the CCR and Wales. However, in recent years the economic activity rate has been closer to that of the comparator geographies.

Very similar trends also occur with employment rates over the same period.

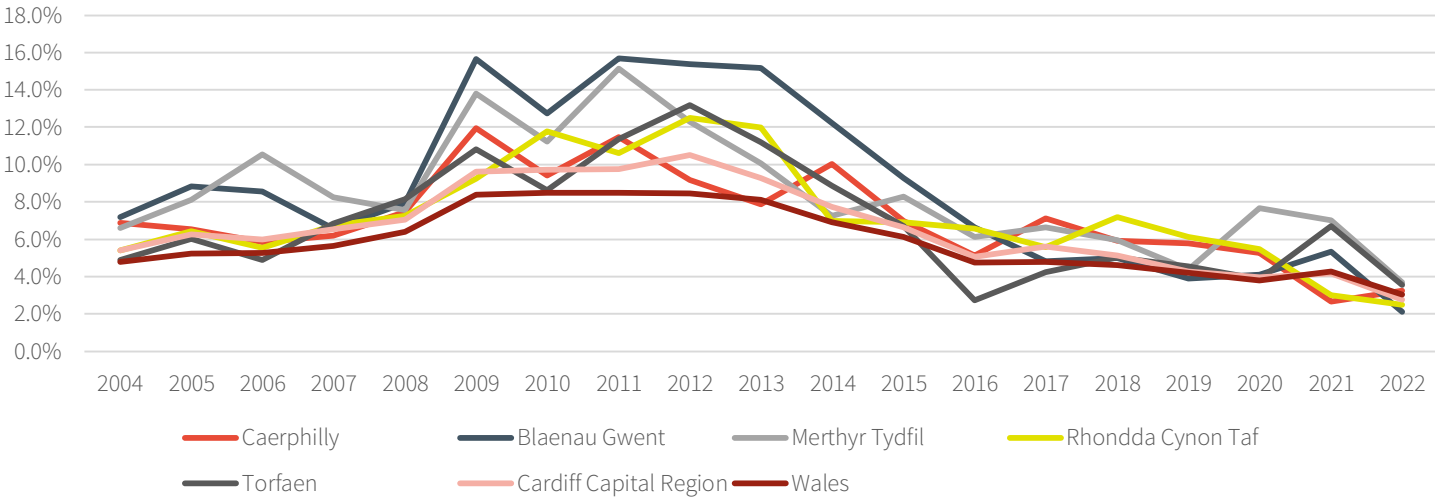
Employment Rates (% of 16-64 years)



Source: ONS (2023), Annual Population Survey

Economic Inactivity Rates

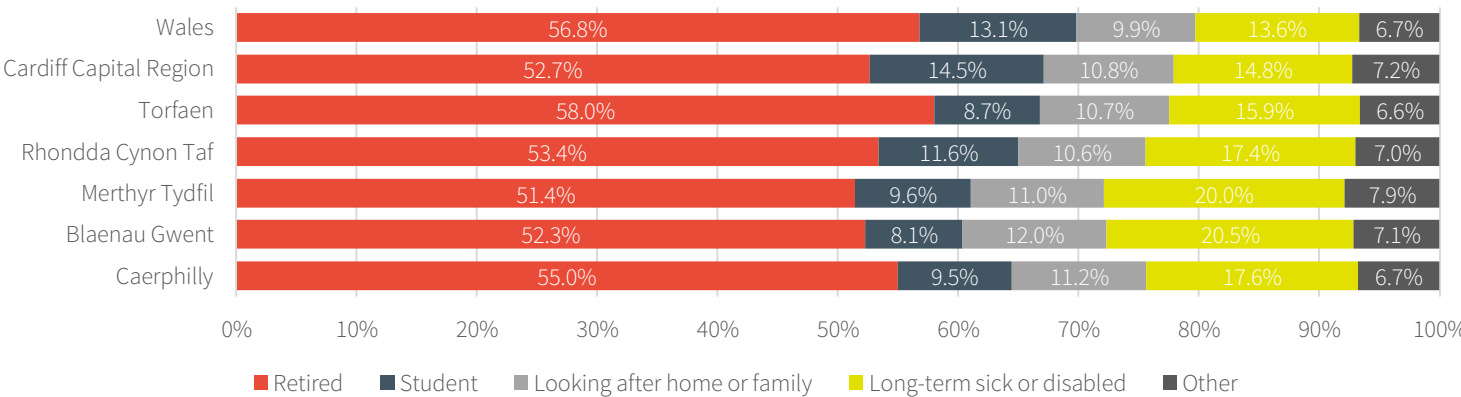
Unemployment Rates (% of 16-64 years)



