

# The business potential of the foundational economy in the south Wales valleys

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## Acknowledgements

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# Contents

Summary .....	1
1. Introduction .....	2
2. What we did .....	4
3. The business profile .....	5
4. The business community .....	6
5. Impact of coronavirus .....	9
6. Business support .....	11
7. Future growth .....	13
8. Conclusion .....	14
Appendix 1 - Community Profiles .....	15
Treharris .....	15
Treherbert .....	16
Cwmafan .....	17
Appendix 2 - Business survey .....	19

## Summary

The foundational economy provides essential goods and services, which are primarily delivered locally. Because of this, it is thought to have considerable potential to regenerate the areas where the local economy is relatively weak, such as in the south Wales valleys. However successfully growing the foundational economy depends in part on there being local businesses with the skills, capital, ambition and support to spot and develop new opportunities.

This report explores the capacity and potential of businesses in three communities in the south Wales valleys: Treharris in Merthyr Tydfil, Treherbert in Rhondda Cynon Taf and Cwmafan in Neath Port Talbot.

The key findings are that in all three communities there are businesses with potential to grow. The vast majority of these businesses are small businesses. New businesses are being established and existing businesses are adapting and growing new activities. Many businesses had plans for expansion before the coronavirus pandemic, and despite the challenges of lockdown and new operating procedures, most have survived. Confidence that they can bounce back, by no means universal, is high.

The valleys are sometimes perceived as being a challenging place to do business. While some businesses were not close to potential markets, business owners identified their local customer base, local knowledge and limited local competition as advantages.

Developing the foundational economy in the valleys needs a different approach to past economic development measures adopted in the area. Crucially, support needs to be targeted to micro-firms, with much more effective communications and networks between businesses themselves and between business, local and Welsh Government.

In addition, there continues to be a need to address more traditional economic development concerns including the availability of suitable premises for expansion, conversion of empty properties and the improvement of transport links. Importantly, smaller communities that account for a large proportion of the south Wales valleys, need these interventions just as much as larger settlements.

# 1. Introduction

The foundational economy has risen rapidly up the public policy agenda in Wales. It is a relatively new concept that focuses on the provision of everyday essentials, including water, electricity and digital connections, health care and education, as well as basic consumer items such as food, sofas and haircuts.

The foundational economy meets vital population needs, and so businesses in foundational sectors tend to be spread more evenly geographically and are at less risk of relocating elsewhere than other parts of the economy. The foundational economy is therefore seen to offer particularly good prospects for areas that have experienced the loss of their former industries, including the south Wales valleys. As a result, developing the foundational economy has featured extensively in the plans of the Welsh Government's Valleys Taskforce.

There are, however, some important questions about the potential of the foundational economy. These include the dominance of some activities by public sector providers, the arbitrary exclusion of manufacturing (which is an important part of the supply chain of essential services), and the low pay and poor conditions found in some foundational economic activities.

For places with relatively weak local economies, such as the south Wales valleys, there are further questions. These are, first, whether local businesses have the capacity and potential for future growth, without which the benefits of the foundational economy will not be realised. And, second, whether there is sufficient consumer demand to support foundational activities in 'overlooked' economic activities, especially as many disadvantaged communities have seen businesses such as pubs and shops close down.

Given these concerns, the Bevan Foundation was keen to explore the scope to develop the foundational economy in the south Wales valleys, including identifying if there are any pre-conditions needed to realise its potential. We began in-depth work with three different valleys communities in November 2019. This report sets out our findings in respect of business capacity and potential, with additional work on consumer demand due for publication later in 2020.

Our work – and these findings – have been affected by the coronavirus outbreak. Some of the businesses we planned to engage with were either temporarily closed or were struggling to meet increased demand. Inevitably for some the focus was on survival rather than growth. We are very grateful to those businesses which did share their experiences with us, despite the challenges they faced. We are also pleased that we were able to signpost some business owners to Welsh Government business support schemes, hopefully enabling them to continue in business.

The Bevan Foundation gratefully acknowledges the Welsh Government's foundational economy Challenge Fund which is funding this project. However, the views in this report are those of the Bevan Foundation alone.

## 2. What we did

This report draws on the findings of interviews with businesses in three south Wales communities, undertaken in May and June 2020.

The three communities are Cwmafan in Neath Port Talbot, Treharris in Merthyr Tydfil and Treherbert in Rhondda Cynon Taf. The communities were selected in consultation with the relevant local authorities as places with some existing local business activity, but also places with significant economic challenges from, for example, nearby larger towns or the decline of major employers. A profile of each community is at Appendix 1.

