

Prosperous valleys, resilient communities

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Acknowledgements

This report was produced as part of the *Building Economic Resilience in the south Wales valleys* project. The aim of the project is, to increase understanding of and develop practical solutions to building economic resilience in the valleys. It also aims to provide a foundation for long-term, transformative actions in the valleys.

We would like to thank the Friends Provident Foundation, Neath Port Talbot Council, Rhondda Cynon Taf County Borough Council, Merthyr Tydfil County Borough Council, Hafod Housing Association, Cynon Taf Community Housing Association, Merthyr Valleys Homes and Tai Calon Housing Association for their contributions to the costs of this project.

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July 2019

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Registered charity no. 1104191 Company registered in Wales no. 4175018

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1. SUMMARY

The Valleys Taskforce was established shortly after the Brexit referendum and the Welsh Assembly elections, which respectively saw Wales vote to leave the EU and a minority Labour government returned. Both results signaled a deep disaffection with the current settlement in some parts of the valleys. Against this backdrop, a Ministerial Taskforce was announced to direct and lead the regeneration and sustainable growth of the valleys.

The Bevan Foundation has been a consistent advocate of priority action in the valleys. In principle, we support a dedicated taskforce for the valleys. Action must have a relentless focus, substantive impact and deliver on the ground for people and for places¹.

This paper reflects on the work of the Taskforce for the Valleys to date. First, it examines the combination of circumstances, challenges, opportunities and strengths unique to the valleys. Second, it considers the work of the taskforce, against its original aims and in light of recent changes to its focus. Third, the paper explores economic resilience and new approaches to local economic development and considers their potential to renew parts of the south Wales valleys. It advocates that building economic resilience should be a guiding idea for action for the valleys. It concludes with recommendations which bring together those we have previously advocated with new proposals. Together these should inform the Valleys Taskforce's activities for the next two years, and beyond.

The paper finds that:

- **The valleys experience a combination of socio-economic factors that create unique challenges. Structural weaknesses in the economy of the region have systematically disadvantaged the people and the area.**
- **The valleys also have multiple, undervalued and underdeveloped strengths and opportunities. Building on them can help realise their full potential.**
- **The work of the Taskforce for the Valleys has good intentions and proposals. However, its work to date has lacked focus, resources and appropriate delivery mechanisms.**
- **There are welcome indications of a shift in how the taskforce operates and some new priorities.**

In moving the taskforce forward, we recommend that:

1. The taskforce should base its work on a Strategy for Economic Resilience that addresses the specific spatial, sectoral and labour market circumstances of the valleys. This strategy should include:
 - a. Evolving Strategic Hubs into “Anchor Towns”, which will be a focus for stimulating the local foundational economy as well as continuing to act as a focus for wider regeneration.
 - b. Adopting a multi-sectoral approach that does not rely on a simple or single solution.
 - c. Maximising the potential of the A465 road to reinforce the substantial economic activity that takes place along it.
 - d. Concentrating action and resources in areas that require the most action, including the heads and “hearts” of the valleys.
 - e. Building on the many strengths in the valleys and combat negative and outdated stereotypes.

The taskforce should continue to develop its ways of working, ensuring that it:

- a. Scales up successful actions to meet the size of the challenge, ensuring that they are tailored to local circumstances and designed for the long-term.
- b. Ensures its governance is transparent and accountable.
- c. Partners with local institutions and empowers them to have strong, pro-active roles.
- d. Adopts a long-term and consistent approach that delivers throughout.

2. INTRODUCTION

The Taskforce for the Valleys was established in July 2016. Since then, there have been significant changes in context.

At UK level, uncertainty following the 2016 Brexit referendum has amplified rather than abated. A new Prime Minister's premiership is commencing. Detail on the Shared Prosperity Fund, designed to replace EU structural funding, remains scarce while the impact of austerity and welfare reform policies continues to be deeply felt.

In Wales, there have also been significant developments. 2017 saw the Welsh Government launch its *Economic Action Plan: Prosperity for All*, which included the Economic Contract, a partnership with business to help drive public investment with social purpose. 2018 saw a change in First Minister and in the taskforce lead, and the OECD were invited to advise the Welsh Government on regional economic development. In June 2019 Ford announced the closure of its Bridgend plant and a loss of 1,700 jobs, with a yet unquantified knock-on effect on the local and wider Welsh economy. The upgrading of the M4 via the "black route" was rejected by the Welsh Government.

Overall, the Welsh economy, in relative performance terms, remains in the same position as two decades ago, on the eve of devolution.³

It is within this context that this report considers the work of the Valleys Taskforce. It finds that it was initially unable to bring about the scale of change required. More recently, there are been signs of greater focus and inclusion of alternative approaches to economic development. However, the fundamental challenge facing the taskforce remains: the taskforce must address the post-industrial structural weaknesses of the valleys economy at the same time as harnessing the strengths and resources of the valleys.