According to Annual Population Survey data, the unemployment rate in the 12 months up to December 2022 (% of economically active population aged 16-64 years) for Caerphilly (3.3%) was higher than was seen in both the CCR (2.8%) and the average for Wales (3.0%).

All three comparator geographies have followed similar trends in terms of unemployment rates, which align with wider economic growth cycles. Although the unemployment rate in Caerphilly is marginally more volatile due to the smaller population.

Reasons for Economic Inactivity



At 17.6% economic inactivity, Caerphilly has a larger proportion of residents classified as 'long-term sick or disabled' compared to the CCR (14.8%) and Wales (13.6%). Similarly, Caerphilly has a larger proportion of residents that are economically inactive (11.2%), as a result of 'looking after home or family' compared to the CCR (10.8%) and Wales (9.0%).



SWOT Analysis CCR Priority Sectors in Caerphilly

MedTech

Strengths

- High existing employment in Caerphilly (1,160 jobs) with a location quotient of 3.30.
- Significant growth in employment between 2015 and 2022 in Caerphilly (+150%).
- Recent success of Direct Healthcare Group (DHG) in Caerphilly, who provide medical devices for care facilities and is a major local employer at the Western Industrial Estate.

Weaknesses

- Majority of existing employment in Caerphilly is linked to packaging and distribution of pharmaceuticals, rather than higher value activities.
- Lack of university / higher education institution in Caerphilly.
- Skills shortage for higher value activities (i.e. product development).

Opportunities

- Existing downstream supply-chain linkages from existing operations presents opportunity for collaboration with higher value activities in Cardiff.
- Devolved NHS with ability to adopt innovations and new MedTech.

Threats

- Presence of Cardiff University and The Life Sciences Hub Wales means Cardiff may be a preferred location for investors.
- Over reliance on DHG who is a major employer locally.

FinTech

Strengths

- An increase in employment of 34% in the FinTech sector between 2015 and 2022.

Weaknesses

- Digital / broadband connectivity in Caerphilly.
- Lack of university / higher education institution to collaborate with.
- Currently employs just 590 people in Caerphilly, with a location quotient of 0.42 (i.e. fewer people employed in this sector compared to the Welsh average).

Opportunities

- CCR partnership with FinTech Wales worth £1.6 million over a 5-year period to champion FinTech and financial services in Wales.
- Numerous national funding opportunities (British Business Banks £130 million Investment Fund for Wales, UK-wide £1 billion FinTech Growth Fund, £160 million Investment Zone for CCR)

Threats

- Established Welsh FinTech Hubs in Cardiff, Newport, Swansea and Wrexham means it will be a competitive industry for Caerphilly to become established in.
- Much higher proportion of employment within this sector elsewhere in the CCR.

Compound Semiconductors

Strengths

- 780 people in activities linked to this sector in Caerphilly, with a location quotient of 2.64 (i.e. more people employed in this sector compared to the Welsh average).

Weaknesses

- Small decline in employment in Caerphilly in this sector between 2015 and 2022 (-5%), compared to a 33% increase in the CCR.

Opportunities

- Skills academy at Imperial Park in Newport and Cardiff & Vale College offers a Level 3 Compound Semiconductor pathway to BTEC, EAL and A Level students, as well as a Level 4 HNC. Merthyr College also offering a Level 4 HNC entry point.
- Downstream advanced manufacturing opportunities linked to compound semiconductors (optical communications, 5G, autonomous and electric vehicles, aerospace, MedTech, and robotics).

Threats

- Established compound semi-conductor clusters in Cardiff (IQE partnership with the University of Cardiff in the Compound Semiconductor Centre) and the major Newport (Compound Semiconductor Foundry, Newport Vishay).
- Announced in the 2023 Autumn Statement, Newport's compound semi-conductor industry will benefit from an 'Investment Zone'.
- CScnnected project as part of the CCR to be delivered in Newport at Imperial Park.

