

FIVE COUNTIES REGENERATION FRAMEWORK: FINAL REPORT

February 2002

Submitted to:

THE WELSH ASSEMBLY GOVERNMENT

THE ALL WALES STEEL TASK FORCE

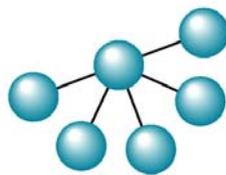
BLAENAU GWENT COUNTY BOROUGH COUNCIL

CAERPHILLY COUNTY BOROUGH COUNCIL

MONMOUTHSHIRE COUNTY COUNCIL

NEWPORT COUNTY BOROUGH COUNCIL

TORFAEN COUNTY BOROUGH COUNCIL



SHARED INTELLIGENCE

**King Sturge
David Lock Associates
Oscar Faber
Newidiam**

TABLE OF CONTENTS

1	<u>INTRODUCTION</u>	1
2	<u>THE FIVE COUNTIES TODAY</u>	2
	<u>POPULATION</u>	2
	<u>DEPRIVATION</u>	2
	<u>UNEMPLOYMENT AND ECONOMIC ACTIVITY</u>	3
	<u>EDUCATIONAL PERFORMANCE</u>	5
	<u>WORKFORCE QUALIFICATIONS AND SKILLS</u>	6
	<u>PARTICIPATION IN LEARNING AND TRAINING</u>	7
	<u>HEALTH AND CARE</u>	8
	<u>EMPLOYMENT AND INDUSTRIAL STRUCTURE</u>	9
	<u>VAT REGISTRATIONS AND INWARD INVESTMENT</u>	12
	<u>EARNINGS AND GDP</u>	13
	<u>PROPERTY</u>	14
	<u>DIGITAL TECHNOLOGY</u>	17
3	<u>A VISION FOR THE FUTURE</u>	20
	<u>KEY DRIVERS OF CHANGE</u>	20
	<u>ALTERNATIVE FUTURES</u>	21
	<u>THE PREFERRED SCENARIO: “FIVE COUNTIES: SMART, SUCCESSFUL AND CONNECTED”</u>	23
4	<u>THE NATIONAL AND REGIONAL POLICY CONTEXT</u>	26
	<u>NATIONAL POLICY CONTEXT</u>	26
	<u>ELEMENT 1: SUPPORTING BUSINESSES</u>	26
	<u>ELEMENT 2: ENCOURAGING INNOVATION</u>	27
	<u>ELEMENT 3: ENCOURAGING ENTREPRENEURSHIP</u>	27
	<u>ELEMENT 4: SETTING A FRESH DIRECTION</u>	27
	<u>ELEMENT 5: ESTABLISHING WALES IN THE WORLD</u>	27
	<u>ELEMENT 6: DEVELOPING A LEARNING COUNTRY</u>	27
	<u>ELEMENT 7: CREATING STRONG COMMUNITIES</u>	28
	<u>ELEMENT 8: IMPROVING TRANSPORT</u>	28
	<u>ELEMENT 9: SUPPORTING RURAL WALES</u>	28
	<u>ELEMENT 10: PROMOTING INFORMATION AND COMMUNICATION TECHNOLOGIES</u>	28
	<u>REGIONAL POLICY</u>	29



CONTEXT 29

5	<u>THE REGENERATION PRINCIPLES</u>	30
	<u>PRINCIPLE 1: CREATE A SUSTAINABLE KNOWLEDGE BASED ECONOMY</u>	30
	<u>PRINCIPLE 2: ESTABLISH AN INTEGRATED, WELL-CONNECTED SUB-REGION</u>	31
	<u>PRINCIPLE 3: BUILD A LIFELONG LEARNING CULTURE</u>	32
	<u>PRINCIPLE 4: RE-ESTABLISH OUR TOWNS AS CENTRES OF ECONOMIC ACTIVITY</u>	32
	<u>IMPLICATIONS FOR SPATIAL PLANNING POLICY</u>	33
6	<u>STRATEGY AND ACTION PLAN</u>	35
	<u>ELEMENT 1: SUPPORTING BUSINESSES</u>	35
	<u>ELEMENT 2: ENCOURAGING INNOVATION</u>	44
	<u>ELEMENT 3: ENCOURAGING ENTREPRENEURSHIP</u>	45
	<u>ELEMENT 4: SETTING A FRESH DIRECTION</u>	4748
	<u>ELEMENT 5: ESTABLISHING THE FIVE COUNTIES IN THE WORLD</u>	4849
	<u>ELEMENT 6: DEVELOPING A LEARNING COUNTRY</u>	5556
	<u>ELEMENT 7: CREATING STRONG COMMUNITIES</u>	5758
	<u>ELEMENT 8: IMPROVING TRANSPORT</u>	6062
	<u>ELEMENT 9: SUPPORTING RURAL WALES</u>	6365
	<u>ELEMENT 10: PROMOTING INFORMATION AND COMMUNICATION TECHNOLOGIES</u>	6567
7	<u>IMPLEMENTATION</u>	6870
	<u>FIVE COUNTIES REGENERATION FORUM</u>	6870
	<u>ANNUAL ROLLING THREE YEAR JOINT REGENERATION PROGRAMME</u>	6870
	<u>THE FIVE COUNCILS</u>	6971
	<u>THE WELSH DEVELOPMENT AGENCY</u>	6971
	<u>ELWA/THE FIVE CCETS</u>	6971
	<u>SOUTH EAST WALES REGIONAL TOURISM PARTNERSHIP</u>	6971
	<u>THE NEWPORT URBAN REGENERATION COMPANY (NURC)</u>	7072



1 Introduction

1.1 The reductions in steel manufacturing at the Corus works at Llanwern, the closure at Ebbw Vale, and other major reductions in manufacturing employment are bringing fundamental changes to the structure of the economy of the Five Counties – Torfaen, Caerphilly, Monmouthshire, Newport and Blaenau Gwent. Those who are being made redundant, and their families, face immediate, dramatic changes in their lives. Many have found new jobs, but some have not. For the Five Counties as a whole, the Corus closures, and other reductions in manufacturing, point to the need for a new future if the sub-region is to flourish.

1.2 The Corus closures announced in early 2001, led to the Welsh Assembly Government, on behalf of the Five Counties, the Welsh Development Agency, and ELWa, commissioning the preparation of the Five Counties Regeneration Framework. In addition detailed Programmes were commissioned for Blaenau Gwent and Newport.

1.3 This is the Final Report of the Five Counties Regeneration Framework prepared by Shared Intelligence. It is based on an extensive programme of research and consultations. Elected members and officers from the four County Boroughs and Monmouthshire County Council, Welsh Assembly Government Members, officials from the Welsh Development Agency (WDA), ELWa, and many other stakeholders have made important contributions to the Framework. Indeed, these contributions are the strength of the Framework. Three workshops assessed the current challenges facing the Five

Counties, devised a vision for the Five Counties in 2011, and considered the main elements of the Framework. In addition, we have met separately with various groups, elected Borough Council Members and officers on several occasions.

1.4 In this Final Report, we summarise the challenges and opportunities facing the Five Counties. We outline a Vision for 2011 - "The Five Counties: Smart, Successful and Well Connected", the broad principles of the Regeneration Framework, and the key projects necessary to translate this Vision into reality. Some of the projects identified in the report are underway; many others are new. We identify the next steps to progress the new projects. We present a summary of **funding** principles and requirements in a separate document.

1.5 This Report summarises Shared Intelligence's recommendations on how best to **regenerate the Five Counties economy**. We are pleased that the First Minister's recent 'Anniversary' statement has drawn on this Report to identify the top priorities for action and to provide the funding to meet them. For the future, we hope that the Framework will continue to provide a reference point for important investment decisions of all the Team Wales players operating in the Five Counties. This will be the true test of this innovative approach to agreeing joint action in the pursuit of widely owned joint goals.

1.6 A separate Supplementary Report includes all the technical studies which were prepared in support of this Regeneration Framework.



2 The Five Counties Today

Population

2.1 The sub-region's population accounts for approximately 19% (557,500) of the Wales total compared to 11% in Cardiff. Together, Newport and Caerphilly account for 55% of the sub-region's population. Population loss has occurred in the valley communities whilst growth has taken place in Newport in addition to Monmouthshire which is seen as an attractive place to live. De-population in the valleys reflects a steady flow of out-migration resulting from declining economic opportunities.

2.2 South East Wales is characterised by an ageing population. Between 2000 and 2016 the number of people of retirement age is projected to increase by 23%, with a 14% decline forecast for those aged under 16. Looking at population by ethnicity shows that the only area with a significant ethnic minority population is Newport, 3.5%, which is second in Wales to Cardiff, which has an ethnic minority population of 6.2% (Source: Population Trends 105, Autumn 2001). Torfaen and Blaenau Gwent have ethnic minority populations of 0.7% and 0.5% respectively.

Population Change in the Five Counties

Area	Population	% change 1991-2000 (Wales 1.9)
Blaenau Gwent	71,200	- 2.4
Caerphilly	170,500	- 0.6
Monmouthshire	87,400	8.8
Newport	138,500	1.1
Torfaen	89,900	- 1.7
TOTAL	557,500	

Source: 2000 Mid-year population estimates, ONS

Deprivation

2.3 Levels of affluence vary significantly within the sub-region. There are high levels of deprivation and social exclusion in the valley communities in Blaenau Gwent, Caerphilly and Torfaen. In 2000, four of the 20 most deprived Electoral Divisions in Wales were in the sub-region (Source: Welsh Index of Multiple Deprivation, 2000). These are New Tredegar in Caerphilly (9), Pillgwenlly in Newport (15), Aberbargoed in Caerphilly (16) and Darran Valley in Caerphilly (20).

2.4 Caerphilly has the largest number of wards within the top 100 most deprived wards within Wales, thirteen (36% of Caerphilly's wards), followed by Blaenau Gwent which has seven wards (44% of Blaenau Gwent's wards). Newport has four of the 100 most deprived wards in Wales with two being within the 25 most deprived wards in Wales. Torfaen has two very deprived wards and Monmouthshire has no wards which fall within the 100 most deprived wards in Wales.



Most Deprived Wards in the Five Counties

Area	Ward	Index of Multiple Deprivation Score	Rank of Index of Multiple Deprivation (865 least deprived)	Most Deprived Wards within Sub Region
Blaenau Gwent	Nantyglo	57.82	25	7
	Tredegar Cent & West	51.04	43	12
	Llanhilleth	50.40	47	13
	Sirhowy	49.44	50	14
	Rassau	41.11	87	22
	Cwmtillery	40.78	89	24
	Blaina	39.44	98	26
Caerphilly	New Tredegar	65.50	9	1
	Aberbargoed	63.50	16	3
	Darran Valley	60.81	20	4
	Twyn Carno	60.37	21	5
	Tir-Phil	55.44	28	9
	Pontlloftyn	53.68	35	10
	Bargoed	49.27	52	16
	Moriah	49.17	53	17
	Argoed	45.48	72	19
	Hengoed	42.35	89	24
	Aber Valley	41.11	86	21
	Gillfach	40.85	88	23
	Abertysswg	40.21	92	25
Newport	Pillgwenlly	63.71	15	2
	Tredegar Park	58.79	23	6
	Bettws	49.31	51	15
	Ringland	42.06	82	20
Torfaen	Trevethin	55.62	27	8
	St Cadocs & Penygarn	47.12	57	18

Source: Welsh Index of Multiple Deprivation, 2000 Edition

Unemployment and Economic Activity

2.5 Since the late 1990s, unemployment in the sub-region has been declining steadily. In October 2001, claimant unemployment was 4%, just above the Welsh average of 3.8% and higher than the UK rate of 3.2%. However, this rate conceals substantial variations in unemployment with Blaenau Gwent unemployment at 6.8% followed by Caerphilly at 4.8% and Monmouthshire at just 2.1%. Although unemployment rates are relatively low in Monmouthshire, the wages of those working in agriculture and related industries are also low.

2.6 There are high levels of youth unemployment in the sub-region, with 30% of the unemployed being young people aged under 25 years compared to 26% for the UK as a whole. This proportion partly reflects the lack of opportunities and

partly reflects poor levels of educational attainment in addition to other socio-economic disadvantages and barriers. At 34% and 32% respectively, Caerphilly and Torfaen have the highest rates of youth unemployment in the sub-region.

2.7 There are also high levels of longer-term unemployment particularly in Blaenau Gwent and Newport where 40% and 35% of the unemployed respectively, compared to the Wales and England averages of 34% and 36%, have been unemployed for more than six months. Additionally, almost a quarter of the unemployed in Blaenau Gwent and a fifth of the unemployed in Newport have been unemployed for over a year. There are also very low levels of self-employment in Blaenau Gwent.



Unemployment in the Five Counties

Area	Unemployment rate (claimant count) October 2001 % *	Unemployed aged under 25 years % *	Unemployed over six months % *	Unemployed over 1 year % *	Economic activity rate March 99 to Feb 2000 % **
Blaenau Gwent	6.8%	29%	40%	23%	67.5%
Caerphilly	4.8%	34%	29%	15%	75.1%
Monmouthshire	2.1%	28%	28%	16%	79.9%
Newport	3.4%	26%	35%	19%	77.0%
Torfaen	3.1%	32%	30%	15%	72.2%
Wales	3.8%	29%	34%	19%	73.8%
England	3.2%	26%	36%	19%	78.5%

Source: *Benefits Agency Administration System
Source: ** Labour Force Survey

2.8 Economic activity rates (people working, unemployed or seeking work as a proportion of those who could be working) in Wales are also low generally. UK economic activity rates have been rising, with workforce participation standing at 78.5% in 2000. However, both Wales (74%) and SE Wales (73%) lag significantly behind the UK level. High levels of long-term sickness in industrial Valley communities contribute to especially low activity rates in Blaenau Gwent (67.5%) followed by Torfaen (72.2%).

2.9 Over the longer term, the economic activity rates of men are declining slightly. Conversely, female activity rates are increasing as more women enter the labour force. While poor health (especially amongst men) is the main reason for economic inactivity, other significant reasons include childcare issues, caring responsibilities, a lack of desire for work or a lack of need to work. Overall, the low economic activity rates reflect an imbalance in economic opportunity, which the Objective 1 programme is tackling.

2.10 The immobility of labour has a major impact on unemployment levels and economic performance. Some local labour markets in South East Wales are very small and isolated with low levels of commuting to locations with growing economies and employment opportunities. Whilst this may be a consequence of access problems and the high costs of travel, out-commuting from the Valleys has generally been increasing recently. For example, some 40% of residents from Caerphilly work outside the unitary authority in Newport or Cardiff.

2.11 For many of those Corus workers made redundant, in order to remain with the firm, they will have to move home. Others will have to commute long distances. Those losing their jobs in Llanwern may find employment in the relatively buoyant local labour markets or the wider South East Wales economy. For workers at Ebbw Vale, the situation is more difficult due to the poor state of the local economy and its geographical isolation. To date, there has been a reluctance to take up other opportunities offered by Corus (e.g. at the Trostre works) although some have moved.



Educational Performance

2.12 The valley communities are generally characterised by particularly poor levels of educational attainment. In contrast, Monmouthshire was the only county in the sub-region in 2001 to exceed the Welsh and England averages of 50% for GCSE performance.

2.13 Although the proportions are rising, only 42% of pupils in Blaenau Gwent and Caerphilly gained five or more GCSEs at grades A*-C. They are followed by Newport and Torfaen where 45% and 46% respectively of pupils gained five or more GCSEs at grades A*-C. Blaenau Gwent is also the worst performing authority at A-level with the average point score at A-level being 13 points. The point scores in all the other authorities are in line with the Wales average of 17 and slightly below the England average of 17.4.

2.14 Looking at performance at Key Stages 1, 2 and 3 in 2001 confirms Blaenau Gwent as the worst performing authority overall although there has been an improvement on results achieved in 2000. It has the lowest score in all Key Stages in English, maths,

and science except for Key Stage 3 science where Newport has the lowest proportion of pupils achieving level 5 or above. Blaenau Gwent is followed by Caerphilly, Torfaen and Newport with Monmouthshire, again, being the best performing authority.

GCSE and A Level Attainment in the Five Counties

Area	5 GCSEs grade A*-C	Average point score for 2+ A or AS levels
Blaenau Gwent	42%	13
Caerphilly	42%	17
Monmouthshire	53%	17
Newport	45%	17
Torfaen	46%	17
Wales	50%	17
England	50%	17.4

Source: Welsh Assembly Government, November 2001

Key Stage Attainment in the Five Counties

Area	KS1 English	KS1 Maths	KS1 Science	KS2 English	KS2 Maths	KS2 Science	KS3 English	KS3 Maths	KS3 Science
Blaenau Gwent	79	87	85	70	66	74	52	54	58
Caerphilly	81	89	87	74	72	81	56	56	59
Monmouthshire	89	96	94	83	82	85	70	67	72
Newport	88	93	91	75	73	82	59	57	56
Torfaen	84	93	90	73	69	80	59	60	58
Wales	83	92	88	77	74	82	62	62	63
England	85	89	89	74	70	87	65	68	64

Source: Welsh Assembly Government, November 2001

2.15 Low levels of educational attainment are related to high levels of poverty and social deprivation. Indeed, this relationship is reflected at a community level where the low performance of particular schools can be indicative of the deprivation, which characterises surrounding residential areas – though NFER value-added indicators suggest that some apparently poorly performing schools do

outperform their expected results at GCSE level (e.g. Tredegar School in Ebbw Vale). Nonetheless, in Blaenau Gwent it is estimated that 30% of new entrants to two secondary schools in Ebbw Vale are two or more years behind their chronological reading age, 26% of pupils require free school meals (compared to a Wales average of 17.8%) and 6.2% have Special Educational Needs.



Workforce Qualifications And Skills

2.16 Data from the 1999 Labour Force Survey suggests that the proportions of working age adults qualified to NVQ level 4 or above are below the England average of 22.5% in all areas except Monmouthshire where the proportion is 25.1%. Torfaen has the lowest proportion of working age adults qualified to this level, 15.6%, followed by Caerphilly, 17.5%, and Newport, 19.8%. The proportions in Torfaen and Caerphilly are below the Wales average of 19.8%. Data for Blaenau Gwent are not available.

2.17 Looking at the proportion of working age adults with qualifications shows that the population of Blaenau Gwent is the least well qualified where, in 1997, 37% of the working age population had no qualifications compared to 22% in Wales (Mapping Social Exclusion in Wales). Moreover, anecdotal evidence suggests that the proportion of adults with no qualifications in Blaenau Gwent has increased since 1997. Following Blaenau Gwent are Caerphilly, Torfaen and Newport where 29%, 23% and 22% of adults respectively have no qualifications. Monmouthshire has a well qualified workforce and is the second most well qualified in Wales where only 15% of working age adults have no qualifications.

2.18 Analysing the basic skills levels of the adult population in the Five Counties shows that the lack of basic skills is a serious problem in the valley communities of Blaenau Gwent, Caerphilly and Torfaen. In all of these areas the proportion of adults requiring help with literacy and numeracy is above the Wales average and well above the average for England. The issue of poor basic skills is most acute in Blaenau Gwent where a third of the adult population needs help with literacy and nearly 40% need help with numeracy. The proportions of adults requiring help with literacy and numeracy in Monmouthshire are lower than the Wales average and similar to averages in England. The proportions of adults requiring help with literacy and numeracy in Newport are close to the Wales average although the proportion of adults needing help with literacy is

slightly higher. To improve employability, basic skills issues need to be addressed urgently since there is a consistent relationship between low levels of basic skills and decreased probability of employment/low earnings.

Basic Skills Needs in the Five Counties

Area	Adults needing help with literacy %	Adults needing help with numeracy %
Blaenau Gwent	33.1%	38.3%
Caerphilly	31.6%	35.5%
Monmouthshire	23.8%	24.2%
Newport	28.9%	31.8%
Torfaen	30.9%	35.1%
Wales	28%	32%
England	24%	24%

Source: Basic Skills Agency, 1998

2.19 A high proportion of people in the sub-region have little or no Information and Communication Technology (ICT) skills. Consequently, with the increasing importance of digital technology in the workplace, the Five Counties risk being left further behind other UK and European regions if they do not improve the ICT skills of their workforce. Employment in "information economy" related jobs is below the UK average in all five local authorities.

2.20 Low levels of ICT skills in the Five Counties are partly related to the low levels of computer penetration amongst the population. In Monmouthshire and Newport it is 71%, and averages 62% in Blaenau Gwent, Torfaen and Caerphilly, compared with 78% for the UK. The lack of ICT skills in the Five Counties is also related to the low levels of basic skills amongst the adult population which is a constraint to learning – this is a particular issue in Blaenau Gwent, Caerphilly and Torfaen. They are also related to the limited ICT infrastructure in some parts of the Five Counties (see next section).



Participation in Learning and Training

2.21 Major differences in participation rates exist concerning the progression of year 11 pupils into Further Education (FE), training and employment and year 13 pupils into Higher Education (HE), with pupils in some areas progressing into options offering fewer chances of permanent employment and/or work-based training.

2.22 Blaenau Gwent and Caerphilly have the lowest proportion of year 11 pupils entering FE, both 68%, followed by Torfaen at 70%. Monmouthshire has the highest FE participation rate (79%) followed by Newport (73%).

2.23 Torfaen, Caerphilly and Blaenau Gwent have the highest proportions of pupils progressing into training and employment: 21%, 19% and 15% respectively compared to 12% in Monmouthshire and 14% in Newport. Torfaen and Blaenau Gwent have the highest proportions of pupils who progress into work-based training without employed status (8% and 6% respectively), compared to 4% in Newport and 3% in Caerphilly and Monmouthshire. Additionally, Caerphilly has the highest proportion of pupils progressing into employment without work-based training (11%), followed by Torfaen and Newport (both 6%), and Blaenau Gwent and Monmouthshire (both 5%).

2.24 Recent data (2001) from Careers Wales Gwent regarding the progression of year 13 pupils into HE also show major differences between the Five Counties. Blaenau Gwent and Torfaen have the lowest proportions of pupils progressing into HE -

59% and 65% respectively (compared to 69% in Gwent). Caerphilly has the highest proportion of pupils going into HE (79%) followed by Monmouthshire (73%) and Newport (71%). However, those graduates looking for employment within the sub-region will find job opportunities scarce because the majority of firms in South East Wales prefer to employ school or college leavers. This reflects the sub-region's occupational structure with few entry-level jobs for graduates and fewer highly skilled positions.

