



## **Industrial Communities Alliance Wales**

The all-party association campaigning on behalf of local authorities  
in the industrial areas of England, Scotland and Wales

### **INDUSTRIAL COMMUNITIES ALLIANCE WALES**

#### **VALLEYS TASKFORCE INQUIRY**

1. This response has been drafted at a time when the world is engulfed in the COVID-19 pandemic, which has resulted in much of the economy being shut down and unprecedented levels of government spending to protect jobs and businesses. Estimates vary as to how this will impact on the wider economy but most seem to suggest that a reduction in GDP of around 15% is possible in the short to medium term. It remains to be seen whether large parts of the economy can simply be re-started after a period of hibernation and, crucially, how the massive increase in government borrowing will impact on future spending plans and investment. However, for those regions with weak economies, such as the Valleys, the consequences of this could be severe, adding even more pressure to communities that already have little economic resilience. Any discussion on the future of the Valley's Taskforce and its remit will therefore need to be considered against this backdrop, given the economic uncertainties associated with the eventual outcome of the COVID-19 crisis.
2. At the same time, the crisis has exposed long standing economic inequalities in society, particularly in respect of the insecurities arising from the gig economy as families struggle to maintain their incomes. Ironically, the role of lower paid workers in providing essential goods and services, from food to health care, has also assumed greater significance. With millions of people either temporarily out of work or with significantly reduced incomes, a wider debate on job security and economic resilience, together with issues such as the role of the state seems inevitable. The emergence of a changed economic landscape in the aftermath of COVID-19 is therefore a very real possibility, at least in the short to medium term, and so far as the Valleys are concerned this will be superimposed on an economy already suffering from deep-seated structural problems.
3. **The Welsh Government and its partners need to be prepared for this eventuality and, for this reason alone, more radical**

**alternatives to the Taskforce are likely to be necessary. In essence, the combination of the historical and continuing weaknesses in the Valleys' economy, and the likely onset of an economic recession in the aftermath of the coronavirus pandemic, provides the Committee and the Welsh Government with a blank sheet of paper in terms of its future strategy for the Valleys. (Such is the scale of the economic challenge that memories of social welfare revolution brought about by the Beveridge report in 1942 may need to be invoked?)**

4. However, notwithstanding the impact of the COVID-19 crisis, the fact remains that prior to current events the economic and social base-line indicators for the Valleys continued to reveal significant shortfalls in prosperity and well being when compared to other parts of Wales and the UK. The situation is high-lighted in the report commissioned by the Coalfields Regeneration Trust on the '*State of the Coalfields 2019: Economic and social conditions in the former coalfields of England, Scotland and Wales.*' The report updates the previous 2014 analysis and amongst other matters examines how the former coalfields compare to other parts of the country and to what extent they have benefitted from the economic upturn. The report makes specific references to the South Wales Coalfield and as such it provides a useful starting point for an assessment of the extent to which the Valleys Taskforce has proved effective in terms of addressing the economic and social legacies of the Valleys' industrial past.
5. Whilst the Committee will no doubt be considering the CRT's report in detail, its main conclusions merit repetition given their significance and their role in informing an effective policy response to the regeneration of communities across the Valleys. In this respect, placing the South Wales Coalfield in the wider context of other former coalfield areas is also important in term of helping to define the specific challenges faced by the Welsh Government and others in taking stock of what has been achieved and, specifically, what remains to be done.
6. Returning, therefore, to the strategic questions posed by the CRT, the research concludes that in overall terms Britain's coalfields continue to lag badly behind national averages and behind other parts of the country. This is evident in the weakness of their local economies, the extent of economic and social disadvantage, and the incidence of ill health.. It also finds that a handful of smaller coalfields appear distinctly more prosperous than the rest, though not necessarily lacking in disadvantage at the community, household and individual level.

**Significantly, however, it identifies a number of former coalfields that continue to display signs of acute disadvantage and the former South Wales coalfield, with a population of three-quarters of a million, is quoted as the clearest example.** The headline figures for the South Wales' coalfield could not be clearer in terms of defining the scale of the task facing the Taskforce or its successor:

- *11.2 % (GB average 5.8%) of the total population claim DLA or PIP – that is 86,000 people, of whom 45,000 are of working age.*
  - *Between 2012 and 2017 The South Wales coalfield saw an increase in employee jobs of just 1,000 – growth of just 0.2 % in relation to its working age population (GB average 6,6%).*
  - *The coalfields have only 55 employee jobs per 100 residents of working age, compared to a national average of 73 per 100. South Wales, together with North Wales, has the lowest density with just 42 jobs per 100 residents*
  - *To raise the employment rate in the South Wales coalfield to that of the SE of England would require an additional 38,000 residents in work.*
  - *In the South Wales coalfield, incapacity claimants – 49,000 in all – still account for more than 10 per cent of the working age population.*
  - *Whilst 42% of coalfield neighbourhoods are in the most deprived 30% in Britain, the proportion for the South Wales coalfield is 52%.*
7. It is clear from the above, therefore, that that the much-documented structural weaknesses in the economy of the Valleys remain very much in evidence, despite the efforts of the Taskforce and previous initiatives. Regrettably, there is little evidence to suggest that it has been able to bring about a significant change to peoples' lives, and without a step change in the allocation of resources and a greater political focus on closing the prosperity gap there would seem to be little prospect of it being able to do so. Furthermore, the long history of interventions in the Valleys clearly demonstrates that there is no 'quick fix' for bringing about their regeneration and talk of additional short-term measures before 2021 seems wholly inappropriate given the need to find long-term, sustainable solutions.