Creative Industries

Strengths

- Presence of Welsh ICE at Caerphilly Business Park which provides a co-working hub for startups, freelancers, remote workers and encourages creative industries.

Weaknesses

- Currently employs just 375 people in Caerphilly, with a location quotient of 0.50 (i.e. fewer people employed in this sector compared to the Welsh average).

Opportunities

- Creative Wales (the Welsh Government's creative agency) have invested £16.3 million in production funding and supported the creation of 265 paid placements.

Threats

- Established cluster of film and TV studios in Cardiff (BBC Drama Studios, Bad Wolf Studios, Seren Studios)
- Cardiff University's Centre for the Creative Economy is working in partnership with Newport, Monmouthshire and Rhondda Cynon Taf local authorities on a new Creative Industries Cluster Hubs.

Cyber Security

Strengths

- 1,025 people in activities linked to this sector in Caerphilly, an increase of 44% between 2015 and 2022.
- Presence of key companies such as Awen Collective at the Caerphilly Business Park.

Weaknesses

- Digital / broadband connectivity in rural areas.
- Lack of higher education institution in Caerphilly.
- Skills gap.

Opportunities

- Cyber Innovation Hub established in Cardiff as part of a collaboration between Cardiff University, Airbus, Alacrity Foundation, CGI, Thales, Tramshed Tech and the University of South Wales. Targets to train 1,500 individuals and create 25 high-growth companies by 2030, to attract private equity investment.
- Recently launched Welsh Government Cyber Action Plan.

Threats

- Established cluster in Cardiff.