We recognise that the three communities studied are not necessarily representative of the rest of the south Wales valleys, which vary enormously in history, geography, assets and prospects. However, there are some conclusions that can be drawn that are very likely to apply to many other parts of the south Wales valleys.

Identifying businesses in the three communities was not easy. We used a variety of sources such as local business directories, internet searches, social media, targeted mail shots and networking with local stakeholders and residents. One of the very first findings is that public bodies are often unaware of the current make-up of the local business community, making the provision of support to them highly problematic.

We then invited all businesses identified as being in the foundational economy to complete either an online or telephone survey (see Appendix 2). We offered a financial incentive for businesses in each community to participate, which not only encouraged responses but also created 'feel good' stories for social media and raised awareness of our work.

In total, 88 businesses responded, a response rate of 15%. The response was undoubtedly affected by coronavirus, as some business owners were too busy to talk whereas others were very willing to offer their time. This is sufficient to provide valuable insights into the experiences of businesses, albeit that they are not statistically valid.

### 3. The business profile

Business in Wales is dominated by micro-businesses (with 0-9 employees), which account for 95% of all enterprises. The proportion of micro-businesses is slightly lower than the Welsh average in the south Wales valleys, accounting for 90.0%, 90.7% and 92.4% in Merthyr Tydfil, Neath Port Talbot and Rhondda Cynon Taf respectively.

Most businesses that were identified in each of the three towns were such micro-enterprises. The vast majority of businesses interviewed were small operations made up either of owners and a staff team of less than ten, sole-traders or self-employed people. The proportion of micro-businesses in our sample was at the local authority average in Cwmafan and Treharris but slightly below expected in Treherbert. There was also a strong response from community interest companies, which accounted for between a tenth and a fifth of responses. Very few of the businesses we had contact with were private or public limited companies.

The small size of business appeared to suit the needs some owners interviewed. Reflecting on why they had become a sole trader in the first instance, one business owner told us that it was a simpler and convenient arrangement:

*I had a previous company with 49 staff, it was too stressful, it's much easier on my own.*

Business turnover of enterprises we surveyed tended to be at the lower end of the scale. Around a third of the businesses interviewed had an annual turnover of less than £25,000 and only a handful had a turnover higher than £75,000.

There was also a broad similarity in the age of businesses, with a majority having been in operation under ten years. Businesses tended to be slightly older in Treharris than Cwmafan. Treherbert had a quarter that had been in business for over twenty years. This could explain why 30% had no plans to grow (see section 7). One told us:

*I am looking to retire, keep the business ticking over then sell it.*

These findings suggest that although there was a sizeable business presence in the three communities, the majority were very small in terms of employees and turnover. The number of relatively young businesses indicates that there is a level of new business formation in these areas, while the presence of some long-standing enterprises points to these towns as also being good locations in the longer-term.

## 4. The business community

The survey asked businesses about their experiences of operating in their community. When asked to score the area out of one hundred as a place to do business, responses were mixed. Treherbert had the lowest score (at 50) compared with Cwmafan (scored 61) and Treharris (74).

### *Location*

A key issue was geographical location. Treherbert is located at the top of the Rhondda Fawr and the geography seems to be a particular challenge for some businesses:

*Location wise, I am and the end/top of the valley so the shop doesn't get much trade from the lower half of the valley as they don't know I am here and are unlikely to come up this far.*

Another business owner said:

*We are quite isolated and tend to do our own thing.*

Being based in a small community also drew reflections on the relative advantages of this from some businesses. While each community has a main thoroughfare and high street, like so many high streets, there are few that can be described as thriving. Some felt that had advantages in the type of trade they got. As one business owner put it, the quieter location meant that they are less prone to "timewasters".