2.25 Data from Mapping Social Exclusion in Wales (1998) show that the high proportions of adults with no qualifications in Blaenau Gwent and Caerphilly do not take part in learning and training. In 1998, 61% and 55% of adults in these areas had not taken part in any training or learning in the past 12 months. This compared to a Wales average of 46%. The proportions of adults not training and learning in the other three counties were below the Wales average.

2.26 Data from Future Skills Wales (1998) suggest that the key barriers to learning and training in the sub-region are family/childcare commitments and lack of time. These are followed by cost, lack of transport (a key barrier in Blaenau Gwent) and distance to travel (a key barrier in rural Monmouthshire). Additionally, while 41% of residents believe that they do not need any advice on learning, one in three residents would like advice, such as that provided by Careers Wales Gwent, to help them learn.

Destination of School Leavers in the Five Counties

	Full-time FE	Training/ Employment	Unemployed	Other *
Blaenau Gwent	68%	15%	12%	5%
Caerphilly	68%	19%	11%	2%
Monmouthshire	79%	12%	4%	5%
Newport	73%	14%	8%	5%
Torfaen	70%	21%	5%	4%
Gwent	72%	16%	8%	4%

Source: Careers Wales Gwent, 2001 (includes all Five Counties although part of Caerphilly falls within Careers Wales Mid-Glamorgan) Unavailable (sick, youth custody etc.) or unknown (includes left the area)



2.27 It is also felt that, within the sub-region, there is a need for improvements to the training infrastructure in terms of quality, variety and flexibility of training opportunities and placements. These improvements are particularly needed in Blaenau Gwent, Caerphilly, Torfaen and Monmouthshire (which only has one training provider for the whole area). Newport's training infrastructure is perceived to be better developed. More focus also needs to be concentrated on training people for the growth sectors and occupations, such as personal and health services and sales occupations as opposed to the traditional trades and assemblers/line workers.

2.28 There is also a need for more highly qualified basic skills trainers and more scope for the development of basic, essential and vocational skills - in addition to other learning based on interests and hobbies - within non-threatening community venues. It is also felt that more outreach and marketing activities need to be undertaken to encourage the large proportions of the population with no or low level

qualifications and basic skills to (re-)engage in learning.

2.29 It is important that more ICT learning opportunities are opened up within the community and perhaps linked to basic skills training. Improvements to ICT training and learning opportunities must be complemented by investment in ICT infrastructure.

2.30 ICT infrastructure needs to be improved in all of the Five Counties except Newport where connectivity and provision of infrastructure is not regarded as a major problem. In Monmouthshire, much ICT equipment in schools is out of date and support services are limited. Internet accessibility is also poor at some community centres such as village halls. Additionally, in Blaenau Gwent the quality of ICT infrastructure in the County Borough severely limits the wider use of ICT for community-based education although connectivity in schools is much more advanced. A full ICT report provides a description of the issues and initiatives being taken/which need to be taken by each local authority.

Health and Care

2.31 Blaenau Gwent presents the worst health statistics for the Five Counties and experiences some of the most acute health problems in Wales. It has the highest rates of long-term limiting illness, low birth weight babies and teenage pregnancy for Wales and has the second highest rate of mortality and third highest rate of respiratory illness. To a lesser extent, Caerphilly followed by Torfaen have a similar range of problems and exceed the Welsh average on most indicators. Caerphilly has the second highest rates on all of the health indicators shown over the page except for low birth weight babies for which Torfaen has the second highest incidence of the Five Counties. Newport is broadly in line with the Welsh average for long-term limiting illness and mortality but is above the average for low birth weight babies, teenage pregnancy and respiratory illness. Health indicators for Monmouthshire are some of the best in Wales.

2.32 Anecdotal evidence suggests that the misuse of drugs is becoming an increasing problem in Newport as is youth homelessness. The valley communities – particularly Blaenau Gwent – are also

beginning to experience more substance and alcohol abuse, especially amongst young people (including the misuse of class A drugs).

2.33 The closure of Ebbw Vale and reductions at Llanwern, in themselves, may adversely affect the health of the people who have been working in the steel plants. It is recognised that factory closure and unemployment has health effects over and above those related to social class, poverty, lifestyle risk factors for ill health or prior ill health. Middle-aged men are noted by health experts as being most vulnerable with the main problems including anxiety and depression, alcohol abuse, accidents and marital problems.

2.34 Generally, there is a strong correlation between low economic activity rates and high levels of long term sickness. In other words, reducing long term sickness should contribute to boosting activity rates and boosting economic activity is likely to improve the health of the population.



2.35 Statistics also show that, compared to other areas, Newport, Caerphilly and Blaenau Gwent have a large number of looked after children in the County per head of population. In 2000, the number of children looked after by the local authority per 1,000 of the population aged under 18 was 8.4 in Newport and Caerphilly and 7.9 in Blaenau Gwent. Newport

and Caerphilly have the highest rate in Wales and Blaenau Gwent the third highest after Merthyr Tydfil. All three areas are well above the Wales average of 5.3 (Source: ONS). The number of looked after children in Torfaen mirrors the Wales average and that of Monmouthshire is well below the average at 2.9.

Health in the Five Counties

Health Statistics	Blaenau Gwent	Caerphilly	Monmouthshire	Newport	Torfaen	Wales average	England average
Long-term limiting illness (1997) *	22.7 (1)	20	9.8	16	18.1	16.4	
Standardised Mortality Ratio (1995-1999) **	120 (2)	110	84	101	106	100	
Low birth weight babies - live and still births under 2,500g per 100 births (1997) ***	9.7 (1)	7.4	6.1	9	8.2	7.3	7.8
Conceptions under 18 per 1,000 females aged 15-17 (1995-1997) ***	68.9 (1)	67.8	28.2	55.7	56	51.3	44
Respiratory illness (1998) ***	28.4 (3)	28.4 (3)	19	24	24.5	23.1	

* Source: 1997 Welsh Household Interview Survey

** Source: ONS

*** Source: Mapping Social Exclusion in Wales, 1999 Edition

Employment and Industrial Structure

2.36 The sub-region provides approximately 214,000 jobs (20% of the Welsh total), with 60% of employment in the sub-region being concentrated in Newport and Caerphilly (74,100 and 49,300 jobs respectively). (Source: NOMIS, 1999).

2.37 In the late 1990s, significant employment growth occurred in four of the Five Counties. The number of jobs in Newport increased by 29% between 1996 and 1999, the fastest growth of the Five Counties. During this period (which ended two years ago) employment increased by around 10% in Blaenau Gwent, Caerphilly and Monmouthshire, but Torfaen experienced a net employment loss of 12%. Forecasts by Business Strategies (1998) suggest that employment growth will continue with a 3.2% increase (18,200 jobs) predicted for all of South East Wales by 2010. 34% of these jobs will be in managerial, professional or technical positions.

2.38 Large manufacturing firms and public sector organisations dominate employment within the sub-region. There is also substantial employment within distribution, hotels and catering and financial and business services.

2.39 Blaenau Gwent is heavily dependent on manufacturing after which the largest numbers of employees are to be found in distribution, hotels and catering and the public and administrative services (85% of total employment opportunities). Caerphilly is similarly heavily dependent on manufacturing (34% of employment within 1997) and lack of employment opportunities have resulted in high rates of out-commuting for employment (approximately 40%) and unemployment amongst those facing barriers to travel.



2.40 Monmouthshire is predominantly a rural area with a mainly service based economy (over one third are employed within the public services). The County is also heavily dependent on SMEs - about 97% of businesses employ less than 25 people and 92.2% employ less than ten. Within Newport, the largest sector is manufacturing followed by public and administrative services; distribution, hotels and catering; and 'other services' which include real estate, equipment renting and computer services. Financial and business services is a smaller but rapidly growing sector. The most significant providers of employment within Torfaen are the public services, manufacturing and distribution, hotels and catering.

2.41 In 1998, Future Skills Wales predicted the sectors within which employment growth would occur within Gwent. Although the area of Gwent does not entirely match the sub-region – parts of Caerphilly fall

within the former area of Mid-Glamorgan – the projections serve as a useful guide to the employment opportunities emerging within the sub-region. Projections were also developed for Mid-Glamorgan and the sectors predicted to grow and decline largely match those within Gwent. The only differences are the engineering and other manufacturing sectors which are predicted to decline in Mid-Glamorgan and grow in Gwent.

2.42 It is projected that the sectors expected to show strong growth in Gwent over the next six years are: public services (mainly education and health); distribution, hotels and catering; and financial and business services. Sub-sectors such as food processing, hotels and catering and leisure, tourism and hospitality are also expected to grow in South East Wales.

Changing Employment Structure of Gwent *

	% of total employees in employment 1997	% of total employees in employment 2007
Agriculture	1.1	0.8
Energy and water	0.4	0.1
Metals, minerals and chemicals	9.1	6.3
Engineering	8.9	9.9
Other manufacturing	12.4	12.8
Construction	3.6	2.8
Distribution, hotels and catering	19.0	20.6
Transport and communications	4.7	4.1
Financial and business services	9.1	9.8
Other services (mainly public services)	31.7	32.7
TOTAL	100	100

Source: ONS/Business Strategies, 1998 within Future Skills Wales, 1998-2007

** The former area of Gwent includes all of the Five Counties. However, part of Caerphilly falls within the former Mid-Glamorgan.*



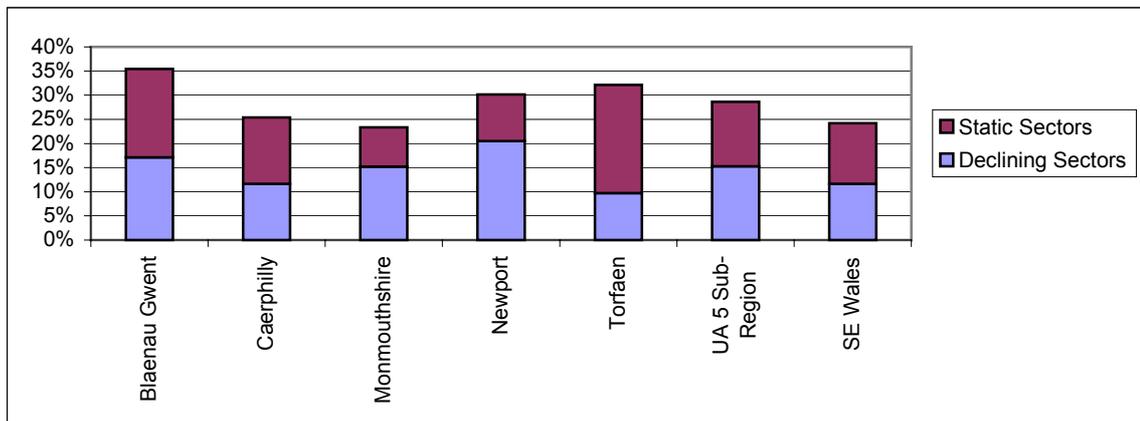
2.43 Manufacturing will continue to be an important feature of the sub-region within which overall employment will only decrease marginally compared to the substantial decrease expected in the UK as a whole. Employment will decrease in metals, minerals and chemicals but grow in areas such as electronics (which is predicted to experience significant growth), food and drink and printing and publishing. There will be a contraction of employment in: agriculture; energy and water; metals, minerals and chemicals manufacture; transport and communications; and construction.

2.44 Over 80% of net additional jobs will occur across five occupations: personal services (e.g. nursing, care work and hairdressing); corporate managers and administrators; other sales; other associate professionals; and clerical workers. No growth is forecast for skilled construction, engineering and other skilled trades, and drivers and mobile plant operators which account for high proportions of employment within the sub-region. Overall, there will be a continuing and increasing demand for knowledge intensive workers and service sector occupations.

2.45 Analysing the growth sectors against current employment suggests that “non-growing” sectors in the area account for around 25% of total employment. As the chart below shows, large proportions of the workforce in all of the Five Counties are concentrated in sectors that are forecast to decline or remain stable to 2010.

2.46 In Blaenau Gwent, over 35% of employment is concentrated in static and declining sectors followed by Torfaen (32%) and Newport (30%) and, in Monmouthshire, a significant proportion of the workforce is employed in declining agricultural and related sectors. As a result, the existing structure of employment within the sub-region indicates that already depressed areas, such as Blaenau Gwent and Torfaen, will suffer disproportionately in the future.

Vulnerability of Local Economies: Proportion of Employment (1998) in Sectors Forecast to Decline or Remain Static to 2010



Source: SI Analysis, SE Wales TEC Labour Market Profile 2000-2001

2.47 Corus job losses may lead to between 7600 and 3300 fewer jobs in Wales as a whole with 1,540 forecast to be lost at Llanwern/central support (Newport) and 780 at Ebbw Vale (Blaenau Gwent). The Corus redundancies in Blaenau Gwent and

Newport will have more wide reaching ramifications by acting as a reverse local multiplier and affecting the local economy more generally. During 2000, Blaenau Gwent also lost an additional 500 jobs in other manufacturing employment.



2.48 The other County Boroughs within the Five Counties have also been exposed to the impact of job losses as a result of their particular employment structures. Caerphilly has lost 2,800 manufacturing jobs since April 2000, whilst Monmouthshire has suffered from the Foot and Mouth epidemic. Job losses have occurred across the sub-region and the investment required will need to address this. Terrorist attacks in the US and the resulting impact on aerospace industries could also have a significant negative effect on the economies of the Five Counties.

2.49 In the sub-region, there is a mismatch between the labour demand and supply. 30% of unemployed people in South East Wales are seeking unskilled work, which accounts for only 8% of employment in the sub-region. Whilst there is increased demand for higher level professional and technical skills there is a decreasing need for lower skilled jobs. The skills mismatch is leading to recruitment problems and is having a negative impact on economic performance; in 1998 a survey indicated that 50% of firms in Newport reported skills shortages.

VAT Registrations and Inward Investment

2.50 The number of VAT registrations serves as a guide to the number of business starts in areas. All of the Five Counties have experienced a decrease in VAT registrations since 1994. Looking at changes since 1996 shows that Blaenau Gwent and Newport have experienced a decrease in the number of VAT registered businesses with Torfaen seeing no changes and Caerphilly and Monmouthshire

experiencing an increase in VAT registered businesses. Between 1999 and 2000, Monmouthshire, Newport and Torfaen experienced a decrease in VAT registered businesses whilst no change was recorded in Blaenau Gwent. Caerphilly was the only county to experience an increase in VAT registrations between 1999 and 2000.

Stock of VAT registered companies, 1994-2000

	1994	1995	1996	1997	1998*	1999	2000
Blaenau Gwent	965	945	920	905	895	915	915
Caerphilly	2,715	2,635	2,560	2,555	2,545	2,620	2,630
Monmouthshire	3,375	3,305	3,275	3,280	3,320	3,335	3,295
Newport	2,810	2,720	2,650	2,650	2,670	2,675	2,610
Torfaen	1,555	1,485	1,465	1,460	1,480	1,485	1,465

Source: NOMIS; From 1998, data relates to stocks at the beginning of the year. Prior to 1998, data relates to stocks at the end of the year.

2.51 South East Wales has a good track record in attracting inward investment. Between 1995/6 and 1998/9 South East Wales secured 48% of all inward investment projects, 63% of capital expenditure and 69% of all jobs. Newport was particularly successful in that it secured 19% of all Welsh inward investment jobs over this period.

2.52 The inward investment market has changed from low cost/branch plant manufacturing to knowledge intensive services and industry. Despite the historical success of South East Wales in

attracting inward investment, the competition for FDI is growing increasingly intense. Moreover, the market for FDI is changing rapidly with emphasis on service activities and key high value added/knowledge based industries. Consequently, we support the approach to investment promotion set out in A Winning Wales and the WDA's efforts to focus far more sharply on inward investment offering real added value to the economy. General Dynamic's decision to locate at Oakdale is a genuinely encouraging sign that the new approach is realistic and could pay dividends.



2.53 To April 2001, South East Wales attracted 34 inward investment projects, £367.8m of capital investment and 4,257 jobs. Most activity was due to the expansion of existing investors rather than new investment.

2.54 In the period 1983-2000, 37% of jobs from inward investment projects in Wales came from other UK firms rather than foreign companies. This demonstrates the importance in attracting relocating UK firms as well as targeting foreign direct investment.

2.55 The table below sets out the pattern of inward investment projects in the study area for the last financial year. Current sub-regional marketing schemes include Bridgehead Europe, Gateway SE Wales Marketing and the New Valleys initiative. As

the table shows, Torfaen and Caerphilly have benefited the most from inward investment with the creation/safeguarding of 1,045 and 857 jobs respectively within these areas. Monmouthshire in addition to Blaenau Gwent, the most deprived area of the Five Counties, have gained the least benefit with 10 and 51 jobs respectively being created or safeguarded within these areas.

2.56 It is increasingly recognised that the approach to attracting inward investment should involve a greater focus on the development of human resources to meet investors' needs. Moreover, in driving forward economic growth, recent policy has given far greater weight to promoting indigenous high growth firms (e.g. **A Winning Wales** and the Entrepreneurship Action Plan).

Inward Investment Projects in the Five Counties

	Projects	Capital Expenditure (£m)	Total new jobs	Total safeguarded jobs	Total jobs
Blaenau Gwent	2	1.5	15	36	51
Caerphilly	6	44.8	252	605	857
Monmouthshire	1	0.6	10	0	10
Newport	3	7	131	0	131
Torfaen	4	28.4	378	667	1,045
South East Wales	34	367.8	4,257	1,508	6,065
Wales	75	491.1	8,255	5,183	13,438

Source: WDA 2001

Earnings and GDP

2.57 Average earnings in South East Wales are lower than any of the English regions and about 10% below the UK average. Average earnings are the lowest in Blaenau Gwent (£325.10 a week gross), in addition to Monmouthshire (£349.20 a week gross) where there is dependence on agriculture which is a low value, poorly paid industry. Wages are also low in the sub-region's service sector, reflecting the low value added nature of this sector. Earnings in the declining manufacturing sector are relatively high, particularly for some metals and engineering sub-

sectors, and the impact of further job losses in this sector is likely to widen the earnings gap.

2.58 Analysing GDP per head for areas within Wales shows that the rate in the Gwent valleys area (Blaenau Gwent, Caerphilly and Torfaen) is only 64% of the UK average. This is the lowest in Wales along with the Isle of Anglesey. The rate for Monmouthshire and Newport (99%) is almost in line with the UK average (Regional Trends 36, ONS, 2001).



Current Earnings in the Five Counties

Area	Average gross weekly earnings £	Ranking from lowest wages upwards
Blaenau Gwent	325.10	1
Caerphilly	362.20	3
Newport	377.60	5
Monmouthshire	349.20	2
Torfaen	362.49	4
Wales	368.10	
England	416.30	

Source: New Earnings Survey, 2000

Property

2.59 Investor interest and speculative development in the sub-region's **office market** is low. Newport and Cwmbran represent the major office locations, with Caerphilly, Chepstow and Abergavenny the main smaller centres. The relatively poor performance of the sub-region's office market reflects the dominance of Cardiff and Bristol, where occupier and investor confidence is significantly higher.

2.60 Despite its strategic location, Newport town centre has failed to attract significant office development. This reflects a lack of available development sites, low rental values and a lack of critical mass required to give private sector occupiers and investors confidence in the market. However, this contrasts strongly with the confidence displayed at **Junction 28 / Cleppa Park**. The success of this prime business area clearly demonstrates the confidence of the private sector in the region's workforce. For example, Morrisons recently have commenced construction of 5,000 sq.m. as part of the first phase development at Celtic Springs.

Comparative Office Market Characteristics

Centre	Total Office Stock (sq.m.)	Take-Up 2000 (sq.m.)
Cardiff	800,000	50,000
Bristol (including out-of-town)	1,700,000	100,000
Newport	125,000	n/a

Source: King Sturge

2.61 The **call/contact centre** market in South East Wales has continued to grow although availability of grant support has been important. Recent trends suggest that there is a decrease in demand for large buildings (10,000 sq.m. +) and an associated increase in medium-sized premises (2,000 – 5,500 sq.m.). Furthermore, city centre locations are becoming more attractive where good public transport links provide access to a large workforce.

2.62 In the **upper Valleys**, the dominance of manufacturing employment reflects low demand for office premises, with the exception of the local service sector and small professional firms. Demand from Small and Medium-sized Enterprises (SMEs) is likely to increase.



2.63 The **prime industrial area** is located on the coastal belt including Newport and Cardiff but also spreading northwards to the lower Valleys to areas such as Cwmbran and Treforest. The mid and upper Valleys are characterised by hotspots of industrial activity in a number of key estates.

2.64 Major industrial occupiers along the M4 Corridor include LG, NEG Glass, Bosch and Sony. Moreover, the area is becoming increasingly attractive as a prime location for **logistics**. This is demonstrated by the key cluster of B8 Distribution activity in the Chepstow / Magor area. This includes the recent development of major operations for Wilkinsons and Asda.

2.65 Overall, the sub-region's **industrial property stock** amounts to approximately **3.7 million square metres** with a vacancy rate of 9.4%.

Industrial Land Availability

	SEWEF (ha)*	WDA (ha)**
Blaenau Gwent	147.2	62.7
Caerphilly	169.5	149.4
Monmouthshire	35.9	69.5
Newport	342.3	198.5
Torfaen	99.7	40.8
Total	803.2	520.9

Source: * South East Wales Economic Forum, **King Sturge / WDA Property Database (sites in excess of 2 hectares).

2.66 Although some 368,000 sq.m. of industrial/distribution space is available in the Five Counties, only a small proportion is currently available in new high quality units. Indeed, the majority of the market to the north of the M4 is characterised by a substantially **older stock** of accommodation. To meet modern occupier demand, a high proportion of this industrial stock will require modernisation. Moreover, following fragmentation in ownership of many of the sub-region's industrial areas, there is a need to improve the management of these estates.

2.67 **Manufacturing companies** are relocating outside Wales. In recent years, Wales has experienced a downturn in industrial demand and an increase in industrial supply following corporate contraction or closure. Whilst this reflects national trends, the region has been disproportionately hit by the high level of manufacturing capacity in the area. **Demand from foreign direct investment** has declined significantly. Despite the high level of inward investment experienced during the early and mid-1990s, these projects have virtually stopped occurring over the last 2 or 3 years. These trends have resulted in low levels of speculative development across the sub-region.