Three years into the taskforce's life, there is still an opportunity to bring about long-term, sustainable change in the valleys.

3. UNDERSTANDING THE SOUTH WALES VALLEYS

3.1 Overview

The south Wales valleys are home to approximately 800,000 people, around 30 per cent of the entire Welsh population. They sit across a similar - though not identical - geography to that of the south Wales coalfield. The valleys do not fit neatly into administrative boundaries, but comprise an area stretching from Merthyr Tydfil and Blaenau Gwent in the north to Pontypool and Crosskeys in the east, Llanbradach, Pontypridd, Blackmill and Cwmafan to the south and Ystradgynlais in the west.

The valleys towns that exist today were born out of a century of industrial revolution. Sparsely populated hill farming areas morphed into full settlements with vastly increased populations. The demise of coal, iron and steel, and the impact of past recessions and downturns, have left the valleys economically exposed with few alternative economic sectors. This seismic change set many places in the valleys on a poor developmental trajectory from which they have struggled to break free. It embedded in the economy structural weaknesses that lie at the root of many of the challenges the area faces.

3.2 Challenges

The challenges of the area are well known. The valleys have on average a lower skilled and a less qualified workforce, lower average earnings, a legacy of poor housing stock and a geography of steep mountainsides and deep valleys which reduce availability of quality land for residential and business development. There are not enough jobs in the valleys for its resident population and there is a lack of diversity in the kinds of employers and jobs that are available. There should be around 67,000 extra jobs to match the number of working age people living in the region. Faced with this shortfall, outward commuting is high as more people are forced to look outside of their locality for work. In some parts of the valleys, over half the working population leave the area for work each day⁴.

These challenges have existed for decades and are deeply embedded. They give rise to multiple socio-economic inequalities. For example, someone living in the valleys has a shorter life expectancy than someone living in outside the valleys. With patchy transport infrastructure, there are still a few places that feel geographically isolated and far from any centres of economic growth. In some towns, the population is falling.

Averages don't lend themselves well to nuance or diversity though. Within this broad-brush picture there is great diversity. To interpret the statistics on the valleys as places where everyone is low skilled, out of work and unwell would be a grave misreading. The valleys include places where business is booming, people are fit and healthy and are in well paid, highly skilled and secure jobs. Places within just a few miles of each other, like Manmoel and Markham, or Deri and Fochriw, illustrate the diversity that exists between places in close proximity.

Increasingly, the valleys are challenging their stereotype. The employment rate in valleys authorities for example, is higher than places like Swansea and Ceredigion⁵. Productivity levels for the Central Valleys are the second highest in Wales while productivity for the Gwent Valleys sits close to the Welsh average. Reliance on public sector employment in the region is a myth too - the proportion of people employed in the public sector in most valleys authorities is exceeded by Cardiff and Swansea.

Despite this, there are significant challenges ahead. An aging population, automation, artificial intelligence and Brexit are predicted to have a huge impact. Research from Future Advocacy and the Welsh Economy Research Unit shows that parts of the valleys are particularly vulnerable to automation and are not well placed to cope with change.⁶⁷ Brexit is forecast to have a far reaching impact across sectors in the valleys economy,⁸ with plants that are embedded in EU-wide supply chains forecast to be especially hard hit.

3.3 Opportunities

The valleys also have multiple strengths. Unfortunately, a false and destructive narrative exists that implies that the valleys are 'a lost cause', 'a problem to be fixed', or places to leave rather than to arrive. This narrative rarely comes from the area itself. As we argued over ten years ago in our report *Good to be Here*⁹ countering it is vital as it damages the confidence of those who live and work in the valleys, risks deterring investment, damages development and leads to missed opportunities.

The valleys are a fundamental driver of the south east Wales economy. They are home to some three-quarters of a million people, and host over 300,000 jobs that are key to Wales' economic output. Orthodox thinking tells us that that cities are the primary engines of economic growth because of their scale, density and diversity. Yet as can be observed in any city, the benefits of this growth are unevenly distributed and there can be a number of adverse effects, from poor air quality to overcrowding¹⁰.

Research from the Industrial Communities Alliance¹¹ has shown that even if the cities of south Wales had phenomenal growth rates, they are nowhere near big or strong enough to generate enough jobs to make up for the shortfall in the valleys. Turning the valleys into Greater Cardiff or Swansea, comprising satellite communities and little else, is neither feasible nor sustainable. Indeed, the Heads of the Valleys has recently been classified as one of twenty-one travel to work areas (TTWA) in Wales,¹² indicating that it is relatively self-contained labour market that is separate from those of Cardiff and Newport.

The A465 road spanning the heads of the valleys has benefited from major upgrading. It has reduced travel times significantly on completed stretches and is an important inter-valley link alongside established north-south routes. The A465 also serves as an economic artery to and from the Midlands and beyond. This is particularly important for the substantial manufacturing base in the area. With reduced travel times and limited congestion, the A465 is transforming the relationships between places in the valleys and the rest of the UK. It provides excellent business, transport and travel opportunities.