*I don't want to be on a high street ...with people coming in and out of the shop. Everyone who comes in here is a serious prospect as a customer.*

### *Local knowledge*

Some owners found that being known in a small community had advantages for their business. One, whose business activity involved home visits, said that being known was useful as their work involved going into people's homes:

*Local people know me and trust me in their homes and to help their family members.*

However, this was not the case for others. Some spoke of the fact that there can be drawbacks of being based in a small community. Disadvantages included a lack of privacy and the nature of local competition:

*Everybody knows your personal business.*

*Our competitors have been targeting us to put us out of business.*

Another explained that it can be difficult to juggle relationships in close knit communities:

*Knowing people can sometimes have a negative effect as they may not be people you want to do business with.*

### ***Business to business relationships***

Most businesses that responded told us that they have some contact with other businesses, either regularly or occasionally. This could be useful for general exchanges of information. One company operator told us it was also useful to share possible contacts:

*I met a lad though a job and we share potential jobs and contracts and it is great promotion to get our names out there.*

A smaller number of businesses across the three communities told us that they had no contact at all with other businesses. One business said that there was a culture of businesses operating in isolation:

*Most businesses keep themselves to themselves - not as much of a network... No chamber of trade. You are on your own.*

Conversely, others have an appetite for closer business relationships and have a sense of shared interests. Just under half of the businesses interviewed told us they felt they do have shared interests with other businesses in the locality. For those businesses, they wanted means to improve relationships and articulate concerns via chambers of trade or through meetings, hubs or online networks and groups.

*Possible web-based networking group to share knowledge and best practice.  
Possible business growth hub to support micro, SMEs and local businesses to help strategic development of the village.*

Both Treharris and Treherbert had previously had a chamber of trade. The establishment or re-establishment of one would, in the words of one business, help to '*keep local businesses alive*', continuing:

*A local business hub for local businesses owners to come together and discuss what we can all do to help each other's businesses survive and ways in which we can support each other.*

One business also told us that more contact with the local authority would help it. As a small business, it had found it tough to build connections locally:

*More direct contact with local authorities – not for profit means we do not have the large budgets of competitors, but we sell a better local service – getting local authorities to appreciate this is hard.*

Some businesses also said that their relationships were based primarily on sectoral interests - with more relationships with other businesses in similar lines of work and related trades, rather than proximity, or a combination of the two:

*We've been here so long and through the... trade we keep in touch with other businesses and they will pass business on to us.*

A key finding is therefore that a business being located in a south Wales valleys community is not necessarily perceived to be a disadvantage. However, many businesses would like a mechanism for bringing local businesses together at a hyper-local level. That could help create shared opportunities, grow capacity and generate shared benefits that boost local businesses.

## 5. Impact of coronavirus

The coronavirus pandemic has had a significant impact on businesses. Some businesses we interviewed saw their demand and activity increase, while others experienced a complete suspension of trade and severe losses.

We saw examples of some businesses and residents responding to local needs to offer support where they could. One Treharris business owner said:

*We have had so much support from local businesses over this time with their donations to raffles to help raise funds which has been overwhelming.*

The activity of one community organisation in Treherbert is illustrative of the activity found across all three towns:

*We have launched a scheme called 'Pick Up A Free Lunch!', providing over 1000 packed lunches for free a week to children all over Rhondda Cynon Taff. In addition, we are creating and distributing food parcels that are available to families and individuals weekly.*

Some businesses were better placed to adapt to the new circumstances of lock-down than others. For example, some cafés and restaurants switched to delivering food and businesses classed as essential could remain open or could switch to online deliveries. A food business that ordinarily mostly operates online told us about the rush they had experienced on some stock during the early period of the pandemic:

*We have had to get a temporary person in as an extra pair of hands whilst we have two staff members off. Lots of lines out of stock due to a rush in buying in the first couple of weeks.*

However, the ability to switch to internet orders was not a suitable option for all businesses. One shop owner said:

*It's been difficult as most of my products really need to be seen and touched!*

For some businesses, the impact of lock-down was not as severe they had anticipated and for others it even resulted in increased trade. Some sectors such as cleaning services could adapt their working practices and take on deep clean contracts which saw them being busier than ever before. Other types of business also experienced an increase in trade that had surprised them. One owner of one retail outlet said:

*I do more deliveries than previously; I am busier than expected as this is the only shop of its kind within approximately a 25-mile radius.*

A self-employed plumber who became an emergency contact for a local authority told us:

*Overall, I'm working 1-2 days per week – and with shorter hours. I had expected NO work when this first started so in one way I am a bit relieved.*

The manager of a local shop, which due to lockdown had become one of the only places people could buy essential provisions, said:

*We have more staff to cover hours due to customers being limited in one at a time [...] we have seen an increase in takings as more people are coming in to buy essentials.*

Some businesses, even within the same sector, had very different experiences of the impact of the pandemic. Child-care providers operating as sole traders found their work had completely evaporated. Conversely, fixed childcare settings that were mobilised to help look after the children of key workers saw an increase in activity. One told us they had been much busier than they anticipated:

*We have helped 29 families over a period of 13 weeks. With our opening hours the parents have been able to go to work with no problems or concerns for their children as they knew they were safe and enjoying their time with us.*

For those businesses which have been unable to adapt because of lockdown restrictions, especially those in the health and beauty sector, the coronavirus pandemic had a severe impact. Responses like '*we've had no activity during this period*' or '*we have had to close down completely*' were common. As one business told us:

*All client pre-booked consultations and treatments are cancelled, and any future treatments put on hold.*

It is clear that the coronavirus outbreak has resulted in the complete loss of business for some owners, while others have kept going or even boomed. It remains to be seen whether and how businesses can bounce back and adapt in the longer term.