Available Industrial and Distribution Floorspace

	No. of Units	Total (sq.m.)
Blaenau Gwent	72	92,856
Caerphilly	103	92,198
Monmouthshire	44	22,025
Newport	92	76,698
Torfaen	70	83,822

Source: King Sturge / Local Authority Property Registers

2.68 The main **retail** centres in the sub-region are Newport and Cwmbran, with Caerphilly and Abergavenny serving smaller catchment populations. Despite its population size, Newport and other centres in the sub-region lag behind Cardiff and Bristol in terms of retail provision and market performance. This is reflected by the differential in prime retail rents as set out in the table below. In terms of **retail vitality**, Newport is ranked 88th out of the main UK town centres compared to 14th for Bristol and 8th for Cardiff (Source: Experian, 2001). A similar measure of demand is provided by Focus. This index did not rank Newport in the top 50 UK towns.

Prime Retail Rents

Centre	Zone A Rents / sq.m.
Cardiff	£2,700
Bristol	£2,150
Chepstow	£270
Pontypool	£270
Ebbw Vale	£160
Cwmbran	£700
Newport	£970

Source: King Sturge



2.69 The South East Wales **residential market** is dominated by Cardiff, reflecting Cardiff's role as a major employment centre. There is a strong **north-south split** in the market for residential land; this is reflected in property prices. Newport and the lower Valleys are attractive to the developer market given the proximity to two major centres (Cardiff and Newport). Residential demand in Monmouthshire is also strong.

2.70 In the mid and upper Valley communities, there is a steady demand for new housing. Developers acquire most sites which become available and then build; house prices, and consequently land prices are just significantly lower. This suggests that increases in the land supply would lead to increases in private housing development. This will increase the choice of housing available to existing residents of the Valleys. The outstanding

success of the urban village development on the former Garden Festival site in Ebbw Vale demonstrates that very high quality, mixed tenure developments will prove popular with house purchasers. The redevelopment of the Ebbw Vale Corus site will provide significant opportunities to build on this success.

2.71 The potential for further residential development in Monmouthshire, Newport and the southern Valleys is demonstrated by the differential in house prices compared to Bristol (see the table below). Indeed, from a survey of estate agents in five towns within Monmouthshire, it was reported that up to 40% of current sales were being completed by people based in the Greater Bristol area. Key 'pull' factors include lower prices, quality of life, improved connectivity and good schools.

Average House Prices (Sept 2001) £

County	Detached	Semi-Detached	Terraced	Flat
Monmouthshire	154,703	75,083	75,522	50,897
Newport	142,107	77,220	51,559	38,321
Bristol	205,162	135,076	101,291	115,647

Source: HM Land Registry

2.72 Any new development within Eastern Newport will enjoy swift communication links to Bristol and particularly the out-of-town office and business parks of North Bristol.

2.73 Further information on the residential markets in the Five Counties is provided in the property market studies prepared by King Sturge in the Supplementary Report.

2.74 Poor public transport reduces the economic opportunities for residents in the north of the sub-region. The **M4** is an important strategic link for Wales. The **A465 Heads of the Valleys Road**, important for carrying traffic between South West Wales and the English Midlands, plays a complementary role to the M4 corridor. Major improvements are planned for the A465 over a 17 year period. High peak levels of traffic are a cause for concern. The general lack of congestion in the rest of

the sub-region's transport network is a significant advantage, however.

2.75 The **Great Western Main Line (GWML)** provides a major transport advantage to the sub-region, providing rail access to Bristol, the Thames Valley and London to the east and Cardiff and Swansea to the west. Given the connectivity of Newport on the GWML, the train station offers substantial potential benefits in terms of **developing transport integration** in the region and capitalising on development opportunities in the town centre.

2.76 The availability of basic rail infrastructure between Newport/Cardiff and Ebbw Vale/Abertillery is considered a valuable asset to the area. The potential to re-open this freight line as a passenger service would significantly improve the sub-region's public transport network and bring tangible economic benefits.



2.77 Newport Docks is the only major **port facility** within the sub-region and represents an important economic strength. Operated by Associated British Ports (ABP), both the north and south docks are fully utilised and have a capacity to handle vessels of up to 25,000 tonnes. ABP are successfully penetrating new markets to replace the demand lost as a result of the Corus rationalisation. Indeed, the port company have plans to redevelop a number of their quayside sheds. Road access to the docks is currently via the M4 Junction 28, the A48 and the A4042.

2.78 Access to **airports** from the sub-region is relatively poor. The closest airports to the sub-region are Cardiff International Airport (some 20 miles from Newport), and Bristol International Airport (approximately 40 miles from Newport). Direct access to both is sub-optimal. Whilst Birmingham Airport is approximately 60-100 miles from the sub-region, it is equally as accessible as Bristol airport, for those in the north of the sub-region.

Digital Technology

2.79 The current use of digital technology in the sub-region is lagging behind many other areas of the United Kingdom. Employment in “information economy” related jobs is below the UK average in all five local authorities. In Blaenau Gwent, employment in these jobs is only just over half the UK average.

2.80 Computer penetration among small and medium sized enterprises (SMEs) is also low. Computer penetration amongst all UK SMEs is approximately 78%. This compares to 71% in Monmouthshire and Newport and an average of 62% in Blaenau Gwent, Torfaen and Caerphilly. These local authorities are amongst the lowest in Wales in terms of computer penetration (source NOP research for BT/*Western Mail*).

2.81 Advances in digital technology reduce the importance of physical location in running a successful business. **A Winning Wales** points out that as a result of an increasingly integrated world economy, features such as good quality communication links, broadband infrastructures for example, will be considered important by businesses seeking to make location decisions. The decreasing costs of using the Internet have led and will lead to further growth in its everyday use and thus further raise the importance of digital technologies in business activities. The *South East Wales Economic Forum* states that it would be a forward step for Wales to improve the Information and Communication Technology infrastructure throughout Wales. Not only would this benefit Wales in terms of attracting more business to the area, but it would also lead to a greater ability of SMEs across Wales to access the markets offered by e-commerce.

2.82 Limited access to broadband is a growing problem in parts of the sub-region. The South East Wales area comprises approximately 50% rural and 50% urban locations. The deployment and configuration of telecommunications network infrastructure is very much a product of geography and population. Monmouthshire has the largest rural area which creates a particular disadvantage for the area in terms of access to broadband infrastructure.

2.83 BT is the dominant network operator. Indeed, it is the only network operator in most areas of South East Wales. Operators such as CWC and Energis have business customers in the area, mostly served by circuits leased at wholesale rates from BT. NTL has a large network presence along the M4 corridor as far west as Llanelli. The presence of the BT network in all locations of South East Wales is due more to their Universal Service Obligation (USO) to provide a fixed voice network rather than for commercial reasons. Sparsely populated areas do not offer network operators a sound commercial basis for investment in network build. The restriction of cable T.V. to areas of high population density is a graphic example. In fact most residential connections, regardless of location, do not make BT a profit.

2.84 The requirement to meet the conditions of the USO has influenced BT’s Service provision policy to new residential and business developments. Normal practice is for BT to liaise with the developer and install their underground duct network at the groundwork stage of the development to minimise costs so that cables can be drawn in to provide service on demand. For new developments, this tends to result in BT being the only network operator



with on site infrastructure when customers start to occupy new units. Other Licensed Operators (OLOs) wishing to provide customer services on site must either lease lines from BT or install their own infrastructure, this invariably requires them to excavate in new roads and hard landscaping to install infrastructure on a customer by customer basis. This is not a sound basis for the development of a competitive telecommunications environment.

2.85 The key inhibitor to providing broadband or wideband services is a lack of competition. Consequently, costs for such services are perceived to be too high. The current situation, where network provision on new business and residential developments is left to BT, cannot continue if a truly competitive telecommunications environment is to be realised in Wales. Other network operators do not deploy networks on new sites because the capital investment required for network build cannot be justified.

2.86 Current use of digital technologies amongst SMEs in the sub-region is low compared to many other parts of the UK. For example some 57% of UK SMEs use e-mail compared to 42% in Newport and Monmouthshire and 26% in Blaenau Gwent, Caerphilly and Torfaen. Inevitably, this puts some of these businesses at a major competitive disadvantage. Research on access to the Internet paints a similar picture. In the UK almost two thirds of SMEs have internet access whilst only 50% of firms in Newport and Monmouthshire have access. Moreover, less than 40% of firms in Caerphilly, Torfaen and Blaenau Gwent have internet access

(source NOP research). In light of what appears to be a widening digital divide between Wales and more prosperous regions of Europe, it is recognised that a strategy is needed to improve the digital culture of Welsh businesses and the associated competitive opportunities.

2.87 Government support for the use of digital technology within SMEs has become an increasingly important element of business support programmes over the last three years. The most obvious local manifestation of this in the sub-region has been the establishment of a dedicated IT centre based in Newport. This facility provides dedicated support to Small and Medium-sized Firms (SMEs) who wish to utilise IT more efficiently. The centre was initially funded by the Department for Trade and Industry and serves the whole of the former Gwent area. It is now funded through Business Connect and the WDA's Wales Information Society (WIS) programme. The table below shows take up of services provided by the IT Centre over the last two years.

2.88 It can be seen from the table that Newport and Torfaen enjoy the greatest use of services provided by the IT Centre. In the case of Newport, this may reflect the fact that the County Borough has a dedicated IT worker at the Centre whilst the rest of the sub-region share a single IT worker. In Torfaen, the County Borough has made particular efforts to link their own IT support to that provided by the Centre. The low rate of services provided to Monmouthshire reflects the high proportion of (agricultural) firms that are not eligible for support.

Take-up of IT Centre Services 199-2001

Local authority	No of SMES supported by IT centre 1999-2001	% of SMES (less than 250 employees) supported	% of all firms not eligible for support
Blaenau Gwent	77	12.8	36
Caerphilly	126	7	37
Monmouthshire	133	5.1	47
Newport	273	15.3	35
Torfaen	171	17.4	32

Source: WDA 2001

*Sectors not eligible for support: retail, wholesale, agriculture and public admin.



2.89 Support provided by the central IT centre is generally low intensity in nature (compared with smE Wales or OpportunitE Wales), and includes advice on general use of ICT, internet use, business networks and system specification. Internet use and e-commerce are the most popular services requested. In Newport only start-ups receive specific IT advice.

2.90 Take up of ICT training from businesses is low. Evidence from interviewed companies and from local authority advisors showed that many companies who had received support and advice from the IT centre had not undertaken any IT training activity.

2.91 SMEs lack awareness of IT-based solutions. Whilst businesses in South East Wales often recognise the need to invest in ICT technology and to improve ICT skills, a more difficult problem is that firms are not always aware that IT solutions are available to tackle mainstream elements of their businesses (e.g. accounts or marketing). In other words, there is a lack of understanding amongst SMEs regarding the capability of IT technology. Indeed, the IT centre estimate that only 5% of firms assisted presently use software to its maximum capacity. Infrastructure limitations constrain relatively few companies within the region but those affected most are among the more sophisticated users of ICT wishing to develop more sophisticated e-commerce activities which are difficult to do in the absence of broadband communications.



3 A Vision for the Future

3.1 We started the Vision Workshops by identifying the drivers of change which will shape the future of our communities. We then identified

alternative futures for the Five Counties and a preferred future.

Key Drivers of Change

3.2 In future, the economy of South East Wales will be shaped by powerful driving forces. Some can be treated as robust assumptions which provide a sound basis for planning the future; others are inherently uncertain. In the workshops, we agreed that the challenge is to identify the factors which we can influence and to maximise the capacity of the sub-region to increase prosperity and reduce deprivation.

3.3 There are important **social** changes underway. In particular, the population of the sub-region is growing older, as people live longer, and households are smaller. Changes in values and lifestyles mean that people live in many different types of households and the number of households is increasing faster than the number of people. Elsewhere in the UK, this has increased the demand for “city centre living” along with the continued demand for new housing in attractive suburban communities. Inter-regional migration is increasing.

3.4 As in the past, significant **technological** changes will be important. Many suggest that the impact of the **digital** revolution will be as profound as the steam engine or the telephone and the rate of change will be much faster. For example, digital technology enables companies to design/manufacture/market products in several countries, promotes short product cycle times, and underpins complex supplier networks. Successful companies require labour with advanced ICT skills and with a commitment to lifelong learning. Few offer “jobs for life.”

3.5 In the Vision workshops, we also recognised that key **economic** factors are changing rapidly. It is now relatively easy for capital, intellectual property, and technology (and easier for skilled labour) to move rapidly from nation to nation. Trade barriers are rapidly reducing within the EU, and between the EU and the rest of the world.

3.6 The Five Counties are competing for investment with many communities in Eastern Europe, the Far East, as well as the rest of Western Europe. Globalisation, and the digital revolution, is creating the network economy. The skill requirements of modern companies change rapidly and are focused on the application of knowledge. Wealth creation takes place in areas where knowledge based skills are concentrated. In parts of the UK, this has resulted in a growing disparity between rich and poor.

3.7 We also see important environmental changes. For example, there is a growing belief that we must conserve scarce natural resources. Successful towns and cities will promote walking, cycling, and public transport for many journeys. It is likely that investment in both inter-city and local railway networks will be a high priority. Many believe that promoting sustainable development – in a broad sense – will be a foundation for economic prosperity. Quality of life has become an increasingly important value in today’s society – the role of the natural environment is central.

3.8 These drivers of change will impact on the Five Counties in complex ways. Yet, it is not possible to predict, with confidence, these impacts. In the Vision Workshops we considered the different ways that these drivers of change might impact on the Five Counties. We used these drivers to construct two alternatives and a preferred scenario.



Alternative Futures

3.9 At the Vision Workshops, participants agreed that stakeholder actions could influence the future of the Five Counties. They felt that there is a possibility that either of the following two scenarios could describe the Five Counties in 2011.

“Objective 1 Again”

Following a decade of poorly co-ordinated regeneration initiatives, in 2011, the sub-region is dominated by a culture of dependency. Unemployment is twice as high as the UK average and economic activity rates are lower than anywhere else in the UK.

Failure to invest comprehensively in education led to a further decline in attainment levels. Only the university educated engage in lifelong learning. Moreover, many of those that do complete their degree move, sometimes to Cardiff but often elsewhere in Europe.

The population of the Five Counties is now declining. Confidence and optimism is limited. The most disadvantaged communities continue to suffer from deteriorating health and unemployment. The economy is dominated by poorly paid, low quality jobs, many of which are temporary or part-time in nature. Knowledge-based industries have not developed in the Five Counties.

Low productivity and a relatively poorly skilled workforce has deterred UK and foreign firms from investing in the region. Few companies are starting up in the Five Counties and even fewer survive. A high proportion of the population is not sufficiently ICT literate and this has severely limited the area’s capacity for innovation.

Most of the manufacturing firms who invested in the sub-region in the 1980s and 1990s have relocated to Eastern Europe. Most of the few successful “home grown” firms have relocated to other parts of the UK where the workforce is more suitably qualified. A high proportion of the stock of industrial and business premises is now obsolete. The lack of broadband services and high quality premises places the Five Counties at a considerable disadvantage. The severe congestion on the M4 deters potential inward investors.

Towns and villages throughout the Five Counties are declining. Rural deprivation is particularly acute in a number of farming communities.

Neither Blaenau Gwent nor Newport replaced their metal manufacturing industries and long term unemployment is higher than any other part of the UK. Most people who live in Caerphilly commute to Cardiff; the prosperity of the district now depends on jobs in Cardiff.

By 2011, economic and social deprivation in parts of the Five Counties is as severe as that found in Hungary and Poland. GDP per head is 74% of the EU average. Consequently, the area is still an Objective One region.



“Divided Region”

In this alternative scenario, by 2011 the sub-region is polarised with very strong differences between rich and poor communities. The 2001-2002 recession was followed by a period of strong economic growth in most parts of the UK. There has been investment in all of the business parks along the M4 Corridor although the ability to attract new clusters of knowledge-based industry has been restricted by the lack of a highly skilled workforce.

House prices in Caerphilly and southern Torfaen have increased rapidly. However, disparities in prices between these areas and the upper Valleys have widened. Consequently, the residential development market is weak in northern Caerphilly, Blaenau Gwent and northern Torfaen. The growth along the M4 has created employment for a relatively small number of highly skilled workers, many of whom have migrated from Bristol and Gloucester to escape the high cost of housing in these areas. Although most of the towns in Monmouthshire are prospering, a number of rural farming communities remain disadvantaged.

Unfortunately, by 2011, the regeneration of Newport town centre has failed. Few fashion retailers remain; there is a scarcity of office jobs and the intercity services no longer stop in Newport. The office market is weak and crime is a serious problem.

Most jobs are found on the business parks dispersed along the M4. Urban planners describe Newport as a doughnut – empty in the middle. For most of the decade, Corus tried to secure planning consent for an out-of-town shopping centre (to offset the site reclamation costs) and thus most of the site is still vacant. This undermined the efforts to regenerate Newport town centre.

The gap in education and skills has widened in the sub-region. In particular, Blaenau Gwent and Torfaen have fallen further behind Monmouthshire and the rest of the UK. Low education attainment levels reflect the depth of economic and social deprivation suffered by many communities in the upper Valleys.

Many community enterprise schemes and business support initiatives have failed in these areas, partly as a result of low ICT take-up and training. This contrasts with the success of a new generation of entrepreneurs who are part of the clusters of knowledge and technology based industries along the M4. Few companies invest outside the M4 corridor due to the lack of a skilled workforce and broadband infrastructure.

Thus, most of the factories in the mid/upper Valleys have closed and are now obsolete. Few people commute to the jobs on the coastal plain. Unemployment in all of Blaenau Gwent, and in the towns in the mid/upper Valleys is still well above the UK average. By 2011, the Five Counties are truly divided.



The Preferred Scenario: “Five Counties: Smart, Successful and Connected”

3.10 In the Vision Workshop, the preferred scenario was:

In 2011, the skills and knowledge of the workforce – and the culture of lifelong learning – is the bedrock of the Five Counties economy. Many still now commute to Newport and Cardiff for well paid and high quality jobs but the tide is changing. Indeed, in Caerphilly, out-commuting is now decreasing as more people work closer to home. A new wave of small businesses has emerged in the small towns throughout the Valleys and Monmouthshire.

Participation in further and higher education throughout the Five Counties now exceeds UK averages. This is a result of the efforts of the University of Wales College Newport (UWCN) and the University of Glamorgan, in partnership with all of the further education colleges, to create a network of Community Learning Centres. The new UWCN campuses at Ebbw Vale and in Newport City Centre are symbols of this new lifelong learning culture. At any time, over 50% of the population are working towards a qualification; these range from basic numeracy certificates to a PhD. Indeed, it is this widely publicised universal commitment to lifelong learning which has encouraged many companies to stay, or move to, the sub-region.

Investments to reduce congestion on the M4 were completed in 2009. Business parks in Caerphilly, Torfaen, Newport and Monmouthshire within ten minutes of junctions on the E-20 Trans European Network Route (M4) are very popular with inward investors. This follows the WDA's decision to implement a strategic programme of stock modernisation and promotion of strategic sites.

The former steel works site is now the Llanwern International Logistics Operations Centre (the LILO Centre), a major national inter-modal distribution facility. Virtually every Welsh company, and many from the West of England, consolidate road freight here for onward rail dispatch throughout Europe. The LILO Centre is a very desirable location for light manufacturing and logistics companies; the ready access to both the national motorway and rail networks significantly reduces their costs. Also, companies using the internet as a primary channel to the South Wales market are located at the LILO Centre.

Ebbw Vale is home to four European data processing centres including two “shadow” back-up facilities for UK banks. Following the success of Celtic Springs, Old Town Docks and Cleppa Park, strategic employment sites including Oakdale, Craig-y-Felin and Llantarnam are now “full”.

The companies which first invested in South Wales during the 1990s created many of the new jobs in the Five Counties. They decided to invest in expansion because they had confidence in the widespread commitment to lifelong learning which led to a continuous upgrading of the workforce.

Rising rental and capital values in modernised estates such as Rassau, Wonastow Road and Mamhilad indicate that the benefits of a diversified economy are spreading to locations well beyond the M4 Corridor. Rhyd-y-blew was “full” in 2007; it demonstrates the success of the Heads of the Valleys as a location for modern industrial occupiers.

One of the most significant changes in the Five Counties is in the network of towns throughout the mid-upper Valleys and Monmouthshire. By 2011, they are home to over 500 SMEs serving global markets via the world class broadband networks and employ around



15,000 people. The creation of these SMEs reflects a new found confidence and entrepreneurial spirit. Comprehensive ICT training programmes and the provision of affordable but high quality premises have played an important part in making these small businesses competitive.

The explosion of visitors to Blaenavon World Heritage Site and the network of industrial heritage attractions resulted from the efforts of the South East Regional Tourism Partnership over the past decade. The "Greening the Valleys" land reclamation and environmental improvement programme is complete. In addition to the industrial heritage sites, other attractions include Caerphilly and Monmouthshire Castles, the National Velodrome and the new sports complex at Bryn Bach. Community enterprises have played a major role in exploiting tourism opportunities.

New four star hotels, and quality bed and breakfast accommodation exist throughout the Valleys. Many Europeans now visit during the Autumn and the Spring and tourism now employs over 7,000 people on a year round basis and around 12,000 people during the summer peak. The Ryder Cup brought over 150,000 visitors and every hotel was booked within 40 miles of the Celtic Manor. South East Wales now competes strongly with Scotland and Ireland as a location for golf tourism following the marketing campaign pursued in the period up to 2010.

The Five Counties now enjoy a high quality public transport network. This includes the Ebbw Vale/Abertillery – Newport/Cardiff railway lines, efficient and high quality bus services and integrated transport facilities. These have brought increased accessibility to communities in rural areas and the upper Valleys towns. Furthermore, the public transport improvements and measures to increase the capacity of the M4 to cope with peak load traffic has encouraged the growth of business in the Five Counties. Fast trains from Ebbw Vale to Cardiff and Newport take just 25-35 minutes.

Newport city centre is now a major office and retail centre. Ten new information services companies, employing over 3000 people, moved into the "Newport Knowledge Centre" at the railway station and several nearby developments. A high technology business park now occupies the Old Town Docks.

The new Riverfront developments provide a range of units for professional and business services companies as well as new housing. The complex includes a number of work-live studios. New housing development on Rodney Parade reflects the strength of urban renaissance in Newport Town Centre.