We recommend maximising the potential of the A465, both to reinforce the substantial economic activity that takes place along it and to open up new opportunities.

With generally better air quality, limited congestion, a strong sense of identity and community, a lower cost of living and access to open countryside, the valleys have a great deal to offer. As noted by the recently published Places with Purpose report¹³, places like the valleys reveal their full appeal when contrasted against the expensive housing costs and growing environmental pressures in cities. The report argues that with UK policymaking geared so strongly towards main regional cities, the assumption that bigger conurbations offer the best prospects for growth neglects the major contribution that smaller cities, towns and communities can and do make to growth. It ignores the social consequences of growing inequality within and between regions and nations which is both unsustainable and harmful.

We recommend building on the many strengths of the valleys to release their full potential and to combat negative and outdated stereotypes.

The Places with Purpose report presents a powerful case on the value of the manufacturing base and associated supply chains. These industries continue to form a substantial component of the economy of valleys communities. With much of UK economy's growth being predicated on household debt and an over-reliance on financial services, manufacturing offers a viable way to boost productivity, address the UK trade deficit and increase living standards.

The strong manufacturing base that exists in parts of the valleys provides jobs to thousands of people within the area. Workers are often local and as such spend their earnings locally and travel shorter distances to work avoiding congested routes along the M4 corridor. This manufacturing base also helps support other local businesses. Supporting and developing the manufacturing base can boost the local economy, residents' incomes, and has valuable multiplier effects.

The Valleys Taskforce has a key role to bring together these various strands. It must address the challenges as the same time as building on the many strengths and potential of the area. In doing so it must take into account the complex spatial relationships within the valleys, and between the valleys and nearby cities, the rest of Wales and the UK.

We recommend a Strategy for Economic Resilience to guide the valleys' development. It should include robust plans to support all its industries, ensure that skills are available in the workforce and recognise the area's complex geography.

4. TASKFORCE FOR THE VALLEYS

4.1 Mission and remit

The Welsh Government's announcement of a Taskforce for the Valleys outlined an ambitious vision for change:

To promote the valleys as a region for investment and as a place to live, to better co-ordinate existing investment, and to address long-term issues.

The announcement indicated that social and economic justice were guiding principles for the work of the taskforce.

Through the taskforce, we want to see sustainable growth that adds economic value to our Valleys communities. Where wealth is created, we want it to remain in those local economies, not flow away into distant communities, hedge funds or offshore bank accounts. The ongoing regeneration of the south Wales Valleys must be rooted in an approach to economic policy that has the eradication of poverty as its primary objective.

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The geographic remit of the taskforce is broad. It stretches Blaenavon to Cwmbran, Caerphilly to Pencoed, Neath to Garnant and to Penderyn to Ebbw Vale. As we have previously observed, it is difficult to justify the inclusion of areas toward the edge of the valleys like Cwmbran and Treforest. They are unlikely to be seen or indeed to see themselves as part of the valleys in the way that places like Ferndale, Ogmores Vale or Nantyglo do. They do not face the same challenges or complexity of geography that justifies the taskforce's very existence. The places that merit the most concerted action, principally, are those towards the heads of the valleys.

At the time of the announcement, we felt the inclusion of these places potentially diluted the impact of the Valleys Taskforce. After three years, it would be impractical to re-draw the boundary. Nevertheless, the argument for concerted action in the upper valleys particularly remains valid - we suggest that these areas should be the focus of the taskforce's attention.

We recommend concentrating action and resources in areas that require the most action, including the heads and "hearts" of the valleys.

4.2 Another valleys initiative

Over the decades there have been a variety of initiatives rolled out to re-generate, reinvigorate, relaunch and tackle the “intractable”¹⁵ problems of the valleys. The announcement of another valleys initiative in the shape of the taskforce was understandably met with some scepticism.

The taskforce was quick to acknowledge this and sought to learn lessons. The paper *Fifty Years of Regeneration in the Valleys – What Can We Learn?* hinted that previous ways of regenerating the valleys had not delivered to the extent required and acknowledged that different policy interventions and some fresh approaches were required. The fact that the inaugural meeting and launch of the Taskforce involved the OECD, the What Works Centre for Wellbeing, Cardiff University’s Sustainable Places Research Institute and the Bevan Foundation suggested that the taskforce was willing to engage with a broader approach.

4.3 Membership and Governance

The taskforce membership is a combination of Ministers, academics, business, third sector, trade union, education and public sector leaders¹⁶. It has a supporting board and receives additional input and advice from other parties as and when required. Having the right people around the table is vital for the Taskforce’s success and a mix of sectors, alive to the circumstances of the valleys, therefore makes good sense.