## 6. Business support

The availability of UK and Welsh Government support to business has been crucial to keeping businesses afloat during the coronavirus pandemic.

Although official statistics point to more than nine out of ten businesses accessing some sort of support, the figures in the three communities we worked in were very much lower.

The survey found that around half of businesses in Treherbert and Treharris applies for financial help and around a third had furloughed staff. Treherbert had the lowest number of businesses still trading as of May 1<sup>st</sup> (a third). A Treherbert business owner told us:

*I have not worked since the 12<sup>th</sup> March as all my clients cancelled their contracts and it was not safe to work with the Covid-19.*

A similar picture emerged from one hospitality and food business owner:

*We don't know how long we can last; we still have bills, we hope the financial help is enough – a lot of our stock has now gone off and the insurance company has not paid out. We cannot put a claim in as we don't know yet how much we will actually lose in the long run.*

The picture of support that had been applied for in Cwmafan suggested lower rates of applications, with just 12% of the Cwmafan businesses we spoke to applying for help and a fifth furloughing staff.

Some respondents were unaware of the financial help available to them. Where appropriate, we were able to signpost them to possible sources of support. One business owner, reflecting on the complexity in navigating support, said:

*Some of these [schemes] don't apply to you - not registered VAT so don't apply. It is first come first served - I am not aware of grants - I haven't got experience. I don't want a loan. Don't know where to go for help. Accountant said self-employed people are a grey area and only found out about TAX relief from a friend. Who would I go to? There is no one to contact for advice. WG chuck money at pointless things - but people like me have no awareness of things.*

Other respondents echoed their feelings of confusion and complexity with the application process. The owner of a cleaning company said:

*I tried (to apply for funding) but as I have not been trading for longer than 2.5 years I couldn't not get anything and myself and my wife were put on Universal Credit. The paperwork that we needed to complete the application which they initially said we didn't need – we actually did.*

Some businesses rely on close contact with customers to operate and many revealed they were worried that the problems for them may not end as lockdown eases. A hairdressing and beauty business reflected:

*Beauty is not a necessary – that is food. Will people come back? It will be a completely new start, all the PPE etc – the social distancing will be a problem.*

The Covid-19 crisis has also added to these difficulties for some. A childcare provider commented that:

*I just wish that childminders had been protected like the people in education where they still had a normal wage and carried on in that way but being self-employed we don't get that.*

Some spoke of it being easier to form lasting relationships with their communities which became especially useful when the Covid-19 pandemic hit:

*Half our staff are furloughed. The other half have continued to do paperwork, cleaning, planning and risk assessments for reopening during the time (we have) been closed. Some of the active staff have also taken on voluntary roles within the community by delivering food parcels and leaflets on behalf of the church the local councillor and the police.*

These findings suggest that awareness of support during the coronavirus crisis has not been as great as might be expected. It is not clear if this is because of the micro-size of businesses and lack of contact with others locally, or because communications from UK and Welsh Government did not reach them effectively. What it does suggest is that there may be scope for support to be geared and tailored differently to smaller businesses and smaller communities.

## 7. Future growth

In order to gauge business capacity and potential for growth, we asked businesses about their future plans. Their answers were inevitably shaped by being in the midst of a pandemic, but nevertheless give an indication of local confidence. One community organisation highlighted this confidence. When asked what would improve their prospects, they said:

*Changes would be to employ more staff in order to deliver activities to the wider community. This would also help us to open up every day. As we would like the project to be open every day for the community.*

The majority of respondents told us that they had either definite or possible plans to grow their business in the next 12 months. More businesses were positive about the prospects of these plans in Cwmafan and Treherbert than in Treharris, although in each area more than two thirds had plans for growth. Most businesses were looking to introduce new products and services, or to introduce new equipment and processes. However, two thirds of businesses stated that their plans were now on hold or that survival had taken priority:

*There is not much we can do until lockdown is lifted. We are going to have to start again.*

*It will do long term because we don't know when it is going to end. I can keep staff on furlough for now but I don't know how it is going to work long-term.*

Some operations, including some hospitality, events planning and photography businesses, were dependent on social gatherings for their income. Lock-down had halted their growth plans. One expressed frustration that:

*I was just launching a new range ... as I had a high level of interest from existing customers and potential new ones. This idea is now on the back burner as no one is having social gatherings and all my orders for the summer were cancelled.*

Some said that the lack of opportunities and facilities to grow their business, such as a shortage of suitable premises locally, presented a challenge. For example, one care setting which had managed to stay open throughout the pandemic under trying conditions told us they would like to grow and extend but:

*There are not a lot of premises to extend our business into.*

Overall, most businesses in the three communities were optimistic despite the challenges of the pandemic. Their plans to adapt and to grow were striking, although there were some warning signs that the infrastructure to support expansion are challenging.

## 8. Conclusion

The south Wales valleys is sometimes perceived as a challenging place for business. The current policy focus on the foundational economy has helped underscore the extent of business activity that takes place in localities that are viewed as economically disadvantaged. It is said to have considerable potential to regenerate such areas, yet to grasp the potential of the foundational economy will require different, tailored approaches from previous economic development measures.

We found that in three distinct, small communities in the south Wales valleys, the vast majority of businesses are small and micro enterprises and self-employed people, who form the backbone of the hyper-local economy. Although turnovers are not generally high, they are enough for many businesses to be well established and for a significant proportion to have plans for expansion and growth. A number of newer businesses have opened in the last few years, especially in Treharris and Cwmafan. Some businesses we spoke to had been operating for over two decades, especially in Treherbert; evidence of an ability for some to survive multiple periods of economic uncertainty.

The coronavirus pandemic had a real impact on these businesses, in a multitude of ways. It highlighted the importance of many foundational businesses to essential activities and services, while conversely, other foundational businesses effectively experienced suspended animation. Even with the same foundational sectors, some businesses have had greatly different experiences, ranging from a boom in business to total cessation of demand. Some businesses we spoke to could adapt quickly and continue trading, while others struggled to do so. Confidence about the future amongst some, was high and generally optimistic they could bounce back from the effects of the pandemic. For those businesses that depend upon social gatherings or close contact, they were cautious about how and when a return to 'normal' would happen for them.

As a result of the pandemic, a large proportion of businesses were reliant on financial support scheme provided by the Welsh and UK government. Yet a surprising number of businesses demonstrated a lack of awareness about support available and spoke of the difficulty they encountered in finding navigating support and advice, suggesting a need for more or different types of support.

To realise the potential of the foundational economy, the business profile of smaller communities – small and micro-businesses and the self-employed - must be the focus of support and interventions and how they are targeted and delivered. Grasping the potential of the foundational economy requires local businesses with the skills, capital, ambition, and support to spot and develop new opportunities. Businesses across the three towns highlighted the need for a networks, forums and opportunities to work together for shared interests and support. Given the number of small communities, like the ones in this paper, that exist throughout Wales, there is an opportunity to gear support for the foundational economy to smaller places, to ensure that all places have the opportunity to grasp its potential.

# Appendix 1 - Community Profiles

## Treharris

Situated at the southern end of the county borough of Merthyr Tydfil in the Taff valley, the community of Treharris comprises the villages of Treharris, Edwardsville and Quakers Yard, with a population of 7,705. Treharris is the largest settlement and where the majority of the businesses and community assets are located.

There was a broad consensus amongst many community stakeholders that we spoke to that Treharris has struggled over recent decades due both to the legacy of the closure of the mines and as a result of the 2008 economic crisis and subsequent downturn. However, they also view the community as tight knit and one in which people will help each other. Indeed, there is a sense that these challenges have highlighted the ongoing importance of community involvement and engagement. Some community members indicated a perception that nearby Nelson (in neighbouring Caerphilly county borough) has better facilities despite the smaller population and that trade from Treharris is being lost to other localities nearby.

Some community members outlined concerns that whilst there is a lot of community activity, it tends to be the same people that are involved and that it is hard to engage new people especially those who are not young or retired.

Despite a fairly well populated high street, some foundational shops and services are closing such as the post office, butcher (which sold produce from a local farm co-operative) and bookmaker. Whilst there have been new businesses opening (mainly hairdressers and takeaways) there is a worry that too many of them is not sustainable in the long term. Another widely held belief is that the area does not get the same level of attention in terms of funding and cultural events as Merthyr Tydfil despite the recent investments from Merthyr Tydfil County Borough Council.