The University of Wales College Newport campus is also part of the Knowledge Centre and the new arts centre has stimulated the growth of a vibrant cultural and café quarter. The evening economy is boosted by the development of new student accommodation as well as private housing in the town centre. The strength of the retail market is reflected in the Zone A rents which are now only 25% less than those in Cardiff. The growth of professional and information services companies have created a new office investment market. There are now over 600 new homes in the city centre itself.

The Newport Urban Regeneration Company has brought forward the physical regeneration of key parts of Newport. This includes most of the area north of the steel works up to the M4 motorway. A route identified through the former steel works site is part of the road investment programme. The National Technology Centre in this area, along with the first two (of four) urban villages, is complete.



Consequently, Newport's population is now steadily increasing. This is, in part the result of Newport's young people deciding to set up home here rather than move in search of employment elsewhere. In part, this population growth is being fuelled by purchasers from all of the surrounding areas finding that homes in Newport offer exceptional value for money.

By 2011, people are choosing to stay, and move to, communities throughout the Five Counties – they are attracted by the quality of life. They value the ready access to the beautiful rural environment, the opportunity to participate in world class education, new housing at reasonable prices and a wide range of shopping.

All the town centres throughout the Valleys are prospering – as places to live, work, and shop, and provide a focus for even stronger community activity. The Annual Festival of the Valleys – which attracts over 300,000 visitors every year is a true celebration of the Five Counties as “smart, successful and well connected.”



4 The National and Regional Policy Context

4.1 The “Five Counties: Smart, Successful and Well Connected”, is, of course, a set of aspirations and very different from life in the Five Counties today. Yet, if we are to strengthen the economy of the area

to match the prosperity which exists elsewhere in Europe, it is essential that we establish a bold vision, and then invest to realise it. This must take account of the extant national and regional policy framework.

National Policy Context

4.2 The Welsh Assembly Government’s strategic plan for Wales was first articulated in **Better Wales** (April 2000) followed by the publication of **A Plan for Wales** in October 2001. These outline a vision for a modern Wales and a commitment to improving public services. National planning policy is set out in a series of documents including Planning Policy Wales, Minerals Planning Policy Wales and associated Technical Advice Notes, Unitary Development Plans Wales and these will be added to, in due course, by the Wales Spatial Plan.

expected to issue at the end of March 2002 and will continue to be monitored and reviewed in relation to the Welsh Assembly Government’s objectives for Wales.

4.3 Planning **Policy Wales** sets the context for sustainable land use planning policy, within which the local planning authorities are to prepare their unitary development plans and which provides a basis for decisions on planning applications and appeals. It is

4.4 In January 2002, the Welsh Assembly Government published **A Winning Wales** - its economic development strategy. The strategy aims to: ‘achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable, based on competitive businesses with skilled, well-motivated people.’ Building on the strategic plan for Wales, the strategy sets out **ten priorities** and associated actions for achieving a range of targets. The key dimensions of each of these priorities for the Five Counties are as follows:

Element 1: Supporting Businesses

4.5 **A Winning Wales** features the importance of supporting businesses already in Wales, as well as those which can be attracted to Wales. This entails working with the private sector to provide an adequate supply of **quality employment sites and premises in the right location**. Despite the availability of a considerable *quantity* of industrial land in the Five Counties there is a substantial shortage of high quality sites and premises which meet the

requirements of emerging industries. Moreover, a significant proportion of the identified ‘supply’ is not readily available. Whilst ensuring a suitable supply of property for firms is a key priority, making sure that they have access to an **integrated business support and advice system** will also be important if the economy is to move in the directions envisaged by **A Winning Wales**.



Element 2: Encouraging Innovation

4.6 In the competitive global economy, innovation drives profitability and growth. Thus, **A Winning Wales** emphasises the importance of accelerating innovation by Welsh companies - enabling good ideas from entrepreneurs, academics and researchers to be turned into profitable products

and services. Promoting innovation features prominently in the WDA's programmes such as the **Knowledge Exploitation** scheme. The WDA is also developing a network of **Techniums** to provide accommodation for innovative companies working in partnership with universities.

Element 3: Encouraging Entrepreneurship

4.7 The rate of new business start-ups in Wales is very low by comparison with the rest of the UK. Thus, **A Winning Wales** emphasises the importance of developing a strong culture of entrepreneurship. Establishing such a culture is key to creating a more diversified sub-regional economy. Subject to

availability, we recommend that some of the Corus monies are allocated to support encouraging entrepreneurship in the Five Counties as a whole, as well as in Blaenau Gwent and in Newport. The national **Entrepreneurship Action Plan** provides a framework for local action.

Element 4: Setting a Fresh Direction

4.8 **A Winning Wales** features the need to focus resources on supporting new and existing growth

sectors. The Welsh Assembly Government is now identifying the priority sectors.

Element 5: Establishing Wales in the World

4.9 The national strategy also highlights the need to strengthen Wales' position in the global economy. This embraces sustaining the flow of inward investment to Wales. It also entails making

sure that Wales' tourism offer is competitive and building stronger strategic alliances between companies and universities in Wales and those elsewhere.

Element 6: Developing a Learning Country

4.10 **A Winning Wales** highlights that raising educational attainment, and enabling the workforce to continuously improve their skills, are central to Wales' future prosperity. If this is not achieved, Wales' companies will not be able to compete effectively in the global economy. Building a culture of lifelong

learning will not be easy. Some investments will bring immediate benefits but others will take several years to bear fruit. The Welsh Assembly Government's strategy, **A Learning Country** sets out a vision for achieving a Lifelong Learning culture in Wales.



Element 7: Creating Strong Communities

4.11 Tackling social disadvantage is a key objective for the Welsh Assembly Government. **Communities First** (December 2000) endorse a strategy which focuses on the most deprived areas in Wales and encourages community-based regeneration. **A Winning Wales** recognises the importance of investing in social enterprise and the Welsh Assembly Government is encouraging the Communities First Programme areas to consider how to promote community based economic development.

These include development trusts, worker co-operatives, community businesses, credit unions, and intermediate labour market initiatives. Creating strong communities also must entail securing the future of Wales' **town centres**; investments to achieve this feature in WDA investment programmes. **Better Homes** (September 2001) sets out the role of housing in regenerating communities and tackling social disadvantage.

Element 8: Improving Transport

4.12 **A Winning Wales** highlights the essential role which providing world class passenger and freight transport facilities plays in economic development. Additional investments are of particular importance in the Five Counties to ensure that the labour markets work more efficiently and that congestion on the M4 is relieved. The **Transport**

Framework for Wales provides an important strategic context for shaping the future of the transport system in Wales. Central to this strategy are the principles of improving public transport, encouraging integrated transport, and improving accessibility.

Element 9: Supporting Rural Wales

4.13 Wales' land-based economy is under great economic pressure, and employment in agriculture is in decline. Action within the framework of the **Wales Agri-Food Strategy** has the potential to help the sector face these pressures better, by developing a

more integrated agri-food supply chain. In addition, promoting sustainable tourism, and attracting new "knowledge industry" companies to locate in market towns will be key strands in a rural economic diversification strategy.

Element 10: Promoting Information and Communication Technologies

4.14 Digital technologies have the potential to increase internal efficiencies of companies and open up both sales and purchase markets. Promoting the use of digital technology features prominently in **A Winning Wales** as at present, business take-up of digital technology is low throughout most of Wales. Wales On-line outlines part of the national strategy as does the WDA's Ubiquitous Broadband strategy.

Assembly Government and its partners contribute to sustainable development objectives.

4.15 In addition to **A Winning Wales**, the Welsh Assembly Government highlights the need for all policy actions to be guided by the principles of sustainable development. The **Sustainable Development Scheme** (November 2000) sets out an action plan for ensuring that all functions of the Welsh

4.16 **The Wales Spatial Plan – Pathway to Sustainable Development** is being prepared in an inclusive and collaborative way to meet the Welsh Assembly Government's commitment to prepare "a new spatial development framework, linked to Assembly policies, which is updated regularly with the help of those affected". The Five Counties Regeneration Framework, together with other collaborative work, will provide a valuable input into the preparation of the Plan. The Wales Spatial Plan is due to be formally adopted early in 2003.



Regional Policy Context

4.17 Strategic Planning Guidance for South East Wales was published in January 2000 by the consortium of local authorities which comprise South East Wales. This sets out principles to shape the future development of the region. The document also plays a strong advocacy role by highlighting points of action for other stakeholders. However, the SPG does not provide a clear spatial context for cross boundary regeneration priorities. National planning policy in Planning Policy Wales and other national policy documents, including the forthcoming Wales Spatial Plan, plus adopted development plans and the Unitary Development Plans that will supercede them, provide the basis for forward planning in the Five Counties.

4.18 In July 2000, the South East Wales Economic Forum agreed an economic strategy for the region - **The Capital Region**. It aims to establish the region in the top quarter of the most prosperous regions by 2010. This strategy, along with the **West Wales and the Valleys Objective 1 Programme** and **A Winning Wales** emphasises the urgent need for

economic diversification. The proposals for the Five Counties (as set out in Section 6 below) to create a diverse knowledge-based economy will make a significant contribution to the achievement of both national and regional targets including:

- creating 135,000 additional jobs in Wales over the next 10 years;
- creating 23,000 new business starts in Wales by 2006;
- increasing GDP per head in the South East Wales region to 95% of the UK average by 2010;
- raising GDP in the Objective 1 region to 78% of the UK average by 2006; and
- creating 43,500 additional jobs in the Objective 1 region by 2006.



5 The Regeneration Principles

5.1 Realising the preferred vision will not be easy. Under the auspices of the Welsh Assembly Government, It will be necessary for all five local authorities, the Welsh Development Agency, and ELWa, to work more closely together. The public sector must provide real leadership – making tough decisions, targeting key investments ruthlessly, and taking some risks.

5.2 We propose the following four principles to guide these decisions. The principles are based on a thorough analysis of the baseline economic context (as set out in Section 2 above), an assessment of the national and regional policies (as set out in Section 4 above), and consultations with key stakeholders. These four principles are, however, only the start of the regeneration process:

1. **Create a sustainable knowledge-based economy;**
2. **Establish an integrated and well connected sub-region;**
3. **Build a lifelong learning culture; and**
4. **Re-establish our towns as centres of economic activity.**

5.3 Each of these principles is described below and our proposed strategy and actions to implement the principles are set out in Section 5.

Principle 1: Create a Sustainable Knowledge Based Economy

5.4 Historically, the economy of South East Wales was strongly dependent on traditional manufacturing with many towns and communities having developed around coal and then steel plants. Even today, metal manufacturing dominates Blaenau Gwent and Newport. This legacy of heavy industry has left many parts of the sub-region vulnerable to further economic decline.

5.5 As set out in **A Winning Wales** and in **A Capital Region**, it is essential to diversify the sub-region's economic base. This will require nurturing and attracting companies in the expanding sectors of the European economy, particularly "knowledge-based" industries.

5.6 Yet, with the possibility that Europe is entering a recession, or at best, going through a period of modest economic growth, it is imprudent to rely on a steady stream of inward investment to drive this economic diversification. Much of the new employment will be "home grown," from companies, and entrepreneurs already in the Five Counties. Indeed, the potential to create a knowledge-based

economy in the Five Counties will depend strongly on the ability to foster an entrepreneurial spirit and the creation of high quality indigenous businesses.

5.7 Looking to the future, it will be particularly important to invest in upgrading the skills of the workforce (both employed, and those not currently in the labour market) by building a culture of lifelong learning. (This is featured in Principle 3 below).

5.8 It is equally important to focus on building an entrepreneurial culture and a greater capacity for innovation. The policy framework has been established by the **National Entrepreneurship Action Plan** and several local frameworks. Implementing this Plan is central to the economic diversification of the Five Counties.

5.9 Experience in other UK regions has shown consistently that achieving economic growth largely depends on the ability to capitalise on existing competitive strengths. In South East Wales, the main competitive strengths include the sub-region's strategic position astride the M4 and the Great



Western Railway, the close proximity to Cardiff and Bristol, access to the Midlands from the Heads of the Valleys Road, a loyal skilled workforce, and a strong community spirit arising from a rich industrial heritage.

A Winning Wales highlights the importance of building on strengths, including the need to capitalise on the sub-region's existing and potential advantage in key manufacturing sectors.

5.10 It is essential to ensure that a ready supply of sites, and high quality premises, are available along the M4 Corridor and the Heads of the Valleys Road. Based on experience over the past twenty years, these locations compete effectively with the rest of the UK (and Europe). It would be unwise for Wales, and the Five Counties, not to use this competitive advantage. The provision of high quality premises in strategic locations to support economic development is advocated by **A Winning Wales** and the **Economic Strategy for South East Wales**.

Principle 2: Establish an Integrated, Well-Connected Sub-Region

5.12 In recent years, a wide range of collaborative initiatives have been undertaken in the Five Counties – joint working by several authorities is common practice and the South East Wales Economic Forum provides a framework for joint marketing and policy development. The current process of preparing the Regeneration Framework has highlighted the common challenges which the Five Counties share. This process has also highlighted the potential for more integrated activities across the Five Counties - the network of Community Learning Centres (see below) is the best example so far.

5.13 There are three key “connectivity” challenges facing the Region which can best be addressed through the Five Counties genuinely working together: (i) improving access to high capacity broadband provision; (ii) making it easier for people to live in one community and work elsewhere; and (iii) increasing capacity on the M4. The Five Counties are more likely to secure the essential investment to improve “connectivity” if they take an integrated approach.

5.14 The Welsh Assembly Government, the WDA, and key officials throughout the Five Counties recognise the importance of providing locations from which Small and Medium-sized companies can gain

5.11 It is equally essential to ensure that significant opportunities to attract investment throughout the Five Counties are created. During the 1990s, the mid-Valleys successfully attracted investment; now the focus must be to attract investment in information services and other emerging industries. Sites and advanced premises must be made available in the mid and upper Valleys as part of the effort to minimise commuting and population loss from the Valleys. The Mid-Valleys Growth Corridor in Caerphilly and Torfaen, Oakdale, and the new scheme at Rhyd-y-Blew are examples of key priorities. These must be part of the network of high profile strategic employment sites in the sub-region – an approach endorsed in all the strategic policies. An integral part of this “offer” is to present potential occupiers with a portfolio of high quality small offices/studios throughout the towns in the Valleys and Monmouthshire.

access to high capacity broadband services at a reasonable cost. The WDA's **Ubiquitous Broadband** strategy provides an overarching framework, and the Welsh Assembly Government's new Lifelong Learning Network initiative is an important step in the right direction. Today, access to broadband differs dramatically across the Five Counties. Most locations in Newport and some locations in Caerphilly are reasonably well served. Elsewhere, in the Five Counties, most communities are now at a significant disadvantage when trying to attract/retain SMEs which require access to high capacity broadband networks. As set out in Section 6 below, the best way to improve access will be for the Five Counties to work together.

5.15 The second strand of improving “connectivity” is to recognise that the Five Counties are increasingly a **series of overlapping labour markets**. New data on journey to work travel patterns from the Census will be published in 2002. They will confirm evidence from traffic congestion/surveys showing very widespread “cross border” commuting throughout the Five Counties. This is not surprising as it is a common characteristic of urban areas – particularly those where major economic changes (both growth and decline) are underway.



5.16 To ensure that the residents of the mid and upper Valleys can realise their full economic potential, it will be essential to improve public transport serving the Valley towns. It is equally important to improve transport to Newport and Cardiff. The proposed Ebbw Vale/Abertillery – Newport/Cardiff rail service is the flagship investment but the other key rail and bus service improvement initiatives proposed through TIGER and SWIFT are also essential. Considerable scope also exists to promote substantial employment growth in the town centres and in Newport within walking distance of the railway station. This will be key to reducing economic exclusion and promoting more sustainable patterns of living in the Five

Counties as is being promoted in the Welsh Assembly Government's **Plan for Wales** and various other national strategies.

5.17 The third joint effort to improve “connectivity” is for all Five Counties to recognise that the M4 and the mainline Paddington rail link are currently fundamental to the prosperity of the entire area. Peak period congestion on the M4 is already severe and is forecast to increase substantially. As set out in Section 6 below, measures to provide **relief to the M4** would contribute to strengthening the competitive advantage of the Five Counties.

Principle 3: Build a Lifelong Learning Culture

5.18 Educational attainment levels in the Five Counties (except Monmouthshire), are well below the levels necessary for a workforce to compete effectively in a global economy. In many communities, under-achievement is evident from an early stage. Many adults need basic help with literacy and numeracy. Throughout the Five Counties, it is essential that attainments at each key stage of primary and secondary education must exceed (or at least match) national levels. Participation in post-16 education must increase dramatically. Employers must drive investment in the skills of their workforce; those not in the workforce must recognise that they may need to acquire new skills and qualifications in order to secure a well paid job.

5.19 This principle is wholly in accord with a wide range of national policies aiming to build a lifelong learning culture including: **A Plan for Wales, A Learning Country, and A Winning Wales**. Essentially, the economic future of Wales – and the Five Counties - depends on creating a community-wide belief that education is key to prosperity. Building a culture of lifelong learning and mechanisms for achieving this must feature in the Regeneration Programme.

5.20 A steady programme of investment in the learning infrastructure of the Five Counties will be required. As set out in Section 6, the proposed network of Community Learning Centres will be at the heart of efforts to increase learning, at all levels and in all communities.

Principle 4: Re-Establish Our Towns as Centres of Economic Activity

5.21 Today, the town centres throughout the Five Counties still play a vital role in knitting our communities together. In the past they were symbols of economic and social health. Today, many centres are now symbols of deprivation. Falling local employment, low levels of investment and the construction of out-of-town retail and leisure facilities have taken much of the social and economic life from many of the town centres. Some centres have

suffered more than others. This is reflected in, and reflects, the scale of deprivation in the communities that surround the town centres.

5.22 A major objective of the Welsh Assembly Government's **Plan for Wales** is to establish a clear identity for Wales. Boosting the confidence and image of town centres in the Five Counties will play a critical role in reinforcing the culture and character of our communities.



5.23 Diversifying the economy should contribute to rejuvenating the town centres in the Five Counties. It will also play an important role in strengthening some of the most disadvantaged communities in the area. New office and studio schemes should be developed in town centres in each of the Valleys and Monmouthshire.

5.24 Securing the regeneration of the centre of Newport must feature prominently in the Five Counties Regeneration Framework. Today, as a shopping centre, Newport is not “punching its weight”; significant consumer expenditure is needlessly lost to adjacent centres, particularly Bristol and Cardiff. Even though Newport benefits from frequent rail services to major UK cities, it has not succeeded in attracting investment in new offices over the past decade. Attracting investment to rebuild Newport’s retail offer, and establish Newport as an office location will create additional jobs which are easily accessible from many communities in the Five Counties by existing rail services. Offering passenger services from Ebbw Vale would make it possible for residents of Blaenau Gwent to gain access to these jobs as well.

5.25 The **Newport Regeneration Programme** outlines the overall approach to strengthening the centre of Newport, including planning to increase

Newport’s retail catchment by promoting the Llanwern Regeneration Area which comprises the Corus works and the land between the works and the M4.

5.26 A major tourism development programme in the Five Counties, under the auspices of the new Regional Tourism Partnership, could bring additional spending power into the town centres. Indeed, exploiting the potential from tourism in the Five Counties could create many opportunities for community enterprise, such as projects promoted by the West Wales and Valleys Objective 1 Programme. For some town centres, a single scheme (such as the redevelopment of the multi-story car park in Ebbw Vale) could bring a significant boost of confidence to the town centre as a whole.

5.27 The key to revitalising our town centres will be to implement an integrated approach to their regeneration. The public sector has a strong role to play in promoting the development of new uses and activities and taking the necessary risks on key projects. Many of the Welsh Assembly Government’s policies emphasise that revitalising our town centres will bring wider benefits including the re-use of brownfield land, improvements to the built environment, increased demand for public transport and a focus for visitor attractions.

Implications For Spatial Planning Policy

5.28 In most respects, the above four principles and the proposals which follow are consistent with existing national regeneration and spatial planning policies. All of the sites proposed for employment have been identified by the five unitary authorities. These sites are allocated in extant Unitary Development Plans or in the UDP reviews which are now underway. However, the Five Counties Regeneration Framework has three important implications for spatial planning policies. Indeed, in light of the magnitude of the Corus closures, changes should be expected. The implications of these will need to be considered, and consulted upon, when the Five Counties are preparing future development plans.

5.29 First the Framework is proposing **that Newport centre becomes a much stronger retailing and office centre**. In itself, this is wholly compatible with the existing UDP and sub-regional planning guidance. However, we believe that this can best be achieved if planning policies are modified to promote the growth of Newport’s shopping catchment. Most of this catchment growth will take place on brownfield sites within the existing urban area but some must also occur in the Llanwern expansion area including both the Corus works and the land between the Corus works and the M4. This will require a reconsideration of the housing policies in Newport’s UDP.



5.30 Second, the proposed redevelopment of the **Corus works at Ebbw Vale for a Learning Campus**, substantial housing, and employment will create a new development focus for the Five Counties. This has important implications for Ebbw Vale town centre and the overall supply of employment land in Blaenau Gwent which should be addressed in the next review of the UDP.

5.31 Third, the Framework **proposes schedules of sites for the location of most new employment** for the next 5-10 years. Most of the schemes identified in the Framework will require financial assistance from the WDA. In the event that the Five

Counties and the WDA adopt the Framework, then these schedules will be a central input into future planning strategies.

5.32 These schedules define the most competitive locations for employment growth throughout the Five Counties. However, it should be recognised that local authorities have allocated a range of sites within their areas to meet the needs for employment within local communities and to encourage sustainable employment practices. It may be appropriate for some of the authorities to reconsider the development potential of these sites for employment purposes.



6 Strategy and Action Plan

6.1 We offer the following proposals to translate the principles of the Five Counties Regeneration Framework into action. These proposals show how

the Welsh Assembly Government's **A Winning Wales** could be implemented in the Five Counties.

Element 1: Supporting Businesses

Quality Business Sites and Premises

6.2 Despite the availability of a considerable *quantity* of industrial land in the sub-region, there is a substantial shortage of high quality sites and premises which meet the requirements of emerging industries. Moreover, a significant proportion of the identified 'supply' is not readily available.

6.3 Implementation of the following proposals will ensure that the Five Counties offer a balanced portfolio of sites and premises for the sub-region as a whole. This includes a **five year development programme**. The priority sites and premises identified are those which will increase the attractiveness of the sub-region with particular regard to:

- maximising the economic potential of the sub-region's most competitive locations without compromising sustainability objectives;
- improving the quality of the existing stock of premises;
- meeting the needs of expanding industries already located here and companies which may wish to move to the Five Counties;
- facilitating the establishment and growth of knowledge based industries and providing a focus on the need for quality and flexibility; and
- improving the quality of the 'property offer' in areas north of the M4 Corridor.