However, with leaders from key valleys sectors and organisations as taskforce members, there is a question of interest representation. The taskforce aims to go beyond business as usual, to be change-making. By default, members have to be self-critical. The extent to which interested parties can do this is a moot point. Part of the role of taskforce members is to scrutinise the work of Welsh Government and hold officials to account¹⁷. Arguably, this scrutiny must apply to all taskforce members themselves too. The taskforce must ensure that challenge is consistently part of its work and that it translates into action.

Although the taskforce does have terms of reference, they are not available externally, making it difficult to scrutinise the taskforce and hold it to account. As with any body, suitable governance arrangements are vital to ensure accountability, measure success and drive improvement.

We recommend that the taskforce ensures its governance is transparent and accountable.

We recognise a number of changes have been made since 2018: the frequency of meetings has increased and membership has broadened. However, the difference these changes could make remains to be seen.

4.4 Valleys Taskforce Strategy: Our Valleys Our Future

The Taskforce's strategy; *Our Valleys Our Future*¹⁸ was published in July 2017. An accompanying, more detailed delivery plan followed in November 2017¹⁹ and a refreshed plan was published in November 2018. *Our Valleys, Our Future* has three priorities:

- Good quality jobs and the skills to do them
- Better public services
- My local community

Each priority contains multiple actions ranging from free car parking and setting up coding clubs to more strategic actions such as creating a valleys regional park and designating strategic hubs. This section looks at the key actions.

i. Strategic Hubs

For Priority 1; *Good quality jobs and the skills to do them*, the foundational economy and the development of eight strategic hubs are the priority focus. Their designation built on the Bevan Foundation's proposal for three "growth poles" in areas within fifteen to twenty-minute travel times of substantial populations that have anchor institutions and strategic transport links. We welcomed the inclusion of the hubs, although we are concerned that designating eight hubs risks diluting their strategic importance and that not all meet the necessary economic or spatial criteria.

The April 2019 meeting of the taskforce indicated that hubs will continue to be used as a strategic planning tool but not the sole focus of spending²¹. This is a real concern. Developed effectively, a limited number of hubs could drive local regeneration by serving a substantial local population. With anchor institutions, major public services and local 'everyday' services such as retailing, banking and cafes, hubs have the potential to retain local expenditure, create local employment and revitalise local identities. Crucially, they can act as a brake on the outflow of people, public and private expenditure out of the area.

Indeed, rather than downgrading the role of the hubs, we suggest they have potential to evolve further, becoming 'anchor towns'. The strong presence of anchor institutions and local everyday businesses can act as a focus for the local foundational economy as well as being a springboard for other economic activities.

We urge the Taskforce to retain and develop the concept of "hubs", evolving them into "Anchor Towns", which will be a focus for stimulating the local foundational economy as well as continuing to act as a focus for wider regeneration

The *Our Valleys Our Future* strategy also committed to re-locate more public sector jobs into the valleys, The location of Transport for Wales' headquarters in Pontypridd and plans for the Global Centre of Excellence at the top of the Dulais valley are steps in the right direction. However, more public sector relocations, especially in the heads of the valleys building on the connectivity offered by the A465 should be pursued to make a tangible impact.

ii. Foundational Economy

The Foundational Economy is the services, goods and infrastructure that provide for the needs of everyday life. *Our Valleys Our Future* prioritises eight sectors, with a mix of planned actions. For example, on retail, a regulatory framework to ensure competitiveness will be developed, while on health, the action consists of an extension of a pilot on promoting medical careers in Wales. The actions could do more to explore local opportunities such as developing local supply chains and innovative models of co-operatives, mutuals and social businesses.

In 2019 funding of £1.5 million from the taskforce was allocated to match the Foundational Economy Challenge Fund²², specifically for the foundational economy in the valleys. The fund takes an experimental approach; "to conceive and introduce innovative ways of working which help to raise the profile of the foundational economy and to stimulate debate and learning on what works"²³.

Welcome though the new approach may be, we are concerned that support for the foundational economy should not be at the expense of other sectors, notably the region's strong manufacturing presence. The taskforce does need to consider all sectors. We are also concerned that many jobs in the foundational economy are low paid, with their growth potentially embedding low wages into the local economy. The timing of the challenge funding also makes scaling up successful experiments potentially difficult.

Developing the foundational economy is also partially associated with four Better Jobs Closer to Home commercial pilots. These pilots offer a positive example of concerted, tangible action. That they work with social partners and social enterprises demonstrates support for growing the social business sector and a commitment to quality, fair work. Four pilots alone though are dwarfed by the scale of the economic challenge in the valleys, so it is vital that any successes are taken much further. The findings of the pilots are soon to be available,²⁴ and we look forward to the next steps.

We recommend that the taskforce scales up successful actions to meet the size of the challenge, ensuring they are tailored to local circumstances and designed for the long-term.

iii. Better Public Services

For priority 2 *Better Public Services*, in *Our Valleys, Our Future*, the priority focus is pathfinder areas in Llanhilleth in Blaenau Gwent, Ferndale in Rhondda Cynon Taf and Glynneath/Banwen to look at how public services and local delivery can be better joined up. The work on this has evolved into plans to develop “community hubs”.