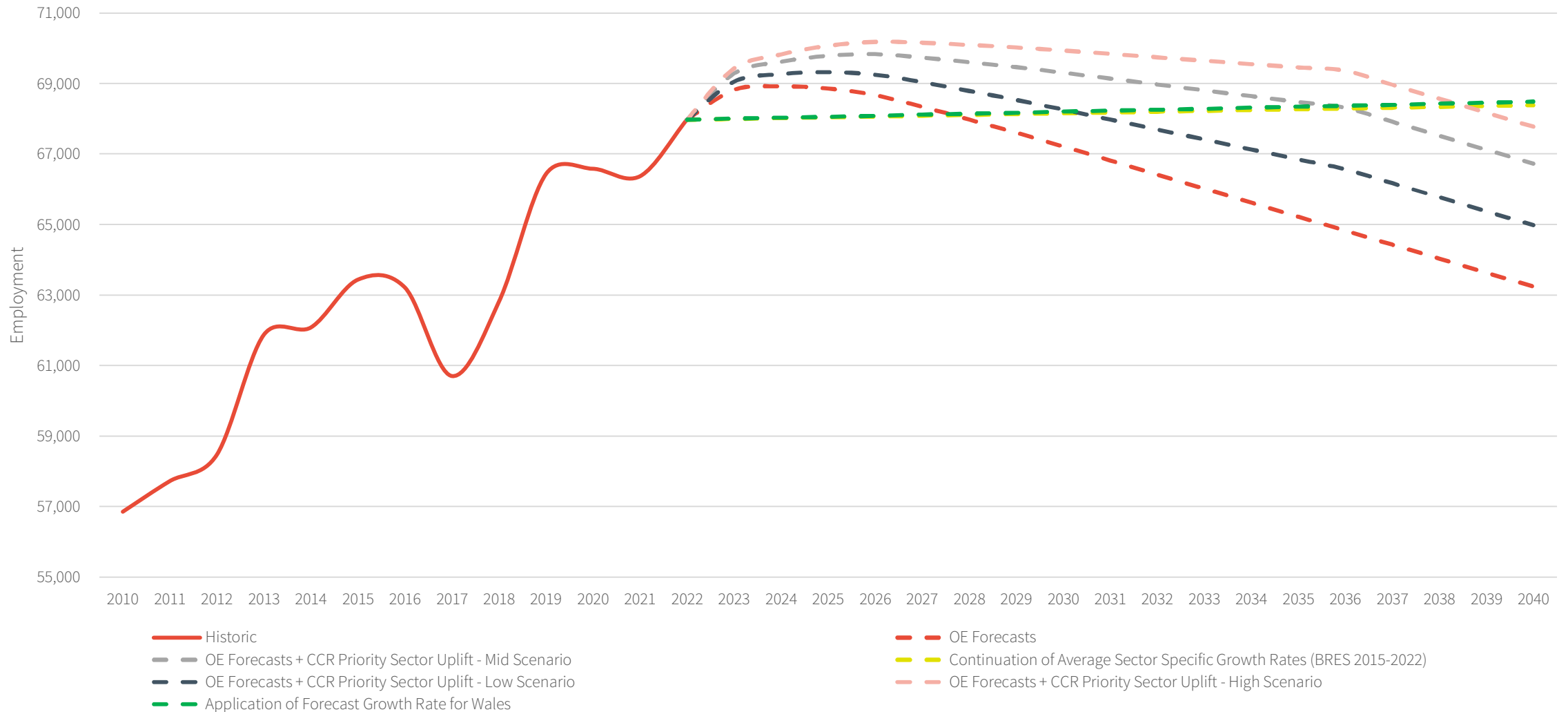
Employment Projections

Employment Projections

Scenario	Description
Oxford Economics Forecast	Oxford Economics Local Authority District Forecasting Model. The model is dependent on national/regional outlooks, historical trends and fundamental economic relationships.
Continuation of Historic Average Sector Specific Growth Rates (2015-2022)	Sector specific absolute average annual growth rates in Caerphilly between 2015 and 2022 have been obtained from ONS using BRES 'employees' data. This is estimated by taking the difference between 2022 employees and 2015 employees and dividing by the number of years. The sector specific growth rate (or decline rate) has then been applied annually up until 2040.
Application of Forecast Growth Rate for Wales	Oxford Economics forecasts a 1% increase in total employment in the Welsh economy by 2040. Application of this growth rate to Caerphilly demonstrates what the future employment projections will be if Caerphilly keeps pace with the national average.
Oxford Economics Forecast + Cardiff Capital Region Priority Sector Uplift – Mid Scenario	Oxford Economics Local Authority District Forecasting Model with an uplift applied based on the CCR City Deal direct employment projections. The CCR City Deal seeks to deliver 25,000 jobs across the 10 local authorities. This scenario apportions an additional 2,099 direct jobs to Caerphilly annually up until 2036 based on the existing proportion of jobs within the City Deal Region. These jobs are apportioned based on the CCR priority sectors. The application of sub-regional multipliers have been used to estimate the indirect jobs.
Oxford Economics Forecast + Cardiff Capital Region Priority Sector Uplift – Low Scenario	Oxford Economics Local Authority District Forecasting Model with an uplift applied based on the CCR City Deal direct employment projections. The CCR City Deal seeks to deliver 25,000 jobs across the 10 local authorities. This scenario apportions an additional 1,050 direct jobs (-50% below the target rate) to Caerphilly annually up until 2036 based on the existing proportion of jobs within the City Deal Region. These jobs are apportioned based on the CCR priority sectors. The application of sub-regional multipliers have been used to estimate the indirect jobs.
Oxford Economics Forecast + Cardiff Capital Region Priority Sector Uplift – High Scenario	Oxford Economics Local Authority District Forecasting Model with an uplift applied based on the CCR City Deal direct employment projections. The CCR City Deal seeks to deliver 25,000 jobs across the 10 local authorities. This scenario apportions an additional 3,149 direct jobs (+50% above the target rate) to Caerphilly annually up until 2036 based on the existing proportion of jobs within the City Deal Region. These jobs are apportioned based on the CCR priority sectors. The application of sub-regional multipliers have been used to estimate the indirect jobs.

Note: Oxford Economics Local Authority District Forecasting Model is a jobs-based estimate that utilises ONS BRES (Employees) and ONS Workforce Jobs. As such, it also captures self-employed workers, government-supported trainees, and HM forces so will be higher than the baseline jobs presented within this report.