6.4 In summary the development programme identifies:

- a single 'flagship' prestige business park of international standing;
- key existing development proposals (49,000 sq.m.);
- office provision on key sites (21,300 sq.m.) and within town centres (9,300 sq.m.);
- industrial/business space provision of approximately 34,000 sq.m.;
- modernisation/management scheme to upgrade existing business and industrial premises of (50,000 sq.m.); and
- a network of key strategic sites.

6.5 The Five Counties Regeneration Framework highlights the importance of meeting the demands of the modern occupier markets. A demand-led appraisal of employment land and premises in Wales, being undertaken for the WDA identifies a clear need for the creation of a **prestige business park** in South East Wales, which must be capable of competing at a national and international standard. This appraisal states:

'For the Cardiff-Newport axis, there is a distinct lack of an international/ national 'flagship' site which can act as an important focal point for the knowledge based strategies being pursued by the Welsh Assembly Government and the WDA.'



6.6 The area southwest of **Junction 28 (Cleppa Park, Imperial Park, Celtic Springs, Cleppa 4)** offers an excellent opportunity to create such a flagship business park. The established success of the Junction 28 area reflects occupier confidence in the strength of Newport's workforce.

6.7 To create a business park of genuinely international status it will be necessary to establish a partnership between existing occupiers, developers, the WDA, and Newport County Borough Council. This partnership would focus on upgrading the business environment to a standard equal to that of other leading European business parks. The partnership would also undertake a joint initiative aimed at strengthening and clarifying the identity of the area. The free movement of traffic on Junction 28 of the M4 is an essential ingredient for the success of this area (See Element 8 Improving Transport below).

6.8 Approximately 6,000 sq.m. of B1 floorspace is available at **Imperial Park** and the proposed speculative development of 5,000 sq.m. at **Celtic Springs** provide good opportunities for accommodating new occupiers in the short-term. Moreover, bringing the Hyundai/Hynix facility into productive use would add further impetus to the area.

6.9 Whilst the promotion of Junction 28 as a premier location will continue to be an important driver in the Newport economy, the development programme aims to provide a primary means for diversifying the economy and for creating and spreading wealth. The programme has been developed by King Sturge/Shared Intelligence in association with the WDA and local authorities.

6.10 Our recommended **procurement route** is identified in the schedules. This includes a mix of public sector direct development, grant aid and joint ventures with the private sector. Also included in the schedules are **indicative costs to the public sector** in delivering each key strand of the programme. Further assessment will be required to verify cost estimates. Key methods of procurement include: WDA and Local Authority Direct Build (DB); Objective 1 funding (O1); Welsh Industrial Partnership (WIP) Initiative; Local Regeneration Fund (LRF); grant aid to private sector (GA) and joint ventures (JV) with the private sector.

6.11 Currently, a number of important WDA and local authority backed business, industrial and high-tech schemes are either under construction or proposed for development in the near future. **Schedule A** below identifies that these schemes amount to 48,670 sq.m. (524,000 sq.ft.).

**A - Business & Industrial Schemes under construction and existing
LA & WDA 'commitments', by County**

County	Site / Location	Use	Size (sq.m.)	Procurement Route
Blaenau Gwent	Rhyd-y-blew	B1/B2/B8	9,290	WDA DB
	Rising Sun	B1/B2	4,645	WDA DB / O1
	Victoria	B1/B2	3,250	WIP Initiative
	Victoria	B1	2,320 (2 units)	LA DB / O1
	Barleyfields	B1/B2	1,390	LA DB / O1
Caerphilly	Duffryn Meadows	B1/B2	4,645	Completed
	Oakdale	B1/B2	4,645	WDA DB / O1
Torfaen	Llantarnam	B1/Technium	2,320	WDA DB / O1
	Llantarnam	B1 Pavillions	2,790	WDA DB / O1
	Mamhilad	B1/B2	3,250	WIP Initiative
	Gilchrist Thomas	B1/B2	1,860	LA DB / O1 / LRF
Newport	Queensway Meadows	B1B2/B8	3,250	WDA DB
	Celtic Springs	B1 offices	5,015	WDA GA



Total		48,670 sq.m.	£21.3 million
--------------	--	---------------------	----------------------

6.12 Schedule B below identifies a range of opportunities to accommodate **office occupiers**. These will be particularly important in securing knowledge based industries and driving the revitalisation of town centres by the provision of quality small office units throughout the sub-region (including Newport, Blaenau Gwent, Caerphilly, Cwmbran, Pontypool, Chepstow, Monmouth and Abergavenny).

6.13 It is now necessary for local authorities to work with the WDA in identifying specific opportunities in a number of 'target' town centres. Consequently, the town centre floorspace figures set out in Schedule B should be regarded as targets. The total amount of

office development proposed comprises some 31,055 sq.m. Funding sources and procurement methods cannot be established until further work is carried out in identifying sites but it is likely that private investors will meet a significant proportion of the total costs.

6.14 In identifying sites, priority should be given to the most marketable opportunities and to where land acquisition and assembly constraints are minimal. Local Authorities and the WDA should take a proactive approach to developing a modern office portfolio where appropriate. We would strongly encourage the use of CPO powers, with office development proposals reflecting the scale and function of individual town centres.

B – Office Development Opportunities and Targets, by County

County	Location	Size (sq.m.)	Procurement
<u>Target Town Centres</u>	Ebbw Vale*, Abertillery, Brynmawr, Tredegar.	Target 5 schemes (minimum 930 sq.m.) = 4,650 sq.m.	Part DB (50%) (£5.5 mill)
	Caerphilly*, Blackwood*, Bargoed, Rhymney, Ystrad Mynach, Newbridge.		
	Abergavenny*, Chepstow*, Monmouth*, Usk, Caldicot.	Target 10 schemes (minimum 465 sq.m.) = 4,650 sq.m.	Part GA (50%) (£1.5 mill)
	Newport centre /suburbs*		
	Cwmbran*, Pontypool*.		
Sub-Total		9,300 sq.m.	(£7 mill)
Blaenau Gwent	Ebbw Vale	1,860	WDA / LA DB
Caerphilly	Duffryn North	1,860	GA
Monmouthshire	Beaufort Park	1,390	Private Sector
Newport	Town Centre	13,395	DB / URC / GA
Torfaen	Cwmbran Town Centre	1,390	LA DB / O1
	Pontypool Clarence Corner	1,860	
Sub Total		21,755 sq.m.	(£15.3 mill)
Grand Total		31,055 sq.m.	(£22.3 mill)
Figures exclude office proposals included at Celtic Springs (Schedule A)			
*Priority town centre where opportunities should be actively sought.			



**C – Mid-Range Business & Industrial Development Opportunities
(900-5,000 sq.m.), by County**

County	Site / Location	Use	Size (sq.m.)	Procurement
Blaenau Gwent	Tredeggar Business Park	B1	2 x 1,390	LA DB
Caerphilly	Tredomen	B1	1,860	WDA DB / O1
	Oakdale	B1/B2	4,645	LA DB / O1 /LRF
Monmouthshire	Wonastow Road	B1/B2	1,390	WDA land sale to private sector
	Magor/Caldicot	B1/B2	2 x 1,390	GA
Torfaen	Llantarnam	B1	1,390	GA
	Mamhilad / Usk Vale	B1/B2/B8	2 x 1,390	GA
Total			17,625 sq.m.	(£6.1 million)

6.15 A range of priority development opportunities for **business and industrial use** have been identified in **Schedules C and D**. These amount to a total of 35,250 sq.m. (380,000 sq.ft.). Given the need to respond to the requirements of knowledge-based occupiers, particular emphasis has been given to schemes which offer greatest potential quality and flexibility. For mid-range occupiers (900-5,000 sq.m.), Schedule C identifies a total provision of 17,625 sq.m.

6.16 **Schedule D** identifies potential provision of 14,850 sq.m. to accommodate the needs of smaller occupiers (up to 900 sq.m.). This excludes “starter unit” enterprise schemes such as the Innovation Centres in Ebbw Vale and Newport. The procurement of these schemes may involve enterprise agencies and non-profit bodies (see ‘Encouraging Innovation’). Occupancy rates for units of less than 500 sq.m. are greater than 95% in towns such as Caerphilly, which clearly demonstrates the presence of market demand.

**D - Small Business & Industrial Development Opportunities
(up to 900 sq.m.), by County**

County	Site / Location	Use	Size (sq.m.)	Procurement
Blaenau Gwent	Victoria (Platform A)	B1/B2	Units totalling 1,390	LA/O1/WDA
	Roseheyworth	B1	Units totalling 1,390	LA/O1/WDA
	Cwm	B1/B2	Units totalling 1,390	LA/O1/WDA
	Brynmawr	B1/B2	Units totalling 1,390	LA/O1/WDA
Caerphilly	Tredomen Tech Centre	B1	1,860	LA DB/O1/LRF
	Ystrad Mynach area	B1/B2	6-10 units totalling 930	LA/O1/WDA
Mon'shire	Abergavenny	B1/B2	10 units totalling 930	LAWDA DB
	Wonastow Road, Monmouth	B1/B2	6-10 units totalling 1,625	LAWDA DB
	Chepstow area	B1/B2	4-6 units totalling 930	LAWDA DB
Newport	South Newport	B1/B2	10-15 units totalling 2,320	GA
Torfaen	Gilchrist Thomas	B1/B2	Units totalling 1,390	LA/O1 DB
Total			16,240 sq.m.	(£8.6 mill)



6.17 In prioritising the availability of the sub-region's most competitive schemes and development opportunities, it is also important for businesses to gain from the potential offered by the **existing property stock**. However, a significant proportion of

this stock is in poor condition or is nearing obsolescence. Moreover, a lack of cohesive estate management and investment in central services has led to problems of fragmentation on many estates.



6.18 Consequently, it is proposed that a **targeted modernisation programme** is developed to maximise opportunities from within the existing stock of premises. New funding mechanisms will be needed to supplement Industrial Improvement Areas, Business Premises Improvement Grants and Urban Investment Grants. It may be appropriate to extend and adapt these existing WDA initiatives (including clawback arrangements). Priorities for the modernisation programme must be set at the sub-regional level, although sufficient flexibility must allow

for different needs and priorities. It will also involve working with major property company landlords in delivering wide ranging refurbishment schemes. These may include Ashtenne; 10 Group and Mayfield. The estate modernisation programme opens up an excellent opportunity for public sector investment to lever substantial private sector investment. Schedule E below provides a provisional list of key business and industrial locations which should receive priority in terms of modernisation and/or management support.

E - Priority Business & Industrial Locations for Modernisation and Management Improvement, by County

County	Estate / Location	Modernisation / Refurbishment	Management Improvement
Blaenau Gwent	Crown Business Park Waun-y-pound Rassau* Tafarnaubach*	  	   
Caerphilly	Bedwas, Caerphilly Pantglas, Caerphilly Duffryn, Ystrad Mynach Pen-y-fan, Oakdale Heads of the Valleys, Rhymney Nine Mile Point, Cwmfelinfach	  	   scheme in place  
Monmouthshire	Severnbridge, Caldicot Wonastow Road, Monmouth	 	
Torfaen	Llantarnam, Cwmbran Springvale, Cwmbran Pontnewynydd Gilchrist Thomas* South Pontypool/Polo Grounds* Avondale, Cwmbran	    	 
Newport	Queensway Meadows Leeway Maesglas Junction 28 (Imperial Park / Cleppa Park)	   	  
* Sites with particularly significant potential for upgrading.			

6.19 The list provided above is not exclusive and it will be necessary to implement an ongoing audit of property stock in order to assess refurbishment needs and potential. In implementing Schedule E it might be appropriate to establish an Estates

Improvement Forum comprising owners, occupiers, agents, the WDA and Local Authorities. WDA Business Environment Co-ordinators should take a leading role in this.



6.20 It is estimated that a budget of £7 million will be required to facilitate the modernisation of 50,000 – 75,000 sq.m. of industrial floorspace over a period of two years, and a budget of £1m to improve the management of selected estates. In delivering this programme, it will be necessary for the WDA to work with local authorities and landowners to develop a phasing plan which prioritises key estates.

6.21 The WDA and local planning authorities may conclude that some estates are unlikely to be occupied for employment and that it may be appropriate to consider the reallocation of some existing employment sites.

6.22 For each of the main schedules we have recommended a procurement strategy which includes indicative estimates of the potential public sector contribution for delivering the development programme. These are summarised below.

Sites and Premises Procurement Estimates

Schedule	Category	Indicative Public Sector Cost
A	Existing Commitments	£ 21.3 million
B	Offices	£ 22.3 million
C/D	Industrial	£ 14.7 million
E	Modernisation/ Management	£ 7 million
Total		£ 65.3 million
<i>Costs are indicative only and include construction, professional fees and land. Sunken costs are excluded.</i>		

6.23 The development programme outlined above sets out provisional proposals on sites and premises which will support indigenous and mobile companies. Whilst some of the locations identified above may have the potential to support large inward investment projects, this Regeneration Framework has identified a number of **key strategic sites** which offer the most competitive locations for such projects. These are set out below in 'Establishing South East Wales in the World.' These sites are shown on Schedule F; with an indicative allocation of say £25m for these strategic sites, the total WDA investment required over five years would be circa £90m.

Integrated Business Support and Advice (Business Connect)

6.24 There are major changes underway in the provision of business support services in Wales. Currently, responsibility for business support services in the Five Counties (as in Wales as a whole) is very fragmented. The service provided by the local authorities differs from area to area. By contrast, in Scotland, a single national service is being provided by Scottish Enterprise and funded by the Scottish Parliament. In England, services are provided by the Small Business Service's network of Business Links and funded by the Department of Trade Industry. The position in the Five Counties is as follows.

6.25 The contracts for the **Business Connect Gateways** have recently been awarded. In Newport, funding of £41k has been provided by Business Connect SE Wales with the four core local partners (Newport CBC; Newport and Gwent Enterprise; WDA; ELWa) being asked to provide 4k each) for 2001-2002. Similar sums have been provided to the other four local authorities to the end of the financial year. If Business Connect is to be successful using the Gateway model, then the Gateways need to be funded over at least a three year period, so as to build the expertise required to provide a high quality diagnostic and signposting service.

6.26 The Business Connect Gateway services are located at various centres provided by the Local Authorities or the partnerships. In **Blaenau Gwent** the Gateway is based at the Council's Business Resource Centre at Tafarnbach in Tredegar.

6.27 **Caerphilly** County Borough Council has been developing the Tredomen Business and Technology Centre, which is an exemplar for the Business Connect service in South East Wales – all key agencies and providers have agreed to co-locate at the Centre. This co-location approach is seen to have significant benefits, including easy access to the full range of providers for clients and easy access for providers to each other, enabling improved co-ordination of the overall business support offer.

6.28 In **Newport** the Gateway is based at the Centre for Business, a joint venture between Spacia (the property arm of Railtrack) and Newport and Gwent Enterprise. It brings services from the various partners 'under one roof' using the co-location model



for the first time in Newport and acting as a drop-in centre - a "one stop shop" for those firms seeking support. The Chamber of Commerce provides specialist assistance with exporting. Chwarae Teg, Menter a Business, Development Trusts, the Prince's Youth Business Trust and others act as specialist providers. Proposals for the Innovation Centre in **Torfaen** will bring together business support services and training facilities.

6.29 The Enterprise Agencies, Newport and Gwent Enterprise and Venture Wales, also provide a major element of the business support service across the Five Counties. **Venture Wales**, which within the Five Counties mainly provides support in Caerphilly and Blaenau Gwent, has recently secured five business support projects totalling £1.5m from Objective 1. The projects will be providing support for firms throughout some of the Five Counties. The £885k "**Business Development and Recovery Programme**" will assist SMEs over 2 years old to improve their competitiveness and growth potential. This project is running from July 2001 to December 2002. Another project is designed to promote new start-ups (see section on Encouraging Entrepreneurship). The projects will also see increased provision of mentors and business advisers. Overall, the projects aim to assist 750 firms, creating 620 jobs and safeguarding a further 545.

6.30 Newport and Gwent Enterprise mainly provides services in Newport, Torfaen and Monmouthshire. This includes the provision of managed workspace, business support programme delivery (including IT), and the development of business support and enterprise strategies from the local level in Newport to the national level (including significant input into the National Entrepreneurship Action Plan). Newport and Gwent Enterprise's **managed workspace** units are currently 86% occupied. Units at the newly refurbished Centre for Business in Newport are at 100% occupancy, with high levels of occupancy at Newport CBC's units too. Similar situations exist throughout the Five Counties, which points to an unmet demand for quality small office units. Some of the schemes set out in Schedule D above could be developed as managed workspace to meet this unmet demand.

6.31 More generally, Local Authority and WDA South East Region **Account Managers** will continue to work with Five Counties' larger companies on

supply chain development and other national business support programmes. It is unclear at present, given the WDA's new remit for SMEs, what the role of these Account Managers will be in future. We understand that the WDA and ELWa have agreed that a "joint offer" to companies should be made which embraces promoting workforce development, including Investors in People and other initiatives. The role of the Account Managers, and the precise terms of the "joint offer" to the Five Counties' companies should be addressed in the current WDA review of business support services.

6.32 The WDA is currently, through the Enterprise Agencies, working with **Corus Suppliers** in a special programme designed to mitigate the Corus closures. As yet, it is too early to assess the scale of support which will be required.

6.33 Following the Report by the National Assembly's Economic Development Committee (EDC), from April 2002 the WDA will be responsible for the provision of business support for all firms not just larger companies and inward investors. This could bring much needed cohesion to the business support offer.

6.34 Based on the EDC Report, our preliminary discussions with the WDA and experience elsewhere in the UK, we suggest that the integrated offer should:

- be more **customer focused**, not supplier or programme driven;
- provide absolute **clarity for users on respective roles** of individual providers/partners in Business Connect; and
- feature an effective **Client Management System** which provides the basis for a long term "account relationship" between the Business Connect service/the WDA and the client whilst protecting client confidentiality.

Financial Assistance for SMEs

6.35 Four of the five local authorities offer a range of **grants to SMEs** (Monmouthshire does not). For example, in **Newport** these include: Commercial and Industrial Improvement Area Grants, Economic Development Grants, Revenue Funded Grants, Business Planning Grants, Security Grant, Start-Up Rent Subsidy, and ICT Grants. In **Torfaen**, a £2.4 million Objective 1 (fast track) / Local Regeneration



Fund business grants scheme is tackling problems of market failure. This scheme is currently funded only to 2003. Until very recently, **Blaenau Gwent** Council offered a range of grants to SMEs. As of October 2001, they were consolidated into just two grants: a "Kick-start Grant" for new starts and an "Enterprise Growth Grant" (for firms over 2 years old). Funding of £40k for the kick-start grant and £30K for the growth grant has been provided by UK Steel Enterprise for one year.

6.36 The economic benefits of past and current grant schemes have been considered as part of the Welsh Assembly Government review of grants which has now been completed. The Welsh Assembly Government has announced the introduction, from April 2002, of a new Enterprise Support Grant scheme for investment aid between £5000 and £50,000; local authorities are encouraged to concentrate on investment aid and start-ups up to £5,000.

6.37 **Finance Wales'** role is to provide loan funds where access to finance for SMEs might not otherwise be available. They currently do this through referrals from existing members of the Business

6.38 Connect network. Finance Wales has considerable resources at its disposal consisting of: £20m in loan funds; a dedicated £1.5m (for all of Wales) in its community fund for assisting social enterprises; other public and private sector (HSBC, Barclays Bank) sourced funds totalling £60m, with a further £20m anticipated in December 2002.

6.39 As set out below (See Element 7: Creating Strong Communities), consideration should be given to boosting the funds available for social enterprises in the Five Counties.

6.40 Subject to the requirements of the EU, we suggest that it would be desirable to ensure that eligibility for grant and loan schemes includes companies in tradable services able to demonstrate evidence of potential growth as well as manufacturing companies.

6.41 The enterprise agencies serving the Five Counties are also developing **soft loan funds** to encourage the start-up and expansion of SMEs in particular sectors. For example, Venture Wales is currently promoting a scheme which can provide funds for retail SMEs. These will complement the Finance Wales offer.

ELEMENT 1: SUPPORTING BUSINESSES

We recommend that the Welsh Assembly Government should:

- 1.1** *Invite the WDA and the five local authorities to confirm that they are proceeding with the implementation of the industrial and business property development projects as set out in Schedules A, C, and D, to confirm the procurement method and that sufficient funding exists within current budget allocations.*
- 1.2** *Invite the WDA and the five local authorities to confirm that they intend to proceed with the office development programme identified in Schedule B, to confirm the procurement method, and that sufficient funding exists within current budget allocations.*
- 1.3** *Invite the WDA and the four local authorities (excluding Newport) to confirm that they intend to proceed with the estate modernisation programme identified in Schedule E, and to confirm that sufficient funding exists within current budgets.*
- 1.4** *Invite the WDA and Newport County Borough Council to work with the Welsh Assembly Government to establish the Newport Urban Regeneration Company and procure a "Designation Report" as set out in Section 7 of this Report).*



Element 2: Encouraging Innovation

6.42 In Torfaen, the **Technium** and Pavillions proposal at **Llantarnam Park** includes 2,300 sq.m. for knowledge based start-ups and approximately 2,800 sq.m. for high-tech business expansions (see Element 1 'Supporting Businesses'). The development will be linked into the R&D facilities of local further and higher education establishments (UWCN).

6.43 Further work is required to assess the scope for a **mid-Valleys aerospace-based Technium at Tredomen Business Park** (Ystrad Mynach) in association with the University of Glamorgan. This facility could be strongly complemented by the development of a potential **science park at Ty Du**. Scope also exists for a Technium at Celtic Springs (Newport). Proposals for a **Technopark**, near the M4, and the **National Institute of Technology** are at an early stage; these merit further consideration.

6.44 **Innovation centres** proposed for Torfaen and Blaenau Gwent also have the potential to bring significant benefits to SMEs by bringing together business support services, and access to education and training provided by the private sector, FE and HE establishments. The **Torfaen Innovation Centre** is a £3 million project with operating costs estimated to be £100,000 pa. This is likely to form part of an Objective 1 bid that will require additional public sector support. Functions of the Innovation Centre may include provision of a single, high profile gateway for employers to access business support and training

services, fostering the growth of new businesses in knowledge based sectors, providing a focus for driving entrepreneurship and converting ideas from HE institutions into business activity.