### A Brief History

Until the mid-19<sup>th</sup> century Treharris was mainly rural with a few scattered farms and communal life centred on the parish of Llanabon. The main source of employment was farming and the population would have numbered no more than around 500 people.

Industrialisation began apace after the sinking of a mineshaft by F.W Harris (hence the name Treharris or Harris' town) in 1872. This mine became Deep Navigation and was followed by Taff Merthyr in 1926 and finally Trelewis Drift in 1954. Trelewis Drift closed in 1989, Deep Navigation in 1991 and finally Taff Merthyr in 1993. It was during this rapid expansion that many of the civic amenities were built such as Treharris library (1909), Treharris park (1912), the Boys and Girls Club (1923) as well as a dance hall and cinema that was demolished in 1995 (despite local protests) and most of the terraced housing that still exists today.

The employment and wealth generated from the pits helped to create a thriving community. Fox Street, which serves as the main high street, was one of the longest in Britain and many came from the surrounding villages to shop and socialise there. The community had four railway stations, three banks and four shoe shops. However, reliance on mining meant that pits closures resulted in severe consequences locally. Jobs became scarce, people commuted further away and Treharris, like many ex-mining communities, suffered from increased levels of deprivation and ill health.

In 2001 Treharris was designated a Communities First area as part of the national Welsh Government scheme to regenerate areas of deprivation (according to the Welsh Index of Multiple Deprivation). The scheme was scrapped in 2017. More recently, Merthyr Tydfil County Borough Council has invested in specific regeneration projects including improving the bus stop and providing refurbishment grants to local businesses. In 2008 a new primary care centre was also built.

## Treherbert

Treherbert is located at the top of the Rhondda Fawr valley. The community consists of the villages of Treherbert, Blaencwm, Blaenrhondda, Tynewydd and Pen-y-Englyn. It is located in the Rhondda Cynon Taff Council (RCT) county borough area and has a population of around 5,440. Treherbert is the biggest of the villages with a high street and train station. The villages, typical of those in the Rhondda Valleys, hug each other tightly giving the impression of one continuous development. However, each area has its own sense of tight knit community. Most now look to Treherbert or more recently Treorchy as the nearest the commercial or social centres. Overlooking the community are the steep sided valleys that were scarred by industrial activity but now offer opportunities for people reconnect with nature.

Speaking to local residents, it is perhaps unsurprising that issues related to deprivation and economic challenges sometimes come up. People are proud of the community and its heritage but realistic about the challenges it faces too. The geography of Treherbert seems to be a factor in a feeling cut off and isolated from the rest of the valley and at times feel overlooked by some bodies and agencies. The recent success of Treorchy being named high street of the year has met mixed reception. Some hope it will have a knock-on effect and help regenerate Treherbert - others see it as a magnet sucking jobs and trade away.

Many see Treherbert as having a tight knit community, but some local changes are perceived as putting strain on this. Substance abuse issues and associated anti-social behaviour were cited by some people and disruptive and contributing to a sense of feeling less safe.

## A Brief History

Until the mid-19<sup>th</sup> century Treherbert consisted of scattered farms and isolated houses with no more than a few hundred people residing over the whole area. This changed with the sinking of the first test pit in Treherbert in 1851 (hence the name of the area – the village or hamlet of Herbert (the ancestral name for the Bute family who owned the land)) that became operational in 1855 as the Bute Merthyr Colliery. This was quickly followed by a number of other collieries such Lady Margaret in 1853, Ynysfeio in Pen-yr-Englyn in 1859, Fernhill in Blaenrhondda in 1869 and Hendrewen (Glen Rhondda) in Blaencwm in 1899. So by 1900 every village had a pit that was each employing hundreds, sometimes thousands of people. As the population grew so did the civic amenities – rows of terraced houses, railway stations, post offices, pubs, churches and libraries – even trams came to Treherbert in 1908.