Employment Projections - Caerphilly



Employment Projections - Caerphilly

- Oxford Economics forecasts for Caerphilly project a sustained decline in total employment by 2040, with a decline of -4,731 between 2022 and 2040. The majority of this employment decline is expected to occur in the manufacturing sector as process become increasingly automated with lessening requirements for labour.
- Application of the forecast rate of employment growth for Wales (+1% by 2040) and a continuation of historic growth rates (BRES 2015 – 2022) projects a static employment market, with the total number of jobs remaining broadly the same.
- Based on the ability of Caerphilly to capture a proportion of the additional jobs created through the CCR Growth Deal, there is potential to mitigate the majority of the forecast employment decline. The creation of these additional jobs is expected in CCR's priority sectors (MedTech, FinTech, Creative Industries, Cyber Security, and Compound Semiconductors), and through indirect jobs in the wider economy.
- However, even under the most optimistic projection where Caerphilly captures a higher proportion of employment than other local authorities in the CCR (i.e. a higher proportion of total employment than it currently holds), there will still be a minimal decline in total employment.
- SWOT analysis shows the greatest potential for Caerphilly in the MedTech sector. There is currently an existing employment base in Caerphilly, albeit relatively low value. This however presents an opportunity to accommodate new, higher value, employment opportunities across further up the supply-chain. Caerphilly needs to ensure that suitable floorspace is available to encourage more companies to locate in the area. It should look to leverage its strategic location near to Cardiff University and The Life Sciences Hub. Transport connectivity is a key facilitator of encouraging people to locate in Caerphilly.
- There are also opportunities for Caerphilly to capture additional employment in Cyber Security and FinTech, with a number of existing companies in Caerphilly already operating in these sectors.
- In summary, the most optimistic projections demonstrate that Caerphilly should be able to stabilise a projected decline in employment through capitalising on opportunities in priority sectors.

Employment Forecast – Oxford Economics

Sector	2022 - Total	2040 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	485	411	- 73	-15.1%
B : Mining and quarrying	167	81	- 86	-51.6%
C : Manufacturing	13,267	8,744	- 4,524	-34.1%
D : Electricity, gas, steam and air conditioning supply	29	24	- 5	-17.4%
E : Water supply; sewerage, waste management and remediation activities	1,409	1,248	- 161	-11.4%
F : Construction	4,717	4,900	183	3.9%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	9,556	9,223	- 333	-3.5%
H : Transportation and storage	2,717	2,448	- 269	-9.9%
I : Accommodation and food service activities	3,934	3,894	- 40	-1.0%
J : Information and communication	751	864	113	15.1%
K : Financial and insurance activities	940	865	- 75	-8.0%
L : Real estate activities	618	592	- 26	-4.3%
M : Professional, scientific and technical activities	4,979	5,119	140	2.8%
N : Administrative and support service activities	4,831	5,507	676	14.0%
O : Public administration and defence; compulsory social security	3,206	2,585	- 621	-19.4%
P : Education	5,550	5,093	- 457	-8.2%
Q : Human health and social work activities	7,948	8,557	608	7.7%
R : Arts, entertainment and recreation	1,373	1,542	169	12.3%
S : Other service activities	1,498	1,547	49	3.3%
Total	67,973	63,242	- 4,731	-7.0%

Employment Projection – Continuation of BRES

Sector	2022 - Total	2040 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	485	485	-	0.0%
B : Mining and quarrying	167	128	- 39	-23.1%
C : Manufacturing	13,267	10,696	- 2,571	-19.4%
D : Electricity, gas, steam and air conditioning supply	29	29	-	0.0%
E : Water supply; sewerage, waste management and remediation activities	1,409	1,730	321	22.8%
F : Construction	4,717	7,610	2,893	61.3%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	9,556	8,270	- 1,286	-13.5%
H : Transportation and storage	2,717	2,717	-	0.0%
I : Accommodation and food service activities	3,934	5,863	1,929	49.0%
J : Information and communication	751	1,522	771	102.7%
K : Financial and insurance activities	940	1,069	129	13.7%
L : Real estate activities	618	1,132	514	83.2%
M : Professional, scientific and technical activities	4,979	3,050	- 1,929	-38.7%
N : Administrative and support service activities	4,831	6,760	1,929	39.9%
O : Public administration and defence; compulsory social security	3,206	1,920	- 1,286	-40.1%
P : Education	5,550	4,264	- 1,286	-23.2%
Q : Human health and social work activities	7,948	6,663	- 1,286	-16.2%
R : Arts, entertainment and recreation	1,373	1,695	321	23.4%
S : Other service activities	1,498	2,783	1,286	85.8%
Total	67,973	68,385	411	0.6%