6.45 UK Steel Enterprise, in partnership with the WDA and Blaenau Gwent County Borough Council, is planning a new **Innovation Centre at Ebbw Vale** at a cost of £3m. This will be part-funded with Objective 1 monies (£1m). The Centre will provide a modern high quality business environment and address the current shortage of such space. The complex will provide two floors of offices including well equipped meeting and conference suites, combined with a mix of different sized workshops. Occupiers will benefit from on site provision of business support services and access to UK Steel Enterprise's "Finance for Business" Programme. Two sites are now being considered.

6.46 In line with the UK Government's current proposals, The Five Counties' Councils could make a very significant contribution to promoting innovation by committing to **procure electronically** all services and supplies by a specific target date. In parallel, this should be matched with a significant increase in **e-commerce support** offered to local companies via the Business Connect network. Given the importance of the Councils, and other public services to the local economy, such an initiative would accelerate the use of ICT amongst local companies (This is outlined in Element 10: Promoting ICT).

ELEMENT 2: ENCOURAGING INNOVATION

We recommend that the Welsh Assembly Government should:

- 2.1** *Invite the WDA to assess the feasibility of a mid-Valleys aerospace-based Technium in association with the University of Glamorgan, development of a science park at Ty Du, and explore other opportunities to encourage company innovation in the Five Counties.*
- 2.2** *Invite UK Steel Enterprise, the WDA, and Blaenau Gwent County Borough Council to accelerate the development of the Ebbw Vale Innovation Centre and to confirm that the WDA/UK Steel Enterprise is providing match funding for Objective 1 project monies.*
- 2.3** *Invite Torfaen County Borough Council and the WDA to confirm that the WDA and Borough Council are providing match funding for the Objective 1 monies for the Torfaen Innovation Centre.*

Other investments to encourage innovation are covered elsewhere in this Report



Element 3: Encouraging Entrepreneurship

6.47 The Local Entrepreneurship Action Plan (LEAP) in **Torfaen** is being developed with the Council, Newport and Gwent Enterprise, ELWa, Coleg Gwent and UWCN. It aims to co-ordinate activities across education, community, business start-up and existing business initiatives with a view to growing the entrepreneurial culture. This will be achieved through developing a much stronger infrastructure to provide entrepreneurship education and training, enable the right circumstances for them to develop entrepreneurial activity with limited initial risk, and supply them with world class marketing and financial advice. Work on building a consensus around the Torfaen LEAP is currently underway. This will lead to further proposals for funding, curriculum development and the establishment of the Entrepreneurship Unit. It is hoped the plan can start to be implemented by April 2002. In **Caerphilly**, the Caerphilly Business Forum has recently launched the Start-Up-Network which provides support for new business owners.

6.48 The **Blaenau Gwent Entrepreneurship Action Plan** is an excellent example of how to implement the national strategy. It focuses on the five key themes of: education, training and motivation; business support and service delivery; accommodation; economic diversification; and ICT. Under each of these themes, specific activities aimed at the promotion of enterprise are scheduled. As set out in the Blaenau Gwent Regeneration Programme, scope exists to use Corus monies to upgrade the Pond Road Enterprise Workshops.

6.49 The emerging **Newport Enterprise Strategy and Action Plan** could provide a framework for entrepreneurship through an “escalator” approach which would bring entrepreneurship into the whole community in a non-threatening way. This is particularly important for those in under-represented groups such as women, ethnic minority groups, the young, third age, Welsh speakers and disabled, where confidence building and support is needed to stimulate new business start-ups. Central to the Enterprise Strategy and Action Plan are three key projects: the Centre for Business, which is already up and running; the Enterprise Centre of Excellence and; the Market Enterprise Hub.

6.50 The proposed **Enterprise Centre of Excellence** is being promoted primarily by Newport and Gwent Enterprise and UWCN but will also include a much broader range of partners. The Enterprise Centre of Excellence could be located above the currently vacant Newport Railway Station building. The Enterprise Centre of Excellence will provide: incubator units with shared support services; training and conference facilities offering short courses in entrepreneurship, new venture creation, innovation, business growth, financial management, venture capital, leadership and change management; an IT Learning Centre; and business support via the Business Connect network. A detailed feasibility study has not yet been prepared; preliminary estimates suggest that the costs of refurbishment will be £3m and set up and operating costs over three years of circa £0.5m.

6.51 The Market **Enterprise Hub** is the third key element of the Newport Enterprise Strategy. The purpose of the Hub would be to provide facilities for would-be entrepreneurs to ‘have a go’ at entrepreneurship in a safe environment with no financial risks. This ‘enterprise factory’ approach would aim to promote as many new business ideas as possible and ensure targeted support for those most likely to grow. Indicative conversion costs are estimated at £1.5m with initial set up and operating costs estimated at £300k. European Social Fund (ESF) approval has been granted for the appointment of a project co-ordinator and a detailed feasibility study is underway. As set out in the Newport Regeneration Framework, we are recommending that Corus monies be allocated to support the Enterprise Centre of Excellence and/or the Enterprise Hub.

6.52 Entrepreneurship is also being promoted through business support and service delivery. **Venture Wales**, as part of its Objective 1 funded projects, is providing the £160k **“Business Start-up and Survival Programme”**. This aims to raise the business birth rate and assist new start-ups up to two years old. This project is running from May 2001 to December 2002.



6.53 The emphasis on manufacturing in existing business support programmes has made it difficult to support services enterprises throughout the Five Counties. We recommend that all enterprise activities should offer support both to tradable services (including speciality retailing where it will bring additional value to the local economy) as well as manufacturing companies.

6.54 Opportunities to promote entrepreneurship exist across the Five Counties, including, in Monmouthshire, the 'gateway' business centre for start-up businesses at the **Mabey Centre site in Chepstow**. This could allow for the development of business space co-located with business advice and support services. Monmouthshire's recently approved LEADER+ funded **Adventa project** aims to develop new and innovative rural businesses in the food, timber and tourism sectors.

6.55 A considerable amount of activity is being undertaken to encourage enterprise throughout the Five Counties. This includes the running of "Enterprise Weeks/Festivals," and "Entrepreneurship Forums". It also includes the development of "Enterprise Zones" in educational establishments utilising bespoke curriculum materials. "Enterprise Champions/Mentors" are already in place and the

value of an overarching "Enterprise Foundation" has already been realised in Newport and should be considered in other communities.

6.56 We recommend that activities which are proving successful are replicated in other areas, and that in addition to enterprise, activities on business support and innovation more generally be included. For this to occur the partners in business support and enterprise should proactively exchange ideas and best practice in an ongoing **Five Counties Enterprise Support Network** supported by a series of regular events, beginning with a workshop where each of the Five Counties present some aspects of its proposals or provision. This should be funded by attendees from their individual enterprise or project budgets.

6.57 All five local authorities and other public agencies could make a very significant contribution to promoting an entrepreneurial culture by modifying their **procurement policies** to make it easier for start-ups and SMEs to bid for contracts. Similarly, modifying **outsourcing policies** to encourage employee "spin-outs" could boost the rate of business start-ups in the sub-region. Such proposals should only be developed after careful discussion with local trade unions.

ELEMENT 3: ENCOURAGING ENTREPRENEURSHIP

We recommend that the Welsh Assembly Government should:

- 3.1** *Invite the WDA to consult with the five local authorities and to report back on progress on the implementation of the Local Enterprise Action Plans in each of the Five Counties, the scale of their contributions toward the targets in the National Entrepreneurship Action Plan, and the necessary changes which need to be made.*
- 3.2** *Invite the WDA to fund and to work with the five local authorities to establish the Five Counties Enterprise Support Network.*
- 3.3** *Encourage Newport County Borough Council and the WDA to use the Newport Urban Regeneration Company (see Element 1 above) to support key projects in the Newport Enterprise Strategy and Action Plan.*
- 3.4** *Allocate Corus monies to support the upgrading of the Pond Road Enterprise Workshops in Blaenau Gwent.*



Element 4: Setting a Fresh Direction

6.58 In the Five Counties several sectors merit more detailed attention. These include:

- environmental technologies;
- logistics, and companies in other sectors with logistics as a central function;
- call centres and shared service centres, currently the focus of a joint marketing initiative with Cardiff (See Element 5: Establishing the Five Counties in the World);
- tourism (See Element 5: Establishing the Five Counties in the World); and
- higher education and training as a growth sector (See Element 6: Developing a Learning Country).

6.59 Adopting a more sustainable approach to waste management often brings economic benefits. Various initiatives throughout the Five Counties are now underway to assist waste reduction, recycling, re-use, and processing. These **environmental technology** projects merit further consideration by including the proposals now being developed for a Renewable Energy Centre in Blaenau Gwent.

6.60 Considerable scope also exists to attract investment in **call centres, shared service centres**, and the information industries generally to the Five Counties. In broad terms, the Five Counties could offer two kinds of opportunities to investors: locations in the Five Counties towns; and new opportunities in Newport centre.

6.61 As set out in Element 1: Supporting Business (Schedule B) a programme of small office developments is proposed for towns throughout the Five Counties. These opportunities will be a key element of the “offer” to potential investors in the information industries. In parallel, the network of

Community Learning Centres, as set out in Element 6, will be a clear demonstration of the Five Counties-wide commitment to building a skilled workforce.

6.62 The regeneration of Newport could make a very valuable contribution to “Setting A Fresh Direction”. One key to this contribution will be the successful regeneration of Newport centre as a major office centre. The investment in the Ebbw Vale-Newport passenger rail services and the other proposed investments set out in the TIGER strategy would substantially increase Newport’s labour market catchment. By locating in Newport centre, companies generally would gain access to a potential labour force which would compare very favourably with that available in Bristol and other locations along the M4 corridor in England. Thus, Newport Centre should be the first focus of investment by the Newport Urban Regeneration Company.

6.63 The second focus should be attracting further investment in **logistics** facilities and from companies with logistics as a central function. In recent years, Newport has proven to be a very attractive location for large warehouses and should continue to attract such facilities. In addition, with its ready access to the national rail system, and the motorway system, part of the Llanwern Steel Works site could be a redeveloped as a major logistics hub. A detailed assessment of the potential for attracting further logistics investments and, particularly the scope for redeveloping part of the Llanwern site should now be undertaken.

6.64 Opportunities to set a Fresh Direction in Tourism and in Higher and Further Education are set out in Element 5: Establishing the Five Counties in the World below. In addition, as set out in the Blaenau Gwent Regeneration Programme, we identify the opportunity to use Corus monies to assess the feasibility of health and care initiatives.



ELEMENT 4: SETTING A FRESH DIRECTION

We recommend that the Welsh Assembly Government should:

- 4.1 Invite the WDA to report on the scope for attracting additional investment in environmental technologies in the Five Counties.***
- 4.2 Invite Newport County Borough to use Corus monies to undertake an assessment of the prospects for investment in the logistics sector to Newport, and in particular, to assess the feasibility of redeveloping the Llanwern Works as a logistics hub.***
- 4.3 Invite Blaenau Gwent County Borough Council, using Corus monies, to assess the feasibility of several health and social care projects.***
- 4.4 Suggest that the Five Counties expedite progress on their emerging UDPs, and then ensure that they are reviewed regularly so that they remain up-to-date.***

Other investments to Set a Fresh Direction are covered elsewhere.

Element 5: Establishing The Five Counties In The World

Further and Higher Education International Partnerships

6.65 Given the fundamental importance of knowledge to the competitiveness of local economies, the strength of local universities and higher education establishments is now a central element in many inward investment decisions. Moreover, the international nature of these educational establishments can play a role in penetrating new markets and encouraging the transfer of expertise across national boundaries.

6.66 Thus we suggest that forging new links between the **Colleges/UWCN/University of Glamorgan and US and European universities** could yield significant benefits in terms of raising the profile of the Five Counties both within and outside the UK. The sub-regional economic benefits of university partnerships may be strengthened if clusters of innovative business activities are connected to the universities. Opportunities for such clusters include Llantarnam Technium and a similar facility at Ty Du, near the University of Glamorgan

(see **Element Two: Encouraging Innovation**). We are recommending that these links should be supported with Corus monies.

Inward Investment Marketing and Strategic Sites

6.67 Over the past two decades, South East Wales as a whole, and the Five Counties in particular, have been extremely successful in attracting **inward investment** in manufacturing from the rest of UK, the rest of Europe and elsewhere. However, in recent years, the flow of new projects has reduced. There is now very intense competition for manufacturing projects from Eastern Europe and the Far East. Moreover, Regional Development Agencies in England now compete, some quite effectively, with "Team Wales."

6.68 Moreover, Wales has not been as successful in attracting companies from sectors which are currently generating more mobile projects. These include: new industries (e.g. biotechnology, multi-media, instrumentation); high-tech manufacturing



Schedule F – Draft List of Potential Strategic Employment Sites

County	Site	Size (acres)	Site Readiness
Blaenau Gwent	Rhyd-y-blew*	40	A (unit proposed)
	Tredegar Business Park*	12	A
	Victoria	10	A (unit proposed)
	Corus Steelworks Site	40	C
	Rising Sun	12	A (unit proposed)
	Waun-y-pound	30	B
Caerphilly	Caerphilly BP Extension	6	A
	Duffryn Gateway Site / Meadows*	18	A / B
	Oakdale*	170	A
	Tredomen, Ystrad Mynach	9	A (unit proposed)
	Ty-Du, Nelson	32	B
Monmouthshire	Newhouse Park, Chepstow	26	A
	Beaufort Park, Chepstow*	9	A
	Quay Point, Magor	17	A
	Wonastow Road, Monmouth	5.5	A
	Crick Road, Portskewett	27	A/B
	Cattle Market Sites, Various	-	C
Newport	Celtic Springs*	45	A
	Cleppa 4*	12	A
	ABP North Dock	12	B
	Queensway Meadows	200	C (unit proposed)
	Gwent Europark	50	A
	Old Town Dock*	50	B
Torfaen	Llantarnam, Cottage Farm/Malthouse Lane*	50	B
	Mamhilad Technology Park*	23	A (unit proposed)
	Uskvale, Pontypool	14	A
	Craig-y-Felin*	40	B
	Blaenavon	22	A (unit proposed)
Site Readiness: A – Available within 1 year; B – Site preparation works could be undertaken to make site available in 1-3 years; C- Constrained with considerable financial and/or engineering work required.			
* Strategic Sites with greatest potential in securing future high quality employment			

(telecoms, pharmaceuticals, fine chemicals); and high level services (R&D, professional/business services). The WDA's **Centres of Excellence** programme, and inward investment marketing are designed to capture a higher proportion of projects in these sectors. The decision by General Dynamics to locate at Oakdale is evidence that knowledge industries will locate in the Five Counties.

6.69 However, by comparison with many other UK regions, the Five Counties do not offer a sufficiently competitive portfolio of key sites which are attractive to the new generation of mobile projects.



The area must aspire to ensure such choice is available. The Five Counties should therefore ensure that a set of **strategic sites** is established.

6.70 Schedule F provides a provisional list of proposed sites meeting the demand requirements of emerging industries. This list includes **11 key strategic sites**, which offer particular advantages in securing future employment investment. It is important to highlight that these sites have been identified from a total stock of nearly **2,000 acres of available industrial land** in the Five Counties area.



6.71 In Torfaen, the “British” does not appear on this list of strategic employment sites. This is a key regeneration project planned for a mix of housing, employment and related uses. Further consideration should be given to whether this site is of strategic significance for the Five Counties.

6.72 Further assessment must be undertaken by the WDA to provide indicative costs for bringing these sites forward for development (including remediation, infrastructure and servicing costs). Costs will vary significantly from site to site. A number of sites require relatively small investment (for example, up to £300,000); others will be more costly. Excluding the Ebbw Vale Steelworks site, it is estimated, that total preparation costs for sites listed in Schedule F would amount to between **£20-£30 million**. Further feasibility work will need to take place in order to provide a detailed five year **phasing programme** for these sites.

6.73 Under the auspices of the South East Wales Economic Forum, all the local authorities within the South East Wales area, together with the WDA and ELWa, have agreed to develop a joint marketing strategy. This will best position South East Wales for relocation opportunities within the United Kingdom. In addition, the members of the Forum have re-affirmed the primary role of the WDA in marketing to investors outside the UK, and the members have agreed a process for following-up international leads.

6.74 In addition, this South East Wales consortium has commissioned a “strategic positioning and branding” study. The purpose of this study is to ensure that key messages encapsulate the Region’s competitive strengths. These will be used during 2002 in a sustained promotional campaign. The marketing plans of the previously separate initiatives have now been brought together; this is a major step forward.

Tourism

6.75 The recently established **South East Wales Regional Tourism Partnership** is now updating the 1999 Regional Tourism Strategy. Since the Strategy was completed, the Celtic Manor Resort in Newport has been awarded the **2010 Ryder Cup** and

Blaenavon has been designated as a **World Heritage Site** by UNESCO. The Partnership intends to issue the new strategy and business plan for the region by April 2002 and this will be endorsed by the WTB.

6.76 The Partnership’s strategic vision is to establish the region as a leading short-break leisure destination. It also aims to position South East Wales as the essential **Gateway to Tourism** in Wales. The Wales Tourist Board strategy, **Achieving our Potential**, sets a target of increasing tourism expenditure in South East Wales to over £1,000 million per annum. This expenditure is estimated to support approximately 16,300 jobs. Calculated on a pro rata basis, the Five Counties could capture approximately 25% of this wealth.

6.77 Whilst demand from overseas tourists has been growing steadily over recent years, the domestic market has been sluggish. In order to achieve economic rewards from the growth of tourism, the South East Wales Tourism strategy highlights the need for:

- better-financed promotional campaigns, creating greater awareness of the strength and variety of the traditional tourism product;
- development of creative product packaging, concentrating on major tourist attractions, activity products and conference business;
- investment in quality accommodation, dining, infrastructure, and entertainment;
- concentration on high quality services, through destination management, improved customer care and sustainable development; and
- re-focusing of funding for marketing, product development and training.

6.78 Building on the regional strategy, the South East Regional Tourism Partnership has suggested the following key priorities for the Five Counties:



FIVE COUNTIES REGENERATION FRAMEWORK • Final Report February 2002

Key Tourism Projects				
Location	Project	Description	Estimated Capital or Revenue Cost*	Other potential (funding) partners
Five Counties	Five Counties Tourism On-Line	Four-year programme to ensure every tourism operator in the sub-region has access to a PC and the internet; has received training in e-commerce; is linked to the Wales DMS; and has access to a support network.	£250,000 pa (£1 million)	LAs, WIS, UWCN, ELWa, RTP, private sector.
Five Counties	Five Counties Accommodation Upgrade	Four-year programme to fund small grant scheme for projects up to £10,000. For example, targeted at providing rooms with en-suite facilities; drying/storage facilities for cyclists, walkers, golfers. Grants administered through LAs.	£150,000 pa (£600,000)	WTB, LAs, RTP.
Five Counties	Welcome Golfer	Integrated programme of upgrading course facilities, staff and industry training, product packaging and marketing ahead of Ryder Cup. Building South East Wales as a credible golfing destination (7 year programme).	£250,000 pa (£1.75 mill)	RTP, WTB, ELWa, LAs, private sector.
Five Counties	Business Welcome	Five-year programme of upgrading bedrooms, meeting rooms, technology etc. to meet the needs of tomorrow's business travellers, linked to staff training packages and marketing.	£250,000 pa (£1.25 mill)	WTB, LAs, ELWa, private sector.
Five Counties	24 Hour Sense of Place	Initiative to ensure sub-region is seen as 24hr cultural destination through availability of genuine Welsh entertainment especially for evening events, functions and for group, incentive and overseas visits. The initiative would be developed through encouraging community enterprises. (4 year support programme). Linked to 'Events Co-ordination & Development Team'.	£100,000 pa (£4 million)	LAs, Voluntary Sector, ELWa, ACW, RTP.
Five Counties	Events Coordination and Development Team	Team to ensure that the sub-region optimises the impacts of key regional and local events through timetabling, nurturing, training and marketing (3 year programme). Important element will be proactive winning of events for the Region.	£150,000 pa (£450,000)	RTP, LAs, ELWa.
Five Counties	South Wales Industrial Heritage	Project to build on WHS initiative across former Industrial South Wales. Contribution would support core project team and upgrading interpretation.	£870,000 pa (£4.35 mill)	WTB, WDA, NMGW, Cadw, NT, LAs, HLF.
Five Counties	Hearts and Minds Campaign	Three year campaign to build image of region internally and externally and improve recruitment and retention.	£150,000 pa (£450,000)	RTP, Springboard, ELWa, LAs, private sector, HE/FE.
Five Counties	Marketing Campaigns	Three-year support for co-ordinated regional campaigns for Travel Trade, Overseas, Activity Holidays, Golf Holidays.	£200,000 pa (£600,000)	RTP, LAs, private sector.
Five Counties	Monitoring & Research	Monitoring, research, evaluation and measurement programme to assess value of above measures using customer surveys and STEAM methodology.	£75,000 pa	LAs, RTP, ELWa.
Five Counties	Cycle Routes	Five year programme to support Waymarking and marketing "local loops" on and off road.	£100,000 pa (£500,000)	LAs
Blaenau Gwent	Parc Bryn Bach	See Blaenau Gwent Regeneration Programme	£8.4 million	LA / Private Sector



FIVE COUNTIES REGENERATION FRAMEWORK • Final Report February 2002

Key Tourism Projects				
Location	Project	Description	Estimated Capital or Revenue Cost*	Other potential (funding) partners
Caerphilly	Caerphilly Cultural Centre	Multi-purpose new build tourism attraction in town centre to include: gallery, performance space, library, interpretation, café. Focus for festivals, events and evening entertainment.	£300,000 for feasibility & land acquisition. Capital costs tbc	Arts Lottery, CBC, WDA, WTB, Private Sector.
Caerphilly	Llancaiach Fawr	Purpose built block to serve education and lifelong learning networks.	£450,000	LA, WTB, ELWa.
Caerphilly	Cwmcam Forest Drive	Mountain bike trail with associated facilities.	£350,000	LA, FE, WTB, Private sector.
Torfaen	World Heritage Site	Implement masterplan: Big Pit improvements, cycle route improvements, Visitor Centre + car parks, access and interpretation, marketing.	£16 million	HLF, LA, Cadw, NMGW, WTB, BBNP, MCC.
Torfaen	Heritage Transport Links	Feasibility and research in respect of Pontypool and Blaenavon railway, Transport Museum at Big Pit and reopening Monmouthshire and Brecon Canal Navigation to Newport.	£100,000	
M'Shire	Wentwood 'Tourism & Timber'	Redevelopment of former Forest Enterprise facilities to provide road cycling, timber storage and crafts, bunkhouse accommodation.		WTB, MCC, NCBC.
M'Shire	Wye Valley Cycle Route	Improve route using railway trackbed	£?	Sustrans, MCC, Wye Valley AONB.
M'Shire	Five Counties Welcome Centre	New TIC and visitor facilities in Monmouth providing sub-regional access point	£500,000	
Newport	All Weather Holiday Park	Feasibility and Marketing Work – See Newport Regeneration Programme.	£100,000	WTC, NCBC
Newport	Roman Caerwent and Caerleon	Upgrading visitor facilities and interpretation	£400,000	Cadw
Newport	Campus of Sporting Excellence	See Newport Regeneration Programme		NCBC, UCWN, Coleg Gwent, ELWa.