But as the mines closed, the last being Fernhill in 1979, this wealth dried up. Well paid employment became scarce and levels of deprivation rose. Whilst there are still more people employed in manufacturing than the Welsh average in Treherbert (17.8 compared to 10.5) it can never hope to match the past levels of employment in this industry. Only Everest Windows and Thomas Lloyd furniture makers remain as local larger scale manufacturers. As such the area suffers from challenges common to ex-industrial areas. Treherbert has higher levels of economic inactivity than the Welsh average (42.5% compared to 34.2%), significantly higher levels of people claiming employment benefits (19% compared to 2.5%) and higher levels of people with bad or very bad health (13% compared to 7.6%).<sup>1</sup>

## Cwmafan

Cwmafan is located at the bottom end of the Afan valley 2 miles north of Port Talbot and the M4 motorway. The community is made up of the villages of Cwmafan (also known by its English spelling Cwmavon) and Bryntroedygarn (known locally as Bryn) but Cwmafan itself is an amalgamation of many smaller villages such as Pant du, Ponrhydyfen (known locally as Oakwood), Pwlllyglaw and Ynysygwas. The total population is 5,336. Both Oakwood and Bryn are separate and distinct communities. Oakwood is located approximately half a mile north of Cwmafan on the same road (B4286), Bryn is the larger of the two and located a mile east of Cwmafan on the B4282. The mouth of the Afan valley is wide and the valley sides not as steep as those found in settlements higher up valleys. The area is surrounded by countryside with little evidence of its once industrial past.

Many local people see each community as being separate – with many referring to Port Talbot as ‘town’ due to its close proximity. There is a perception is that both Bryn and Oakwood have aging populations. However they have only a slightly higher population of people aged between 45-64 and those over 65 match the Welsh average. It has a slightly

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<sup>1</sup> <http://www.understandingwelshplaces.wales/en/compare/W38000056/>

lower population aged between 16 and 24 (9.7% compared to 11.3%).<sup>2</sup> Also while many speak of the area being less deprived than others and it has good transport links to the M4, there is a lack of employment opportunities in Cwmafan itself. However, there is a realisation that Cwmafan is faring better than the communities further up the Afan valley. Some residents suggested that that the ending of Communities First had negative effect on community activity. Its successor, Communities for Work, is focussed employment advice and support.

There is a vibrant active community in Cwmafan centred on activists who are investing significant time and energy in improving the community and creating activities and cohesion. There is much discussion, from social landlords to community activists and elected officials, on how best to help improve the long-term wellbeing of Cwmafan by allowing local people to help themselves.

### A Brief History

Historically the whole community was covered by thick forests with scattered farms and a few basic dwellings. In 1801 the population of the parish of Cwmafan was measured at around 250. However, the area was rich in minerals which were soon exploited with rapid industrialisation. A blast furnace was erected in the parish in 1819 quickly followed by the construction of workers' cottages and a chapel. By the middle of the nineteenth century the population had expanded to around 5000, the railways arrived and there was another blast furnace operating in Oakwood as well as a tin works. The English Copper Company opened a copper works (around Pant du, now a housing estate) and chemical plant in Cwmafan.

Cwmafan did not industrialise to the same extent as towns like Treherbert (the population peaked at 6,000 and currently stands around 5,300) and as the local works began to close, Port Talbot steelworks began to grow to international importance only two miles away. The railway closed in the 1960s but in the same decade the M4 was built which put Cwmafan relatively close to a major economic artery.

Nevertheless, there are a higher number of semi-skilled or unskilled workers (35% compared to 29%) compared to the Welsh average and people with higher longer-term health problems which highlights that Cwmafan faces some challenges.<sup>3</sup> Indeed, parts of Cwmafan are considered amongst the most deprived in Wales.

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<sup>2</sup> <http://www.understandingwelshplaces.wales/en/compare/W37000164/>

<sup>3</sup> <http://www.understandingwelshplaces.wales/en/compare/W37000164/>

## Appendix 2 - Business survey

1. Please tell us the name of your business
  
2. Which of the following categories best describes what your business does? Please tick the one that applies
  - a. Food retail
  - b. Other retail
  - c. Café/restaurant/takeaway/pub
  - d. Hotel/b&b/other accommodation
  - e. Manufacturing
  - f. Hair and beauty
  - g. Other construction
  - h. Real estate
  - i. Finance and insurance
  - j. Transport and storage
  - k. Sports, arts, entertainment or tourism
  - l. Health, care and support services
  - m. Scientific or technical services
  - n. Agriculture, forestry or fishing
  - o. Other – please specify
  
3. At the end of February 2020 how many staff did you employ? Please tick the one that applies
  - a. None – I am a sole trader
  - b. 1-9 (micro business)
  - c. 10-49 (small business)
  - d. 50-249 (medium business)
  - e. 250+ (large business)
  - f. Don't know or prefer not to say
  