Local public and third sector bodies are critical in bringing about a sea change for the valleys. Having high quality institutions is an essential ingredient of good regional development, yet the taskforce appears to be replicating the role public services boards. With the statutory push to get public bodies working this way, the justification as a free-standing priority is questionable. It certainly does not address the structural economic weaknesses that underlie almost all issues of concern.

We recommend the taskforce partners with local institutions and empowers them to have strong, pro-active roles.

iv. Valleys Regional Park

For priority 3, *My local community*, the priority focus is the Valleys Regional Park. It aims to build the leisure, tourism and wider offer of the valleys, linked to the natural environment and landscape.

A number of actions are included, ranging from tackling fly tipping and fuel poverty, supporting local festivals and piloting free carparking. They are sound actions for local organisations like local government, the third sector and communities but seem less appropriate for a high-level strategy aimed at long-term change.

Arguably the taskforce’s focus should be on improving and increasing the jobs, skills and qualifications in the valleys. Valleys Regional Park does represent an opportunity to maximise the extensive environmental resources and landscapes of the area for the benefit of the people of the valleys first and foremost rather than to encourage tourism.

Advocacy of valleys tourism can sometimes appear to be about making it a better place for the people coming to visit, rather than the people living there. We would question whether making an area a tourist destination makes a real difference to people’s lives, prospects, and hopes. So while the Valleys Regional Park offers scope to add to the cultural and environmental experience the valleys, it must be grounded in delivering quality, secure and fairly paid jobs.

v. Measuring success

Although *Our Valleys Our Future* has 60 actions ranging from coding clubs to bus pilots, employability and skills support to social prescribing to community renewable energy schemes. They reflect a perennial temptation to spread action across a broad range of areas that risks diluting impact.

The strategy contains relatively few valleys specific actions with many relating to Wales-wide initiatives, such as the Welsh Government's Childcare Offer and its Employability Plan. Understanding how the taskforce and the wider work of government can complement each other and "mainstream" the valleys in government is vital. However, it can also make it difficult to distinguish what is specifically valleys taskforce activity and Wales wide actions that would happen anyway.

The *Our Valleys Our Future* delivery plan lists two "specific targets" of 7,000 economically inactive and unemployed people into fair, secure and sustainable work. Of these, 2,000 are to be created by an enhanced support package for entrepreneurs and existing businesses with the greatest growth potential.

While getting 7,000 more people in fair and sustainable work is also positive target, it is short on detail on where the jobs are based or what constitutes "fair work". Without this detail, the target could be achieved through supporting more people into commuting out of the valleys for work. In terms of a jobs gap of 67,000 the target is also modest. It suggests both a lack of ambition and a lack of understanding of the underlying challenges.

The Our Valleys Our Future delivery plan includes the 46 National Wellbeing indicators to measure progress. While there is an unquestionable link between well-being and the ultimate aims of the taskforce, the inclusion of all indicators does not seem appropriate. In the context of deeply entrenched structural economic challenges, an indicator on the concentration of organic matter in soil is not as relevant indicator to employment or job density rates.. The Welsh Government has since revised the use of well-being indicators in the Valleys Taskforce's work down to 16, ²⁵signaling some shift toward a more selective approach.

The plan is also significantly under-resourced. The outline draft budget of October 2018 revealed an allocation over two years of £25 million for the strategic hubs and £7 million for the Valleys Regional Park²⁶. While it is true there has been an unprecedented level of cuts in public financing, the lack of resources allocated by the Welsh Government to the valleys can only translate to limited impact. Substantial investment would enable more concerted action and signal that the valleys merits high levels of investment that will bring returns and substantive change.

4.5 A new direction?

As the taskforce has taken its work forward, some change in focus has been apparent. The taskforce's updated Delivery Plan of 2018 took heed of criticism that it included initiatives that would happen anyway and the updated version brought more valleys-specific actions.

There has been a renewed focus on select areas of work²⁷ and discussion in taskforce meetings call for a more strategic approach²⁸. The critical role of local institutions including local government has also been better recognised in the drive to meet each valleys local authority and strengthen relationships with local government. This is in addition to renewed engagement with Public Services Boards. Tapping into local knowledge, experiences and best practice and is evident in the taskforce's recent work examining the approach take in Rhondda Cynon Taf to dealing with empty homes and piloting more responsive bus services.

Linked to the concerted drive on the foundational economy, an initiative to learn from the experience of Preston and the Centre for Local Economic Strategies (CLES) to help enhance the role of procurement in boosting local economies is also potentially significant.

Communities also have a vital role beyond a mere consultative one and are central to many of the new approaches to strengthening local economies. It remains to be seen how the taskforce designs more active forms of citizenship into its work.