Employment Projection – Low Scenario

Sector	2022 - Total	2040 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	485	414	- 71	-14.6%
B : Mining and quarrying	167	83	- 84	-50.4%
C : Manufacturing	13,312	9,420	- 3,892	-29.2%
D : Electricity, gas, steam and air conditioning supply	29	24	- 5	-17.0%
E : Water supply; sewerage, waste management and remediation activities	1,410	1,265	- 145	-10.3%
F : Construction	4,720	4,941	222	4.7%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	9,562	9,312	- 249	-2.6%
H : Transportation and storage	2,719	2,470	- 248	-9.1%
I : Accommodation and food service activities	3,937	3,936	- 1	0.0%
J : Information and communication	761	1,015	254	33.3%
K : Financial and insurance activities	947	965	19	2.0%
L : Real estate activities	618	598	- 20	-3.3%
M : Professional, scientific and technical activities	4,989	5,273	284	5.7%
N : Administrative and support service activities	4,839	5,626	787	16.3%
O : Public administration and defence; compulsory social security	3,209	2,627	- 582	-18.1%
P : Education	5,554	5,158	- 396	-7.1%
Q : Human health and social work activities	7,954	8,640	686	8.6%
R : Arts, entertainment and recreation	1,376	1,588	212	15.4%
S : Other service activities	1,503	1,630	127	8.4%
Total	68,089	64,984	- 3,105	-4.6%

Employment Projection – Mid Scenario

Sector	2022 - Total	2040 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	485	416	- 69	-14.2%
B : Mining and quarrying	167	85	- 82	-49.2%
C : Manufacturing	13,357	10,096	- 3,261	-24.4%
D : Electricity, gas, steam and air conditioning supply	29	24	- 5	-16.5%
E : Water supply; sewerage, waste management and remediation activities	1,411	1,283	- 128	-9.1%
F : Construction	4,722	4,983	261	5.5%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	9,568	9,402	- 166	-1.7%
H : Transportation and storage	2,720	2,493	- 228	-8.4%
I : Accommodation and food service activities	3,940	3,977	38	1.0%
J : Information and communication	771	1,165	394	51.1%
K : Financial and insurance activities	953	1,066	112	11.8%
L : Real estate activities	619	604	- 14	-2.3%
M : Professional, scientific and technical activities	4,999	5,427	428	8.6%
N : Administrative and support service activities	4,847	5,745	898	18.5%
O : Public administration and defence; compulsory social security	3,211	2,668	- 543	-16.9%
P : Education	5,559	5,223	- 336	-6.0%
Q : Human health and social work activities	7,959	8,723	764	9.6%
R : Arts, entertainment and recreation	1,379	1,635	255	18.5%
S : Other service activities	1,509	1,713	204	13.5%
Total	68,205	66,727	- 1,479	-2.2%

Employment Projection – High Scenario

Sector	2022 - Total	2040 - Total	Net Change	% Change
A : Agriculture, forestry and fishing	485	485	- 0	-0.1%
B : Mining and quarrying	167	128	- 39	-23.2%
C : Manufacturing	13,393	10,696	- 2,697	-20.1%
D : Electricity, gas, steam and air conditioning supply	29	29	- 0	-0.1%
E : Water supply; sewerage, waste management and remediation activities	1,411	1,730	319	22.6%
F : Construction	4,722	7,610	2,887	61.1%
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	9,568	8,270	- 1,298	-13.6%
H : Transportation and storage	2,720	2,717	- 3	-0.1%
I : Accommodation and food service activities	3,940	5,863	1,923	48.8%
J : Information and communication	780	1,522	742	95.1%
K : Financial and insurance activities	959	1,069	109	11.4%
L : Real estate activities	619	1,132	513	83.0%
M : Professional, scientific and technical activities	5,007	3,050	- 1,957	-39.1%
N : Administrative and support service activities	4,851	6,760	1,909	39.3%
O : Public administration and defence; compulsory social security	3,211	1,920	- 1,291	-40.2%
P : Education	5,559	4,264	- 1,295	-23.3%
Q : Human health and social work activities	7,959	6,663	- 1,297	-16.3%
R : Arts, entertainment and recreation	1,381	1,695	313	22.7%
S : Other service activities	1,513	2,783	1,270	83.9%
Total	68,275	68,385	109	0.2%

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Thank you.

For more information,
please visit www.hatch.com