4. Which of the following options best describes your business? Please tick all that apply
  - a. Sole trader/freelance/self-employed
  - b. Private company limited by shares
  - c. Public limited company
  - d. Company limited by guarantee
  - e. Branch
  - f. Franchise
  - g. Community Interest Company/co-operative/registered charity
  - h. Other – please tell us more

5. Which of the following best describes your role in the business? Please tick the one that applies
- a. Owner/owner manager
  - b. Manager/supervisor
  - c. Employee
  - d. Apprentice or trainee
  - e. Unpaid family member or unpaid volunteer
  - f. Other – please tell us more

#### The impact of coronavirus

6. As of May 1<sup>st</sup> were you still trading?
- a. Yes
  - b. No, closed temporarily
  - c. No, closed permanently
7. During the coronavirus outbreak, have your business activities changed in any way? Please tick all that apply
- a. We have introduced new products or services
  - b. We have reduced our range of products or services
  - c. We have introduced or increased phone, internet or mail order sales
  - d. We have switched to remote/home working
  - e. No changes
  - f. Please tell us more about how your business has changed
8. Thinking about your workforce, which of the following describe how the business has coped with the impact of coronavirus?
- a. Increased working hours
  - b. Decreased working hours
  - c. Recruited new employees
  - d. Furloughed employees
  - e. Laid off employees
  - f. No changes to the workforce
  - g. Other – please specify
9. Thinking about the financial performance of the business, in the last month has it been
- a. Better than expected
  - b. As expected
  - c. Worse than expected

10. Have you applied for any financial help for your business? Please tick each scheme you have applied to and if it has been approved
- a. UK Government job retention scheme (furlough)
  - b. Welsh Government business grant for retail, leisure and hospitality (administered via your local authority)
  - c. Welsh Government grant for businesses eligible for small business rates relief (administered via your local authority)
  - d. Welsh Government economic resilience fund
  - e. Business interruption loan scheme (British Business Bank)
  - f. UK Government bounce back loan
  - g. Development bank for Wales loan
  - h. Don't know
  - i. No help applied for
  - j. Other – please specify
11. Prior to the coronavirus did you have plans to grow your business over the next 12 months?
- a. Yes definitely
  - b. Yes possibly
  - c. No
  - d. Don't know
12. How were you planning to change your business? Please tick all that apply and tell us more in the box below
- a. Change products or services
  - b. Change ways of working e.g. new equipment or processes?
  - c. Change premises
  - d. Change customers/contracts
  - e. Change major suppliers
  - f. Change ownership/management
  - g. Don't know/Don't want to say
  - h. Please tell us more \_\_\_\_\_
13. How has the coronavirus affected your business growth plans? Please tick all that apply
- a. Too early to say
  - b. Plans are on hold for now
  - c. Business is contracting
  - d. The business is growing
  - e. Survival is now the priority
  - f. Other – please tell us more \_\_\_\_\_

14. How long have you been established in (x town)? Please tick the one that applies
- Under 12 months
  - 12 months to 3 years
  - 4-9 years
  - 10-20 years
  - 21+ years
  - Don't know
15. Do you keep in touch with other businesses in (x town)? Please tick the one that applies and please tell us more in the box below
- Have regular contact with other businesses in the area
  - Have occasional contact with other businesses in the area
  - Have little contact with other businesses in the area
  - Have no contact with other businesses in the area
  - Please tell us more \_\_\_\_\_
16. To what extent do you feel you have a shared interest with other businesses in the area?
- (a sliding scale from 0-100)
17. To what extent is (x town) a good place for your business to be?
- (a sliding scale from 0-100)
18. Please tell us what are your top three benefits of being a business in (x town)
19. Please tell us what are your top three disadvantages of being a business in (x town)
20. What changes, if any, would help improve your business prospects and activities?  
Please tell us more below
21. What is your approximate annual turnover?
- 0 - £25,000
  - £25,001 - £75,000
  - £75,001 - £150,000
  - £150,001 - £250,000
  - £250,001 - £350,000
  - £350,001 - £500,000
  - £500,000+
  - Prefer not to say

22. If you would like to be entered into a prize draw to win £100 please leave your contact details. We will use these details to contact you if you win. The draw will be made on Monday 8<sup>th</sup> June
23. Would you also like to receive our fortnightly project updates by email? (You must have entered your details above)
- a. Yes
  - b. No
24. We are continuing our research over the coming months and may wish to contact you for a separate interview. Would you be willing to participate?
- a. Yes
  - b. No