The emerging themes in 2019 of public transport, the foundational economy and empty homes are welcome. However, the key question – will they help address the structural circumstances of the valleys- continues to need to be asked. As with any change of approach, retention of what works well is also important for momentum and to ensure continuity. Additions of new areas of work should demonstrate their scope to deliver fundamental change.

The Taskforce for the Valleys has good intentions and some positive proposals. However, it has been light on how these ideas are to be delivered on the ground, being spread too thinly, with insufficient resources, and lacking delivery mechanisms to make a difference.

We recommend a long-term and consistent approach to regenerate the Valleys, that delivers throughout.

5 STRENGTHENING LOCAL ECONOMIES

The work of the Taskforce comes at a time when alternative economic approaches and demands for economic justice and inclusive, equitable growth are gaining momentum, with good reason. The 2007/8 global financial crisis led to the deepest recession experienced in UK post war history, followed by a slow, feeble and unevenly distributed recovery of sorts. Hand in hand with UK government austerity policies making deep cuts to public sector spending and services, along with welfare reform that has inversely pushed more people into poverty, many communities have been forced to weather a mighty and unrelenting storm.

This shift is welcome as a counter to a dominant discourse that frames the economy as something separate and distinct from the people, society and communities that power and depend on it. It is especially relevant for the south Wales valleys.

5.1 Economic resilience

The concept of economic resilience emerged relatively recently from an interest in understanding regions' experiences of the global economic crisis. It can be conceptualised in four parts³²; first, the **risk** or vulnerability of a place to shocks, second, its **resistance** of the impact of shock, thirdly **reorientation**; the ability of a place to adjust and adapt appropriately and lastly **recoverability**; the degree and nature of recovery from shocks.

This framework is useful for exploring the nature, extent and impact of change on a place, as well as its vulnerability to changes, the type of recovery it experiences and the speed of recovery. It also considers whether change and recovery set a place on a different path altogether, something that is especially pertinent for the valleys. If building resilience can help change the developmental trajectory of an area, it can mean breaking free from lock-in to a low wage or insecure labour market. Perhaps most importantly, economic resilience provides a useful perspective on development in the long-term.

Organisations such as the New Economics Foundation, Locality and the Friends Provident Foundation have developed an understanding of economic resilience that centres social justice and reflects the role of local communities. Locality's definition (adapted from Greenham, Cox and Ryan-Collins, 2013³³) states:

Economic resilience is the capacity of an economic system to adapt to both short-term and long-term change, while supporting the community to thrive.

Predictions and megatrends³⁴ for the future tell us that energy and food insecurity and more extreme weather resulting from global warming will impact society and by default, the economy. Referring to “change” rather than “shock” is a reminder that slowly developing challenges can have as much cumulative impact as sudden shocks. Resilience is not just a response to change but also anticipation and planning for it.

To appreciate what economic resilience means practically, the Friends Provident Foundation developed the features of a resilient economy. It is one that:

- Produces goods and services at an appropriate scale to support a balanced and diverse local and regional economy;
- Supports investment in social and financial capital which aims to address poverty and inequalities;
- Supports individuals and groups to experiment, develop and strengthen their adaptive capacities (i.e. self-organising, innovation and learning);
- Comprises structures (enterprises, public organisations and government) that support people to live the lives that bring them well-being.

The power of resilience is clear when considering the unique combination of factors at play specifically in the south Wales valleys. Crucially, it can help to unify and number of other emergent ideas about alternatives to traditional methods of economic development, combining them with social justice into an approach that can place an important role in helping build economic resilience.

5.2 Deep Place Studies

The “deep place” approach emerged in a action-based 2014 study of Tredegar³⁵, Blaenau Gwent. It looked at the make-up, structure and nature of the community, mapping the key organisations, institutions, infrastructure and functioning of the local economy. It was a study that sought to work in partnership with the organisations operating in Tredegar and drew on themes including transition theory, total place and the foundational economy. It also took an assets-based approach that cast the town in a different light and developed a narrative of the art of the possible.

Although it gained disappointingly little traction at the time, the Tredegar study was a blueprint for fresh thinking about practical solutions in the valleys. It paved the way for a movement that has grown, that questions some conventional thinking on economic development and supports the consideration of alternatives.

Since the Tredegar report, other studies on Pontypool, Torfaen (2016) ³⁶, and a deep place plan for Lansbury Park, Caerphilly (2017)³⁷, have followed. Each demonstrate how an in-depth understanding of an area, along with buy-in from

local actors, is central to developing meaningful actions. It may seem obvious, but they also illustrate how no two areas are the same and that what works in one place is not necessarily right for another.

5.3 Better Jobs Closer to Home

Led by the Wales TUC, the *Better Jobs Closer to Home Campaign*³⁸ made the simple, powerful demand for better paid, better quality jobs in the valleys. This campaign captured the experiences of those for whom local, well-paid high-quality jobs are hard to come by.