* Total costs in brackets
Objective 1 funds (Blaenau Gwent, Caerphilly and Torfaen) assumed to be channelled through WTB.



6.79 The **revenue and marketing projects** highlighted in the table above are supported by SERTP's strategy and business plan for tourism growth and are expected to be endorsed by the WTB. It is recommended that the Partnership in association with Wales Tourist Board, tourism operators and local authorities prepare a delivery strategy for each programme. In respect of **capital projects**, it is recommended that further feasibility work is undertaken to assess market viability and site options.

6.80 In our view, the creation of the new South East Regional Tourism Partnership offers very considerable opportunities to strengthen the tourism industry in the Five Counties. The key priorities are **Tourism Attraction Business Plans** for the **Blaenavon World Heritage** site and other projects, a **Revolving Loan Fund** for tourism (and possibly health and social care) projects including accommodation upgrades, tourism **Attraction Grants**, and supporting a new commercial development at **Parc Bryn Bach**. The allocation of Corus monies to the Regional Tourism Partnership would provide a sound foundation for a new approach to creating additional employment in tourism.

ELEMENT 5: ESTABLISHING THE FIVE COUNTIES IN THE WORLD

We recommend that the Welsh Assembly Government should:

- 5.1** *Allocate Corus monies to promote the creation of strategic alliances between further and higher education institutions in the Five Counties and partner institutions in the US and Europe.*
- 5.2** *Note the Draft List of Potential Strategic Employment Sites (Schedule F) and invite the WDA and the five local authorities to establish priorities, prepare a detailed implementation programme for these priority sites, and to confirm that the sites classified A and B can be brought forward for development within existing budgets over the next three years.*
- 5.3** *Allocate Corus monies to support a new commercial development element at Parc Bryn Bach.*
- 5.4** *Allocate Corus monies to support the South East Regional Tourism Partnership's tourism development programme including Tourism Attraction Business Plans and Attraction Grants.*
- 5.5** *Invite Finance Wales and the Welsh Tourist Board to establish a Revolving Loan Fund for accommodation upgrades.*



Element 6: Developing a Learning Country

6.81 ELWa South East has recently published the **Regional Statement of Needs and Priorities**. They are now working with the CCETs to prepare detailed plans for post-16 provision. All of the following proposals are in accordance with ELWa's priorities.

Meeting the Needs of Corus Workers

6.82 Currently, the WDA (through the Enterprise Agencies), **ELWa** and the **Employment Service** are offering **Corus** workers a very wide range of training and advisory support opportunities. This support matches any available elsewhere in the UK.

6.83 ELWa, through the CCETs, and with the Steel Training Partnership is also identifying new training initiatives to meet immediate skill shortages such as in ICT, social care, and construction. Similarly, there is an ongoing package of **New Deal** and **Employment Zone** programmes on offer and these compare favourably with those available elsewhere in the UK. Scope may exist to participate in the **New Deal's Ambition Construction** recently launched by the new National Employment Panel. In addition to these specific programmes including the **Youth Access Initiative, Youth Gateway, Skillbuild Initiative, Modern Apprenticeships** and **National Traineeships** are also being implemented.

6.84 It is not necessary for the Welsh Assembly Government to promote any further initiatives.

Ebbw Vale Learning Campus

6.85 Prompted by the challenge of how best to meet the needs of the Five Counties to develop a learning country, **University of Wales College Newport (UWCN)** and **Coleg Gwent** have played an important role in formulating two major proposals.

6.86 First, UWCN, Coleg Gwent and Blaenau Gwent County Borough Council are proposing to develop the new **Ebbw Vale Learning Campus** on the former Corus site adjacent to the new railway station. UWCN would establish a new facility here and Coleg Gwent would relocate their Ebbw Vale facility on to the campus as part of the integrated provision of post-16 education for Blaenau Gwent. (The vacated Coleg Gwent facility could then be used for incubator units.) UWCN are now considering which of their

existing teaching faculties could be located at Ebbw Vale. The world class design of the Ebbw Vale Learning Campus could constitute a new symbol of Blaenau Gwent, "From Corus to Campus." We recommend that Corus monies should be used to support the development of the Ebbw Vale Learning Campus.

Network of Community Learning Centres

6.87 Second a UWCN initiated Steering Group, with representatives from all five CCETS, is proposing that a network of branded **Community Learning Centres** should be created. This would drive a very substantial increase in participation in high quality education and training opportunities throughout the Five Counties. This network, building on Glasgow's successful experience with their REAL network of learning centres, would:

- underpin a wide range of efforts to upskill the labour force;
- confront social exclusion and individual low self-esteem that characterises much of the region; and
- contribute directly to a systematic investment in social capital.

6.88 The Learning Centre network would incorporate the very wide range of community based training and widening participation initiatives that are now underway and planned throughout the Five Counties. The single new brand will indicate to learners that the centres will stand for high quality training which will provide a progression route to a qualification. The new brand would stand separately from any of the participating educational institutions.

6.89 Some of the Community Learning Centres will be new facilities but most will be based in existing facilities, including libraries, workplaces, schools, colleges and universities. All will offer high quality ICT facilities, and on-site tutors. For example, one of the most exciting projects is **Torfaen's** proposal to establish a **Community Learning Enterprise Centre**, which is the Council's top regeneration priority. The facility will include a new secondary school (to replace two existing schools), the Centre



will also aim to foster enterprise as well as provide for adult learning and assist young people to prepare for work. This is an example of a project which could be part of the Five Counties-wide network of Community Learning Centres.

6.90 **Caerphilly** is developing a new college in Rhymney which will incorporate the existing **Rhymney College**, the 16-19 provision from Rhymney Comprehensive School and leisure facilities. This is a key proposal in the Upper Rhymney Regeneration strategy and will provide accessible learning opportunities to one of the most deprived parts of the county borough. This could also be part of the Community Learning Network.

6.91 The Community Learning Centres will provide access to a wide range of learning opportunities from basic literacy, numeracy and essential skills courses to modular coursework which will lead to a degree. Where appropriate, the centres will offer training tailored to the needs of local employers. Learning in these centres will be treated as a step in a progression route to subsequent studies.

6.92 Corus monies should be used to support the development of the **Community Learning Network**. UWCN is currently supporting the Steering Group (with representatives from the five local authorities) which is promoting this network and UWCN should be invited to continue to do so.

6.93 The Welsh Assembly Government's new **Lifelong Learning Network** should make a significant difference to education and training throughout the Five Counties. This initiative will provide 100 Mbps access to PoPs on a backbone operating at 2.4 Gbps giving connectivity of 2Mbps to all primary schools and 8Mbps to all secondary schools. Libraries would also benefit from this network. This will allow schools throughout the Five Counties to better utilise their recent investments in ICT.

6.94 All five local authorities are considering how best to improve primary and secondary education. For example, in New Tredegar, **Caerphilly** CBC is considering closing three small primary schools and replacing them with one new community primary school as part of a comprehensive regeneration programme. Many other examples exist throughout the Five Counties.

6.95 As set out in the Blaenau Gwent Regeneration Programme, the County Borough Council sees two very significant opportunities to use Corus monies to underpin their plans to improve primary and secondary education. First, they believe that the best way to raise young people's aspirations is to start young; thus they are seeking to secure the resources to support the roll-out of Sure Start to all communities in Blaenau Gwent. Second, they are seeking to boost teacher morale and skills and intend to offer a series of Pacific Institute-designed training programmes.

ELEMENT 6: DEVELOPING A LEARNING COUNTRY

We recommend that the Welsh Assembly Government should:

- 6.1** *Use Corus monies to contribute to the development of the Learning Centre on the Ebbw Vale Corus site and invite Blaenau Gwent County Borough Council to prepare detailed proposals for the Campus.*
- 6.2** *Use Corus monies to contribute to the development of the network of Community Learning Centres for the Five Counties and invite the University of Wales College Newport to continue to support the ad hoc Steering Committee which is developing the Community Learning Centre network.*
- 6.3** *Use Corus monies to support the roll-out of Sure Start to all communities in Blaenau Gwent and the Pacific Institute training programmes for teachers.*



Element 7: Creating Strong Communities

6.96 We suggest that there are three components of the Five Counties Regeneration Programme essentially concerned with Creating Strong Communities:

- Investing in more Community Based Economic Development projects;
- Accelerating the Regeneration of the Town Centres; and
- Accelerating Investment in Housing Improvements.

6.97 Our suggested way forward on each of these sets of investment decisions is as follows.

Community Based Economic Development

6.98 Most of the communities throughout the Valleys and Monmouthshire remain strong. This is a valuable asset...but often not harnessed in economic development. Within the Five Counties, **Blaenau Gwent** has the most well developed structures for community based economic development as the County Borough is served by three development trusts (Ebbw Fach, Tredegar and Ebbw Vale and District), providing complete Borough-wide coverage. The two well established trusts are generating projects exceeding £300k per annum in value and the possibility of accessing Communities First and Objective 1 funds could see this increase. The primary aim of the development trusts is to create and help communities' progress up the "ladder of engagement".

6.99 There are a wide range of economic development projects in which the trusts could be involved including some of the community learning centres, healthy living initiatives, tourism, and transport. Together, the trusts offer considerable capacity to promote community based economic development. Careful consideration of how best to strengthen this capacity is now required. First, extra resources will need to be provided to drive the development of the trusts and the Community Development agenda in Blaenau Gwent more generally. Second, further consideration needs to be

given to how current projects can be developed further and how existing and new project proposals can be resourced. They include, for example: recycling projects; a supported housing scheme; healthy living centres; horticultural training centre; estates management service; and one stop shops. Further details are provided in the Blaenau Gwent Regeneration Programme.

6.100 Newport currently employs a Community Development Manager. In each of the most deprived wards, some community development activity is underway sometimes led by the local authority, sometimes by community groups. There is strong enthusiasm from the County Borough Council for community based regeneration initiatives.

6.101 The most successful initiative is the Duffryn Community Link project. Initially supported through the "People in Communities" and "Sustainable Communities" programmes, it now employs a core team, with funding from the local authority and a strong Management Committee chaired by a full time volunteer. They are now considering becoming a Company Limited by Guarantee considering whether to develop a healthy living centre and small food co-operatives to run allotments. Other initiatives are being proposed for some of Newport's most deprived communities as set out in the Newport Regeneration Programme.

6.102 In **Torfaen** there is a structured and systematic approach to community development, engagement and enterprise. It has identified four key regeneration strategy areas, two led by the local authority and two led by the community sector. **The Blaenavon Initiative** is supported by the Torfaen Voluntary Alliance (TVA). The TVA was set up about three years ago when Torfaen decided not to go with Gwent Association of Voluntary Organisations (GAVO) as the voluntary sector support body, as the other former Gwent authorities had elected.

6.103 The United Estates Community Partnership is based in Pontypool and is also community led. It is seeking to move towards Development Trust status to assert its independence from local authority control. It has a strong Management Committee representative of local



voluntary organisations and community groups. It secured charitable status in 1998 and is wholly independent although it does receive some core funding from the local authority. This is supplemented by grants from lottery sources and European funding. It has developed a base that is also a local resource centre that provides advice, ICT facilities, and a shop window. Until recently it ran a training arm that functioned as a community enterprise. Its closure was due to short-term funding problems and it may be re-activated if Objective 1 bids are successful.

6.104 The South West Area Partnership covers approximately half of Cwmbran and is managed by local authority staff. It also has a shop window and has achieved some community development success through arts based programmes. It has undertaken some community capacity building programmes but found it difficult to engage in an area where there is no real sense of community (Cwmbran being a new town). The project has been successful in developing youth based programmes that include the “Wheels” project that attracts young people to develop their mechanical skills.

6.105 There is currently an initiative to explore the possibility of establishing a Development Trust in the **Thornhill** area with the prospect of securing some Objective 1 funding. This project has recently received funding support from “Communities First” that can be matched with Objective 1 Priority 3. Accordingly this project is now moving forward to the stage of establishing a local partnership board based on the “three thirds” principle. A detailed strategy document is now being prepared for the area but it is recognised that the community component of the plan will take longer to deliver while effective capacity building takes place. The partnership currently includes TVA, the local authority, and interim community association with potential private sector involvement from a developer, the army cadets and local school. The anticipated value of Objective 1 funding is £165,000 and the contribution from “Communities First” estimated to be between £200/500,000 over 5 years.

6.106 The Garnsychan Partnership Regeneration Trust in the Abersychan ward has been very successful at developing and bringing forward a range of community projects. It has a very large

Management Committee numbering about 100, and has identified 8 key areas/themes for action each with its own “managing committee”. There is a large paid staff of about 16 coupled with volunteers. They recently used a very successful “Planning for Real” exercise to launch some of their work and attracted over 10% of the local population to participate in the event. They have looked at both a PC re-cycling business and community arts based projects as potential vehicles for a community business.

6.107 Two current pilot projects have been recognised as examples of good practice in community regeneration. “The Green Team” project supports the rehabilitation of offenders back into employment by utilising their skills to refurbish near derelict council dwellings. It has recently achieved “Beacon Status”, the first in Wales. The Partnership are confident that this is a win: win situation, with offenders welcomed into the community because of the positive contribution they make, redundant buildings brought back into use and revenue generation and enhanced employment opportunities when sentences are completed. Funding partners are the Welsh Assembly Government and WCVA.

6.108 The Partnership are now seeking to develop their initiatives further through introducing the “Neighbourhood Manager” concept and the re-organisation of local service delivery mechanisms. This is of particular interest because the Neighbourhood Manager initiative does not really function at this time in Wales.

6.109 Caerphilly has developed community plans for the whole of the County Borough in partnership with a wide range of statutory and voluntary organisations, including Health, WDA, Police, ELWA, Caerphilly Groundwork and Gwent Association of Voluntary Organisations. Community Area Forums have been established in each community plan area to oversee the implementation of a locally agreed action plan which has been drawn up following a needs analysis.

6.110 Supporting the area forums are a large number of local task groups which focus on a particular community or project. At all levels local people are involved in identifying solutions and implementing initiatives.



6.111 The Caerphilly Community Plan Partnership is achieving significant recognition and projects established by this process have been identified as examples of best practice by the Wales European funding Office and the National Assembly for Wales. One example of this approach is the Rhymney Community Business Village. This £1.4 million development has created a community furniture enterprise, units for community businesses, and cycle routes, footpaths and landscaping to a previously semi-derelict industrial estate. A community business development worker is employed with part funding from the Wales Coop Centre.

6.112 Monmouthshire's approach to strengthening communities is described in Element 9: Supporting Rural Wales.

6.113 In our view, the best way to accelerate community based economic development in the Five Counties would be to establish a revolving **Social Enterprise Development Fund**. This could be established by Finance Wales and we recommend this course of action below.

Accelerating the Regeneration of the Town Centres in the Five Counties

6.114 Many of the town centres in the mid and upper Valleys, in Monmouthshire and Newport centre itself are significant under-utilised assets. Historically, the town centres represented a very valuable component of the Five Counties' public and private assets. For some communities, this is not the case today and there is a significant risk that many will deteriorate further.

6.115 The **Blaenau Gwent** Regeneration Programme identifies the need to invest in the town centres to underpin economic diversification as well as to create stronger communities. Possible roles for each of the centres are identified.

6.116 The **Newport** Regeneration Programme highlights the importance of re-establishing Newport Town Centre as an attractive retail and business location. Attracting more private investment into the Town Centre will be one of the priorities of the proposed Urban Regeneration Company.

6.117 In the other three Counties, initiatives which merit further consideration include: the development of the top car park in **Pontypool**; a new food store in **Abergavenny**; and a new 'gateway' bridge to **Monmouth** coupled with provision of new tourist facilities and environmental improvements. Opportunities for the expansion of the **Cwmbran** Town Centre will be considered in the review of the UDP. In **Chepstow**, town centre proposals include traffic management improvements (including a visitor transport system for the town centre), shop front improvements and investment in the public realm. In **Caerphilly**, the existing Town Centre Action Plans for Caerphilly, Bargoed, Blackwood, Newbridge and Risca should be implemented. In **Newbridge**, relocation of the Rugby Club and promotion of the Riverside area is a proposal which has the potential to bring significant community benefits.

6.118 Town centre renewal is an essential element of the economic regeneration of the Five Counties. Most schemes will attract significant private investment. Scope exists for extending the involvement of the WDA in town centre regeneration including the use of **Town Improvement Grants** and **Section 15** (environmental improvement) grants.

Accelerating Investment in Housing Improvements

6.119 **Improving the housing stock** is a primary vehicle for improving quality of life and building stronger communities within the sub-region. Indeed, raising the quality of living standards in the northern parts of the sub-region is essential to the achievement of the strategic aims of this Regeneration Framework. **Housing stock externalisation** is being considered in Torfaen not only as a means for physical investment but also in providing a significant number of skilled jobs. Blaenau Gwent County Borough Council is also considering how best to attract additional investment in the social housing stock. Housing stock externalisation is a very sensitive matter and discussions are underway amongst Welsh Assembly Government officials who are considering the current position.



ELEMENT 7: CREATING STRONG COMMUNITIES

We recommend that the Welsh Assembly Government should:

- 7.1** *Invite Finance Wales to establish a revolving Social Enterprise Development Fund with Corus monies.*
- 7.2** *Support town centre regeneration programmes with Corus monies throughout Blaenau Gwent and in Newport via the Urban Regeneration Company.*

Element 8: Improving Transport

6.120 In order to ensure that efforts to diversify the economy of the Five Counties and to spread prosperity are successful, we suggest that it will be essential to make five sets of investment decisions to improve public transport and accessibility, namely:

- Ebbw Vale/Abertillery – Newport/Cardiff Passenger Service and Other Public Transport Improvements;
- relief of congestion on the M4;
- upgrading the Heads of the Valleys Road;
- improving access for the Mid-Valleys Growth Corridor; and
- investment in selected road schemes to promote economic regeneration.

6.121 In light of the very high cost of implementing these improvements an assessment should be made of the “value for money” of the main investment decisions so that a judgement can be made on how best to target resources in the short and medium term to achieve maximum economic benefit for the sub-region. This judgement should be made in the context of the Regional Perspective which will be part of the Wales Spatial Plan now in preparation by the Welsh Assembly Government.

6.122 Our suggested way forward on each of these investment decisions is as follows:

The Ebbw Vale-Cardiff Rail Line and Public Transport Capacity

6.123 First, the **Transport Strategy for Wales** strongly advocates the need to increase significantly public transport capacity in Wales. The Technical Advice Note (Wales) 18 Transport Consultation Draft (March 2001), highlights the importance of improved public transport use in changing existing travel demand patterns. Key proposals for improvement to public transport and to reduce rate of growth of road traffic volumes are outlined in the **TIGER and SWIFT Rail and Bus Strategies**. These aim to secure modal shift in journeys throughout the Five Counties (as well as, in the case of SWIFT, amongst other authorities outside the Five Counties, especially in terms of journeys between Caerphilly and Cardiff).

6.124 An early commitment is required in respect of proposed investments to re-open the **Ebbw Vale/Abertillery – Newport/Cardiff passenger service** and to implement the rest of the TIGER Rail Strategy. Currently, implementation of the full Tiger Rail Strategy is set to take place as a 4-phase process over a 20-year period. The Ebbw Vale Rail Study Phase II (September 2001) indicates that a double track option has considerable advantages over a single track option, would cost under £30 million to implement and could be carrying passengers by 2005. The **dual-track scheme** should therefore be implemented during Stage 1 (reconstruction of the line 2002-2004). The passenger service will bring



tangible benefits by improving accessibility to workplaces, learning facilities and labour markets.

6.125 Having commenced with a service between Ebbw Vale and Cardiff, it is anticipated that during the latter stages of the initial phase, an additional service between Ebbw Vale and Newport could be introduced. Services could also be extended to the west of Cardiff Central to possibly serve Barry, Cardiff Airport and Bridgend. Furthermore, it may be possible to construct an additional northern branch to Abertillery as well as the extension to Ebbw Vale town centre.

6.126 The estimated capital cost for **TIGER rail infrastructure** proposals is £52.97 million. To date, £200,000 has been funded through the Transport Grant bid for the Ebbw Vale/Abertillery – Newport/Cardiff rail scheme. A further £600,000 forms part of the current Transport Grant Bid to progress the Ebbw Vale Rail Line proposals.

6.127 Other funding should be secured to ensure the early implementation of a passenger service. In addition to Transport Grant, other potential funding sources include: Rail Passenger Partnership funding (Strategic Rail Authority); EU Objective 1 funding; Rail Supplementary Grants; Infrastructure Investment Grants (Strategic Rail Authority); and Modern Equivalent Standard and commercial investment (Railtrack).

6.128 Currently, TIGER is preparing funding proposals for the Ebbw Vale Rail Line; this includes an assessment of whether the capital costs can be reduced significantly below the current estimates. It is now understood that the Ebbw Vale – Cardiff service could commence within three years. This will be less costly than opening services, initially, to Newport. In light of Railtrack's uncertain future, and the UK wide priorities of the Strategic Rail Authority, it is proving very difficult to conclude constructive negotiations with Railtrack and the SRA.