8. The events emanating from the COVID-19 pandemic serve to underline the long-standing mantra that economic resilience needs to be at the heart of any regeneration strategy, aimed at ensuring that communities become less vulnerable to external shocks through the building of broader based, local and sub-regional economies. This requires a much greater focus on stimulating indigenous growth, avoiding an over dependence on the growth of lower paid service and retail sector jobs in nearby cities which, increasingly, looks unsustainable. Better quality and more secure jobs closer to home, with an emphasis on enhancing and retaining local spending power, should figure prominently in the vision. Such strategies also need to ensure that the benefits arising from economic growth are both sustainable and spread equitably across all communities. These are all high-level objectives which need to be embodied in a rigorous and focused policy formulation and delivery mechanism which, regrettably, the Valleys' Taskforce is unable to provide.
9. Fundamentally, any future approach needs to have its foundations rooted in the following:
  - Recognising and accepting the scale of the challenge: the jobs shortfall in the Valleys is at least 38,000 and GVA per head in the Gwent Valleys is just £15,000 compared to over £26,000 in nearby Cardiff and the Vale of Glamorgan.
  - Recognising that closing the jobs and prosperity gap requires unswerving political commitment to the Valleys with ring-fenced and multi annual budgets at a scale capable of delivering a step change in investment and the funding of public services.
  - Recognising that the process of ensuring a greater focus on the Valleys will in turn require a commitment to devolving decision making to a dedicated and legally constituted body/authority with the overall responsibility for formulating and delivering a Valleys' strategy; this could be in the form of a local authority-led, and democratically accountable, development board, corporation or agency.
10. Turning to the issue of where the focus of future policy should rest, previous Valleys' programmes have suffered from the duplication and overlapping of initiatives, resulting in a lack of focus, geographically and otherwise. The Taskforce has to deal with the same shortcomings with, for example the overlapping Tech Valleys and City Deal and the

plethora of Town Centre investment initiatives. The definition of its spatial priorities has also lacked rigour and it remains unclear as to how they relate to the wider development strategy. The review of the Taskforce and its remit provides the Welsh Government with an opportunity to address these shortcomings while at the same time ensuring that its headline initiatives, such as the foundation economy and the South Wales Metro, remain at the heart of a long term strategy which is looking ahead in relation to issues such as the impact of the low carbon economy, the onset of artificial intelligence and, of course the fall-out from the COVID-19 crisis. Specifically, the approach should focus on the following:

- Delivering clear spatial priorities which recognize the geographical and economic relationships within the Valleys and with the surrounding areas;
- Prioritising the completion of the South Wales Metro project to transform connectivity within and between the Valleys and to Cardiff, Newport and Swansea, ensuring that services are both affordable and locally accessible
- Designating a limited number of anchor towns, as proposed by the Bevan Foundation, as focal points for investment, employment, education and core public services;
- Investing in, and maximizing the benefits of, the foundation economy by prioritising actions which impact on the 40% of the workforce employed in delivering local goods and services;
- Recognising the continuing significance of the manufacturing sector within Valleys with the formulation of a dedicated manufacturing strategy to exploit the opportunities presented by the low carbon economy in particular;
- Recognising that an estimated 60 per cent of occupations have at least 30 per cent of activities which could be automated with already-proven technologies: as tasks are automated, work is likely to be redefined and the quality of work should therefore be a key focus of policy;
- Closing the qualifications and skills gap with more investment in apprenticeships, higher apprenticeships, further and higher education, which in turn will help to widen quality job

opportunities whilst boosting earning potential, disposable incomes and spending power in the local economies.

- Maximizing the benefits of the £1bn investment in the A465 Heads of the Valleys Road with a complementary development strategy for the corridor, encompassing investment in anchor towns, business infrastructure, public transport links and housing.

Some of these principles are already embedded in Welsh Government policy, but in the post-Valleys Taskforce era they need to be pursued with greater intensity and, above all, significantly more investment.

11. Given the context in which this response has been drafted, and the fact that the eventual outcome of the COVID-19 crisis remains unknown in terms of its scale, longevity and geographical impact, it could well be that the Committee concludes that its inquiry has been overtaken by events such as the magnitude of the resulting challenges facing the Valleys and the country as a whole. However, the central themes of the Alliance's submission are expected to remain valid, although the resources, timescales and organizational reforms required to deliver them could change very significantly.

*The Industrial Communities Alliance is the all-party association of local authorities in the industrial areas of England, Scotland and Wales. The Alliance was formed in 2007 by the merger of longer-standing associations dating back to the 1980s. Its role is to deliver funding and policies to enable economic, social and environmental renewal in the cities, towns and communities covered by its member authorities. Its local authority membership in Wales comprises: Blaenau Gwent CBC, Torfaen CBC, Caerphilly CBC, Merthyr Tydfil CBC, Neath Port Talbot CBC, Rhondda Cynon Taf CBC, Bridgend CBC, Carmarthenshire CC and Powys CC.*