The campaign made the case that with new powers coming to the Welsh Government allowing it to reserve public contracts, it could support disadvantaged people into work. It also articulated the inextricable link between the fate of the valleys and the fate of Wales. As the Wales TUC General Secretary said at the time;

*These are not just economic statistics, these are people without jobs, families living with poverty, whole communities blighted and held back. We want Welsh Government to use the new powers it has to deliver real opportunities and decent work where the need is greatest. Without focussed, co-ordinated and practical intervention to help kick start the valleys economy, Wales will never make real economic progress as a nation – and what's more we won't deserve to. Wales can't prosper while the valleys struggle.*³⁹

The growth of work-poverty starkly illustrates that that having a job does not offer protection from poverty. The campaign made the case not just for jobs, but for ones that pay a decent wage. Subsequently, the Welsh Government has adopted a *Better Jobs Closer to Home Programme* which is linked to the work of the Valleys Taskforce.

5.4 The Foundational Economy

The concept of the Foundational Economy was introduced in the Tredegar Deep Place Study and subsequently in Wales TUC⁴⁰ and FSB⁴¹ publications. It has since gained substantial momentum. The approach aims to develop those essential goods and services on which everyone depends but that are rarely given substantive focus. In doing so it is argued both to meet people's needs and also create or maintain local jobs and local wealth.

The foundational economy is now firmly integrated into the Taskforce's work; from *Our Valleys Our Future* to the Foundational Economy Challenge Fund. It presents an opportunity to develop a different approach to strengthen valleys economies but also some risks. The first risk is that some elements of the

foundational economy are predicated on consumer spend and public procurement. Yet the valleys have experienced cuts to public expenditure and have lower than average earnings and disposable household incomes. These factors may well limit the development and impact of the foundational economy in precisely the areas that need it most.

The second risk is that some sectors in the foundational economy do not offer the best terms and conditions of employment. Boosting employment in these sectors could well entrench low pay into the labour market even further, rather than lifting workers out of poor-quality work. Support for these foundational sectors therefore needs to improve job quality as well as stimulating job creation.

5.5. Community Wealth Building

Community wealth building is associated with the work of the Centre for Local Economic Strategies (CLES)⁴². It advocates the power of anchor institutions; those local institutions that tend to be large employers with fixed assets. They are some of the largest buyers of goods and services in a locality, such as health boards, educational institutions, local government, housing associations and key local businesses. Anchor institutions can use procurement to stimulate local economies by developing innovative approaches to the design and awarding of contracts to give a better chance to local suppliers. It posits that by more innovative contracting, spending and investment, local economies are better protected against extractive practices whereby money leaves the area.

Community wealth building is also associated with “new municipalism” that recasts the power of local government, public services and their partners. It seeks to reverse the outsourcing trend seen across public services by bringing them back in house. It advocates more active forms of citizenship, involvement and participation. It has seen success in places like Preston and has gained traction across many parts of England and Scotland.

There is a growing interest and engagement in Wales with community wealth building, especially amongst national policy makers. Arguably “new municipalism” is fundamentally about local actors, institutions and decision makers. Therefore the real test will be in the extent to which community wealth building is taken up at a local level and the extent to which national policy facilitates it.

5.6. A Way Forward

Each of these alternative approaches to regenerating local economies are united in a desire to increase social justice and prosperity. Between them they offer an alternative that can create more and better locally based jobs and businesses, prevent the outflow of wealth and skills, harness spending power and empower local institutions and communities in new and innovative forms of engagement and ways of working.

Not one is a single panacea for renewal in the valleys. Rather all have something to offer and aspects that have the potential to play important roles in building economic resilience.

The concept of economic resilience is useful for understanding the structural economic make-up of a place in relation to its past, present and future. It can help distinguish which actions and developments are more likely to reduce a place's vulnerability, support recovery, engender reorientation when necessary and recover quickly and positively when change happens, as it inevitably does. It also designs in a commitment to helping communities to thrive in an equitable and sustainable and manner.

We recommend that the Valleys Taskforce adopt economic resilience as a guiding concept. It should base its work on a Strategy for Economic Resilience that addresses the specific spatial, sectoral and labour market circumstances of the valleys.

6 CONCLUSION

The Taskforce for the Valleys represents a vital public recognition and commitment by the Welsh Government and its partners to specific intervention and prioritisation of the south Wales valleys. It has opened-up debate and shone a long overdue spotlight on the area's circumstances in high-profile way. For this it must be welcomed and commended.

The valleys have multiple strengths that offer real opportunities. They exist alongside major challenges that require concerted action. At the heart of the challenges are structural economic issues including the weakness of local labour markets and the lack of jobs, skills and qualifications. They are deeply embedded, inherited, but not intractable. As such the valleys require bold, ambitious, focused interventions to match the scale of the challenge. Anything less is a missed opportunity.

The publication of *Our Valleys Our Future* spread action thinly. While it contains excellent ambitions, the lack of clarity, focus and resourcing is problematic. Three years into what is effectively a five-year plan, there are signs of a shift in emphasis and some new priorities. There is still opportunity to bring about long-term and sustainable renewal.