6.129 The total capital cost of the TIGER strategic and local bus route improvements is an estimated £15.6 million. Approximately £5.59 million over three years has been allocated for TIGER Strategic and Local Bus Routes by previous Transport Grant bids. High priority packages are currently being implemented. These include Ebbw Vale/Brynmawr – Newport – Chepstow Bus Corridor; Old Green and Chepstow Road Bus Priority; and Pontypool Town

Centre Access Controls. The current Transport Grant bid 2002/03 includes provision for £1,970,000 to implement other strategic route proposals. These should be implemented to ensure that all communities in the Five Counties can enjoy greater access to public transport options; an improved bus stop environment, and increased passenger safety, comfort and security.

6.130 An important objective of the National Transport Strategy is to improve **accessibility**. Consequently, the TIGER public transport proposals have been assessed in terms of impact on accessibility. Initial results were produced in July 2001. The model, however, does not yet incorporate the infrastructure improvements proposed as part of this strategy. For example, the model assumes that the northern terminus of the Ebbw Valley Rail line would be Ebbw Vale Victoria and does not include the Abertillery branch. The model currently has further limitations – it does not examine accessibility to destinations such as schools, shops and leisure facilities. Furthermore, the model does not yet include an assessment of the impact of encouraging an important concentration of employment and retail development within easy access of Newport Railway Station. However it is reasonable to expect that the infrastructure proposals contained in this strategy would add significantly to improving accessibility levels.

6.131 The SWIFT proposals include improvements to provide better facilities and ticketing arrangements to increase the accessibility and improve the attractiveness of public transport by enabling a seamless transfer between different modes of transport. Progress on some of these proposals has already been made. These have included the reconstruction of Caerphilly bus station (situated alongside the railway station) to make interchange easier and the trial of smartcard ticketing in conjunction with the bus and rail operators in an attempt to simplify the purchase of through travel.

6.132 SWIFT's main task now is to implement the 5-year package of schemes to improve both bus and rail travel, with the emphasis primarily on improved bus services in the short-term. Transport Grant funding for SWIFT has increased each year; and is currently £12m.



M4

6.133 Congestion at peak periods on the M4 to the east of the Bryn Glas Tunnels is severe. This leads to congestion on Newport's road network at junctions with the M4. Forecasts suggest that this congestion will increase. Much of the industry and commerce in the Five Counties is very dependent on efficient access to the national motorway network.

6.134 It is vital that the Welsh Assembly Government should make a firm commitment, as a matter of urgency, to bring forward **firm proposals to address the capacity constraints along the M4 corridor which reduce the economic competitiveness** of the Five Counties. The proposals could comprise effective measures aimed at helping industry and commerce rather than increasing capacity for peak hour commuters. Without such improvements, it will become increasingly difficult for the Five Counties and other areas to the west of the Bryn Glas tunnels to compete against other UK locations for mobile investment projects. Further delays in implementing a solution will jeopardise South Wales' competitive advantage. Technical measurements indicate that 36% of the M4 through Newport is of sub-standard design. Consequently, congestion and accident rates are high.

The Heads of the Valleys Road

6.135 A third key strategic investment is the **upgrade of the A-465 Heads of the Valleys Road**. The A-465 is the best link between Blaenau Gwent, the northern part of Caerphilly and other Heads of the Valleys authorities, and the UK trunk road network. A section of the programme (Merthyr to Tredegar) has already secured funding. This work will be implemented in 2002-2004.

The Mid-Valleys Growth Corridor

6.136 A fourth key investment priority is the improvement of the **A472**. This is central to the success of the **Mid-Valleys Growth Corridor**. Sections of the road have already been improved in Torfaen and Caerphilly and the need for improvement of other sections has been identified. Improvements to the A472 (in addition to the A465) would improve access for the Valley authorities to the trunk road and motorway network. This would have an important impact on accessibility for businesses and

communities throughout the Five Counties. Such improvements would raise accessibility to the markets of the Midlands and North of England as well as giving access to the M4 east of the Bryn Glas tunnels.

Investment in Selected Road Schemes to Promote Economic Regeneration

6.137 The national Transport Strategy and Strategic Planning Guidance for South East Wales highlight the need for selective investment in road schemes which assist in meeting regeneration and economic objectives. Consequently, particular consideration should be given to providing a number of key access routes to major employment sites. This may include the development of **Sirhowy Enterprise Way** which would open up access to Oakdale as well as provide a relief road for and improve north-south movement along the A4048 to Blaenau Gwent. The scheme has been awarded £36 million of PFI credits.

6.138 Other routes which may require investment to release employment creating potential include road access to a 27 acre allocated site at **Crick Road**, Portskewett (Caldicot) and expansion land at **Wonastow Industrial Estate** in Monmouth. In the longer-term, access to 'The British' in Torfaen will require significant investment in road and services infrastructure (approximately £1.95 million). Other transport proposals which may deserve further consideration in terms of their impact on regeneration include:

- the **A4046 Cwm Relief Road** – tenders have been received and are considerably in excess of the initial cost estimate; a new funding mix is now being identified and possibly Corus monies may be required;
- improvement of links from **Blaenavon to the Heads of the Valleys Road**; to date, no funding has been identified;
- **Bargoed Relief Road** - the Welsh Assembly Government Transport Grant award for 2002/03 enables a start to be made on this road which is an essential part of the Greater Bargoed Regeneration Strategy. The funding will enable design to be progressed, with construction anticipated to commence in 2005;



- new **M48 Interchange at Caldicot** to transfer traffic from the B4245 onto the under-utilised M48. At present the Welsh Assembly Government has not identified the Interchange as a priority for construction;
- construction of a relief road at **New Tredegar** will contribute to the regeneration of the town centre and provide improved access to the Upper Rhymney Valley. There is a Local Regeneration Fund commitment of £2.3 million; and
- **M4 junction 28 improvements.** These improvements will contribute to raising the profile of the high quality business park environment being created at Celtic Springs / Cleppa Park.

ELEMENT 8: IMPROVING TRANSPORT

We recommend that the Welsh Assembly Government should:

- 8.1 *Contribute Corus monies to the construction of the Ebbw-Vale-Cardiff passenger rail line;***
- 8.2 *In light of this contribution, invite TIGER to propose a timetable for the opening of passenger services and an overall funding strategy;***
- 8.3 *Ensure that the National Trunk Road Programme specifies:***
 - *measures to help relieve peak time congestion on the M4;*
 - *a timetable for upgrading the Heads of the Valleys Road;*
- 8.4 *Commence negotiations with the TIGER Public Transport consortium on how to accelerate their planned public transport improvement; and***
- 8.5 *Invite the Welsh Assembly Government to recommend funding priorities for selected Road Schemes to promote economic regeneration in the Five Counties.***

Element 9: Supporting Rural Wales

6.139 There is scope to consider an "agri-services" park in Monmouthshire. This would comprise a cluster of meat-processing businesses, which potentially could be linked to the development of a new abattoir and livestock market. The facility would serve a sub-regional market and provide employment opportunities for rural communities in East Wales. Currently, local farmers have the choice of selling livestock for slaughter at a small facility in the Forest of Dean (Ensores) or a larger Tesco supply facility at Merthyr (St. Merry's Meats). Further

assessment is required to consider the availability of potential sites (of approximately 20 acres), viability and the feasibility of co-locating the agri-services park with an abattoir and livestock market. The cost of the scheme would be dependent on scale, specification and content (£10 million+). The project may be delivered by a joint venture between Monmouthshire County Council / WDA and the private sector. Support will also be given to the adaptation of farm businesses, working through Farming Connect.



6.140 A Winning Wales recognises that **sustainable tourism** has a strong role to play in diversifying the rural economy. Further consideration should be given to tourism investment projects (see 'Establishing the Five Counties in the World'). Although Newport has an important role to play as a key gateway to the Five Counties, particular emphasis should be given to tourism investment in Monmouthshire and the mid and upper Valley areas. This should include support for rural hotels.

6.141 Enhancing the environment has a key role to play in strengthening the potential for tourism in the area. Possibilities include action on woodlands, within the framework of the Wales Woodland Strategy, action by local authorities to improve rights of way, and action to develop the potential of angling in the area.

6.142 The proposed programme of providing **office and studio accommodation** in all of the Valleys and Monmouthshire towns and other serviced workspaces (See Element 1: Supporting Businesses above) will make significant contributions to strengthening the rural economy. There is a shortage of accommodation in Monmouthshire. In Abergavenny, a rural business centre (Station Yard) project proposes to provide young people from farming families with advice and support in respect of starting their own enterprises.

This idea is being developed in conjunction with Newport and Gwent Enterprise and merits further feasibility work.

6.143 Monmouthshire has successfully won funds from the European Union's LEADER + programme. A business plan has been drafted and submitted, with approval likely in December. There are four main themes in their ADVENTA bid:

- Specialist Foods – To improve product development and diversity;
- a "Foodie Destination" – To market in tourism activities;
- Green Tourism Company – Establishing a not-for-profit company to act as an umbrella under which green tourism products and services can be developed; and
- Timber Products – To build on Monmouthshire's forestry and timber assets.

6.144 The overall programme has a value of £1.6m and the project will be managed by a Partnership Board with representatives from the local authority, Coleg Gwent, WDA, NFU (Wales), GAVO, CAB and the Young Farmers.

ELEMENT 9: SUPPORTING RURAL WALES

We recommend that the Welsh Assembly Government should:

- 9.1** *invite the WDA and Monmouthshire County Council to undertake a feasibility study of the agri-business park with funding from the WDA.*

All other actions to promote rural diversification are covered in other elements.



Element 10: Promoting Information and Communication Technologies

6.145 At present, business take-up of digital technology is low throughout the Five Counties. Moreover, with the exception of those in Newport, SMEs in the Five Counties only have limited opportunities to access high capacity broadband services at a reasonable cost by comparison with many other communities in the rest of the UK. Whilst larger companies can secure access via the existing BT network (albeit not on particularly competitive terms) broadband provision is not available to smaller companies. There are two strands to promoting the use of ICT in the Five Counties: extending the take-up of ICT by SMEs and enhancing the availability of high capacity broadband services.

Extending the Take-up of ICT

6.146 Extending the **take-up of ICT by SMEs** is a critical element in raising competitiveness in the Five Counties. Demand for support services (particularly advice and information) is considerably greater than the current supply capacity. Moreover, there is an urgent need to raise ICT skill levels within the workforce.

6.147 Opportunity Wales has already been launched in Blaenau Gwent with delivery being coordinated from the Newport IT centre. Opportunity Wales provides a free business review to SMEs in any sector on the business' developing use of IT. This is followed by a four day process of implementation for which the companies pay a modest fee. This scheme provides more depth than that currently offered by the IT centres. For Newport's companies, it is proposed to offer Opportunity Wales with Objective 2 transitional programme funding. The project would be delivered by Opportunity Wales, Newport IT Centre, Newport and Gwent Enterprise and the local authority.

6.148 Enhanced Business Advice for SMEs will provide additional IT advisors across the Five Counties to provide hands on help to SMEs wishing to increase their use and understanding of IT. The posts are funded by UK Online. The new advisors are currently being trained and will be ready to start working with clients in January 2002.

6.149 In Blaenau Gwent, The **Valleys Information Technology Communications Centre (VITCC)** will provide the IT hub of the proposed Learning Campus. It is envisaged that access to business support will be part of this Centre's offer. A detailed feasibility study is now being completed. The estimated £2.6m cost of the VITCC includes an allocation for the proposed Business Connect Gateway. We suggest some of the Corus monies be used as match funding for Objective 1.

6.150 In **Caerphilly**, BisNET is a Wales Information Society pilot project that promotes the use of ICT by SMEs in the County Borough. Local SMEs can benefit from free independent ICT advice, awareness raising initiatives, hardware and software demonstrations, ICT training and financial assistance. The project also administers the Caerphilly BisNET portal where members gain access to business information, network with other companies, and interact electronically with the Council. We suggest that positive outcomes from this pilot be actively shared with the other County Boroughs.

6.151 Accelerating **County Borough Council** commitment to embrace **e-procurement technologies** offers considerable potential to encourage companies throughout the Five Counties to innovate. E-procurement requires the integration of procurement and IT functions and the maintenance of fully compatible paper and electronic records. Experience from the pilot projects funded by DTLR in England suggests that quick changes to an immediately "paperless" system are virtually impossible. Major changes would be required in purchasing systems.

6.152 A phased programme would be necessary to ensure that small local suppliers can continue to provide goods and services. This will entail offering local suppliers in-depth **e-commerce support** during the transition phase; this will include promoting the advantages of e-commerce for their wider business. It is notable that none of the authorities piloting e-commerce in England yet have plans to move towards a system of complete e-procurement. The Welsh Assembly Government is inviting local authorities to develop strategies for e-procurement as part of their IEG statements and monies will be



available to support these initiatives. Successful delivery will require authorities to develop fully integrated e-procurement schemes which link Finance, Procurement, IT and Economic Development departments. We recommend that Corus monies be used to accelerate this process and to provide support for local suppliers.

6.153 This work will not cut across the National Procurement Initiative being organised by the WLGA. That initiative is focusing on very large contracts only, which can be delivered much more economically across the majority of authorities.

6.154 The provision of **Business Grants for ICT** equipment across the Five Counties is currently extremely patchy, with only Newport and Torfaen offering specific support for IT equipment and/or training. Experience of delivering support in the Five Counties clearly shows not only the importance of grants as a “carrot” for enticing businesses to seek IT advice, but they also allow advisors to provide a comprehensive service.

6.155 The latest survey evidence from DTI, provided on a UK basis shows take up of IT by SMEs and participation in e-commerce levelling out. This is particularly true for small and medium-sized (as opposed to micro) businesses, exactly those enterprises on which significant reliance is placed for job creation. A grant scheme should be provided for SMEs within Caerphilly, Blaenau Gwent and Monmouthshire to allow support for IT equipment (including hardware and software), website development, training and e-commerce activities.

6.156 The scheme should provide support for up to £2,000 or 35% of project costs whichever is less per company per year. As is the case with a number of existing grants, no applications should be approved without the support of the IT centre. The grant scheme should be provided for five years and then reviewed to ascertain rates of take up, direct and indirect outputs, and the degree to which investment in IT equipment has become such a normal business activity that it no longer requires public support. We recommend that Corus monies should be used to support this scheme.

Improving the Availability of High Capacity Broadband Services

6.157 As noted above, the Welsh Assembly Government’s new **Lifelong Learning Network** as an extension of SuperJanet will provide improved broadband access to all education and local authority sites. However, as currently proposed, it will not improve provision for SMEs in the Five Counties as access to the SuperJanet network is limited to government and educational organisations. Under the auspices of the WDA’s “Ubiquitous Broadband” strategy, further initiatives to improve broadband access for SMEs – perhaps to dedicated employment areas and town centres – are required. Fundamental to this is the completion of local networks and the establishment of end-user connectivity at acceptable bandwidths. Our current assessment of the options open to the Five Counties are provided in a separate report: **Improving Broadband Access for SMEs** which is included in the Supplementary Reports.



**ELEMENT 10:
PROMOTING INFORMATION AND COMMUNICATION TECHNOLOGIES**

We recommend that the Welsh Assembly Government should:

- 10.1** *Use Corus monies to support initiatives to enhance take-up of ICT/broadband services in Blaenau Gwent under the auspices of Blaenau Gwent County Borough Council and, subject to availability of resources, throughout the Five Counties under the auspices of the other four Councils.*
- 10.2** *Invite the WDA to monitor the penetration and effectiveness, of these initiatives.*
- 10.3** *Invite the WDA to prepare detailed, costed proposals:*
 - *to improve Broadband Access for SMEs in the Five Counties; and*
 - *to identify specific existing industrial and office sites (including those in town centres) at which high capacity broadband services will be available.*
- 10.4** *Invite the five local authorities, and allocate Corus monies, to bring forward detailed proposals to move as quickly as possible to full electronic procurement and to provide targeted assistance for their supplier companies to equip them to bid for e-procured contracts.*



7 Implementation

7.1 The successful regeneration of the Five Counties, realisation of the preferred vision, will only occur if private investors (e.g. employers, retailers, property developers) believe that the communities in the sub-region will be prosperous. Therefore, we

suggest that this requires a new approach to implementation by the key public sector bodies with a role in economic regeneration. This new approach should feature:

Five Counties Regeneration Forum

7.2 We recommend that the Leaders of the Five Counties should agree to meet regularly (perhaps quarterly) to track progress with the key regeneration projects featured in this Framework. Membership of the Forum would also include representatives from the WDA, ELWa, and the Welsh Assembly Government. The Board would approve the Annual Rolling Three Year Joint Programme (see below).

include officials from ELWa, the Welsh Assembly Government, the Newport URC as well as from the five local authorities.

7.3 Each Forum member would be invited to serve in an individual capacity – not as a representative of their Council - and to assume a collective responsibility for ensuring that the regeneration interests of the Five Counties were served by the investment programme. The Chairmanship of the Forum would rotate annually amongst the Leaders of the Five Counties. Newport's URC (see below) will be represented by Newport County Borough Council.

7.5 The concept of the Five Counties Regeneration Forum has emerged from the process of preparing this Regeneration Framework. The Leaders of the Five Counties have met on two occasions to consider drafts of this Framework. It only makes sense to proceed with the creation of the Forum if both members and officers believe that it will be more than a "talking shop." The Forum could be used to drive forward the implementation of this Framework, guiding (but not controlling) the use of funds, and monitoring progress.

7.4 The Five Counties Regeneration Forum would be served by the Five Counties' Officers Team. The Team would be convened by the WDA and

7.6 This Forum will only "add value" to the regeneration process if the Leaders and the senior officers of the Five Counties, the WDA, ELWa, and Welsh Assembly Government officials, see the merits of working together to agree, and then implement, a shared strategy.

Annual Rolling Three Year Joint Regeneration Programme

7.7 We recommend that each year, an annual rolling three year regeneration programme be prepared by the Five Counties Officers Team. The Team might wish to invite the WDA to allocate staff resources to work on behalf of the Team. This rolling programme would highlight all the key capital projects and revenue programmes being promoted by the unitary authorities, the WDA, and ELWA/ the CCETs. It would demonstrate how each element fits in the overall programme, milestones, and targets. The Annual Programme would include a report on prior year progress and highlight key changes. From time

to time, the Team would undertake a fundamental review of the overall Regional Regeneration Framework.

7.8 Each of the five Local Authorities, the WDA, and ELWa would remain accountable for their respective investment budgets. The purpose of the Rolling Programme would be to highlight how best to maximise the benefits by seeing each investment stream as part of a wider whole.



7.9 In order to create a “level playing field” for the start of the first Annual Rolling Three Year Investment Programme, it will be **essential** to prepare more detailed programmes for Caerphilly, Torfaen

and Monmouthshire. These would be on the same basis as those which are now being prepared by the WDA for Newport and Blaenau Gwent.

The Five Councils

7.10 The Five Councils would continue to play a primary role in **regeneration** and **economic development**. All five Councils have strong teams of officers who work with their communities to conceive, secure funding for, and manage a wide range of economic development and regeneration projects. The Councils are normally working in partnership with the WDA to deliver jointly funded projects. Indeed without this strong involvement of the officer teams, most of the regeneration projects in the Five Counties would not be implemented.

7.11 As the **local planning** authorities, the key decisions on all major land developments/property projects would be undertaken by the Councils. In order to make this process more certain it is vital that a stronger link is created between regeneration and work on community strategies and development

plans. This will ensure that regeneration benefits from wide support deriving from early involvement of the community, including business, and that decision making - and thus implementation - benefits from the strength of adopted development plan policy. Proposals in the Welsh Assembly Government’s consultation paper “Planning: delivering for Wales” are designed to ensure more regular up-dating and review of the new local development plans, which will be introduced once the first UDPs have been adopted. The proposals also include delivery contracts and master planning certificates for major commercial, industrial and housing planning applications. As the **local education authorities**, with a strong commitment to promoting lifelong learning, they will be responsible for key elements of the regeneration programme and will play lead roles in the five CCETS.

The Welsh Development Agency

7.12 The WDA will also continue to play a primary role. The WDA will directly build key projects, provide grant support for others and assist some land acquisition/ disposals. In addition, the WDA will

continue its role on inward investment promotion and after-care, support for indigenous businesses via Business Connect, and new start-ups.

ELWa/The Five CCETs

7.13 ELWa and the five CCETs will perform essential roles. With their responsibilities for post-16 further and higher education, work-based training, and lifelong learning, the effectiveness of their investments will be key to the economic future of the

Five Counties. ELWa South East Wales recently prepared their **Regional Statement of Needs and Priorities: 2001/2002** - this is providing the basis for detailed planning of post-16 provision with each of the five CCETS.

South East Wales Regional Tourism Partnership

7.14 The South East Wales Regional Tourism Partnership has just been established. In light of the importance of tourism to the future of the Five Counties economy, this Partnership could become a

significant sub-regional delivery mechanism. This should be explored further by the members of the Partnership.



The Newport Urban Regeneration Company (NURC)

7.15 Under the auspices of the Welsh Assembly Government, the Newport Urban Regeneration Company would be established. The purpose of the URC would be to promote all the physical regeneration projects and to ensure that these are integrated with business development, skills, and community development projects. The Chair of NURC would be a successful national business leader with a strong interest in Newport and Members of the Board could be drawn from Wales' business communities, the trade unions, NCBC, the WDA, and ELWa.

7.16 The NURC should be responsible for promoting the Llanwern Regeneration Area which broadly comprises the land between the Corus site and the M4, and the regeneration of Newport City Centre. The Corus Llanwern site should also be included although no public investment in reclaiming the Corus site should be considered. The possibility of greenfield development on land between the Corus site and the M4 will need to be considered further, and tested through the development plan system, given that this area is not currently allocated for development.

7.17 An initial capital and revenue allocation from the Welsh Assembly Government and the WDA will be necessary to launch the NURC and support activities for a 3 year period would be required. In the medium-term the NURC should be "self-financing", particularly if the WDA is prepared to invest the proceeds from the disposal of land which it controls at Llanwern North and the Newport Development Board/Newport CBC is prepared to invest the land assets which it currently controls. The successful formation of the NURC may be dependent on this process being agreed.

7.18 Subject to the endorsement of the Welsh Assembly Government, we recommend that Newport County Borough Council should take the lead on establishing the URC. This would include selecting the Chairperson, bringing the Board together, making the necessary changes in the Unitary Development Plan and commissioning the Designation Report (baseline studies, boundary definitions, initial funding strategy and business plan, and master plans for the Llanwern Regeneration Area and the City Centre). It would also be necessary for the Council to work closely with the Welsh Assembly Government and the WDA to determine whether the URC should hold property assets and the lines of accountability for the investment of public monies.