There are no simple or single solutions to the challenges facing the south Wales Valleys. The recommendations outlined in this report should be taken together, as a whole to help build more economically resilient, fair and prosperous valleys.

Finally, the paper is premised on the belief that the valleys are far from a lost cause. The valleys have immense opportunities and potential that can and should be harnessed. The future of the Welsh economy and the valleys are inextricably linked. Neither can afford to continue on the same path.

5.1 Recommendations

- 1) The taskforce should base its work on a Strategy for Economic Resilience that addresses the specific spatial, sectoral and labour market circumstances of the valleys.**

A Strategy for Economic Resilience must be spatially sensitive and specific to the sectoral and labour markets of the valleys. It should work in parallel with the Economic Contract and the findings of the Fair Work Commission. The strategy must have economic resilience at its core and create a fair economy that delivers an equitable settlement for the valleys.

This strategy should guide the work of the taskforce and include:

- a. Evolving Strategic Hubs into “Anchor Towns”, which will be a focus for stimulating the local foundational economy as well as continuing to act as a focus for wider regeneration.**

Towns with substantive populations within fifteen to twenty-minute travel times, anchor institutions and key infrastructure have potential to become “Anchor Towns” that could drive local regeneration and act as a brake on the outflow of people and expenditure.

- b. Adopting a multi-sectoral approach that does not rely on a simple or single solution.**

Actions including Anchor Towns, employment and business support, transport development, the Valleys Regional Park, pilots and relocating jobs, offer a multi-sectoral approach to the taskforce’s work. It should retain what has worked well through a suite of measures.

- c. Maximising the potential of the A465 road to reinforce the substantial economic activity that takes place along it.**

The work of the taskforce’s A465 sub-group to leverage the benefits of dualling can help to capitalise on its regional function. With the Welsh Government’s decision not to progress the M4 “black route”, the need to re-direct economic activity more evenly across Wales and relieve congestion is vital.

- d. Concentrating action and resources in areas that require the most action, including the heads and “hearts” of the valleys.**

The Valleys Taskforce should focus resources and action in the greatest areas of need and guarantee that the benefits of action extends all the way to the heads of the valleys.

- e. Building on the many strengths in the valleys and combatting negative and outdated stereotypes.**

Building on the multiple but often under-valued strengths and of the valleys can deliver tangible benefits. It can help combat the negative and outdated stereotypes that have been associated with the area for too long. Building on these strengths must be first and foremost to the benefit of the people of the valleys.

The taskforce should continue to develop its ways of working, ensuring that it:

- a. Scales up successful actions to meet the size of the challenge, ensuring that they are tailored to local circumstances and designed for the long-term.**

Our Valleys Our Future contains elements that could prove to be really successful. To bring change of the magnitude required, successes must be scaled to big actions that are mainstreamed, tailored and designed for the long-term.

- b. Ensures its governance is transparent and accountable**

Transparency and accountability help demonstrate an open, self-confident taskforce that takes people with it. The taskforce should have good governance arrangements for internal and external scrutiny.

- c. Partners with local institutions and empowers them to have strong, pro-active roles.**

Local partners have knowledge, skills and views that can help inform the work of the taskforce. The drive to meet and work with each local authority and Public Services Board should extend to an empowerment of local institutions and communities to play a full and active role

- d. Adopts a long-term and consistent approach that delivers throughout.**

The seismic shift that the valleys requires needs a long-term approach, resistant to policy and electoral cycles. That means embedding priority for the valleys across government that will stand the test of time and demonstrate seriousness about delivering a positive future for the valleys.

Annex 1

Taskforce membership September 2016:

Minister for Lifelong Learning and Welsh Language, Alun Davies AM (Chair)
Cabinet Secretary for Economy and Infrastructure, Ken Skates AM
Minister for Skills and Science, Julie James AM
Ann Beynon, Chair of the Cardiff City Region Board
Andrew Diplock, Director of Strategy and Governance, Inprova Energy
Judith Evans, Principal, Coleg Y Cymoedd
Dr Chris Jones, Chair of the Cwm Taf University Health Board
Martin Mansfield, General Secretary, TUC
Cllr Andrew Morgan, Council Leader, Rhondda Cynon Taf
Professor Brian Morgan, Cardiff University
Jocelyn Davies, former Plaid Cymru Deputy Minister for Housing and Regeneration
(joined November 2016)

Additional Members in 2017

Fiona Jones, Director of work services Wales and national employer and partnership team, Department for Work and Pensions
Gaynor Richards, Director, Neath Port Talbot Council for Voluntary Service
Joanne Foster, government and business relations leader UK, GE Aviation

Additional Members February 2018

Eluned Morgan, Minister for Welsh Language and Lifelong Learning
Rebecca Evans, Minister for Housing and Regeneration

December 2018

Lee Waters AM replaces Alun Davies AM as Chair

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