

Economy, Infrastructure and Skills Inquiry into the Valleys Taskforce
Submission from the Bevan Foundation

The Bevan Foundation is Wales' most influential and innovative think tank. We develop practical solutions to poverty, inequality and injustice. We have a long-standing interest in the challenges facing the south Wales valleys, from arguing in 2004 for the potential of the A465 dualling to be recognised¹ to calling for a 'new deal' for the valleys to ensure balance within the city region approach.²

We cautiously welcomed the creation of the Valleys Taskforce in 2016, stating that 'with the right approach it might just make a difference'.³ We were pleased to contribute to one of its early meetings and welcomed the inclusion of some of our proposals⁴ in its first delivery plan. However, we have continued to have concerns about the strategy, scale and impact of the Taskforce. Since July 2019, we have had a standing invitation to attend Taskforce meetings as observers; we presented at meetings in October 2019 and January 2020.

To what extent is the Valleys Taskforce benefitting Valleys communities?

- 1.1 The Taskforce represents crucial recognition by the Welsh Government of the need for specific and dedicated action for the south Wales valleys, parts of which continue to experience significant disadvantage and structural economic weaknesses as a result of de-industrialisation, demographic change and successive economic downturns. The public acknowledgement of the need to tackle these deep-rooted

¹ Bevan Foundation (2004) **A route to prosperity: Making the most of the Heads of the Valleys Road** <https://www.bevanfoundation.org/publications/a-route-to-prosperity-making-the-most-of-the-heads-of-the-valleys-road/>

² Bevan Foundation (2017) **New Deal for the Valleys** https://www.bevanfoundation.org/commentary/new_deal_valleys/

³ Winckler, V. (2019) **What should the valleys taskforce do?** <https://www.bevanfoundation.org/commentary/what-should-the-valleys-taskforce-do/>

⁴ Bevan Foundation (2017) **Taking the valleys forward** <https://www.bevanfoundation.org/publications/taking-valleys-forward/>

challenges is an important starting point for breaking the cycle of disadvantage and setting the area on a different path.

- 1.2 However, the Taskforce has not brought about a sufficient shift in the prospects of fortunes of the south Wales valley to result in widespread benefit to valleys communities. It is unlikely that it would ever have been able to, given its short lifespan, limited resourcing and broad focus.

Are the Taskforce’s specific policy initiatives delivering successful outcomes that will help create sustainable growth and reduce poverty?

- 2.1 The Taskforce’s policy initiatives have been a mixed bag of tackling some underlying issues while at the same time seeking to apply a sticking plaster to other areas.

- 2.3 At the core of the challenge of reducing poverty and providing sustainable growth is the area’s economic profile. As observed in the 2019 State of the Coalfields Report, even in comparison with other coalfield areas across the UK, the South Wales coalfield (largely synonymous with the south Wales valleys) “unequivocally continue to display signs of acute disadvantage”⁵. This is manifest in:

- The qualifications and skills profile of the area. Overall, the proportion of people who have no qualifications in the valleys is higher than the Welsh average, while the proportion of people with level 4 and above qualifications is below average.
- There are not enough jobs in the area to meet the employment needs of the population. This gives way to high outward commuting levels and with them the leakage of money and skills. Unemployment amongst young men in some parts of the valleys stands at 25%.
- Low pay. Median full-time weekly earnings for employees in the majority of valleys local authorities are below the Welsh average. For areas with the lowest median full-time earnings, they are £66 per week less than the Welsh average⁶.

⁵ Beatty, C. Fothergill, S & Gore, T (2019) **The State of the Coalfields 2019: Economic and Social Conditions in the coalfields of England, Scotland and Wales**

<http://shura.shu.ac.uk/25272/1/state-of-the-coalfields-2019.pdf>

⁶ Office of National Statistics (2019) Annual Survey for Hours and Earnings (ASHE)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019>

- 2.4 Some of the taskforce's policy initiatives have shown a lack of ambition and understanding of the underlying issues. For example, its target to get 7,000 people into fair work by 2021 pales in comparison to the 67,000 jobs that are estimated to be required to meet the jobs need of the area. This modest target could quite easily be met through simply creating jobs elsewhere; increasing unsustainable outward commuting rates and doing little to stimulate the economy of the valleys themselves.
- 2.5 The most valuable initiatives are those that address the root causes and use all powers available to redress them. It has pioneered some positive initiatives such as Better Jobs Closer to Home pilots, originally advocated by the Wales TUC to use reserved contracts for employment and training opportunities through leveraging of existing and new powers to target disadvantaged people and places. It is encouraging that the taskforce responded positively to the campaign. However, the pilots appear to have been of mixed success and some have been slow to progress. Where there have been successes, they have not been scaled to a level required to bring about significant change. Where there have been challenges, the learning should also be captured and shared to inform the continued use of reserved contracts as a tool to regenerate the area.
- 2.6 The development of strategic hubs to stimulate jobs, business and investment at strategic locations across the region has been another welcome initiative from the Taskforce. We have previously advocated the development of around three growth poles to stimulate economic activity more locally⁷. We believe that some strategic hubs are well placed to be developed into anchor towns, such as those with core public services, growth potential and a sizeable population within fifteen-minute travel times⁸. Anchor towns can serve as breaks on the leaking of wealth, workers and skills out of the valleys to deliver benefits to a wider area and tap into the productive potential of these places.

⁷ Bevan Foundation (2016) **Economic Priorities for Wales**
<https://www.bevanfoundation.org/wp-content/uploads/2016/11/Economic-Priorities-for-Wales.pdf>

⁸ Bevan Foundation (2019) **Anchor Towns**
<https://41yvdv1cuyvlonsm03mpf21pub-wpengine.netdna-ssl.com/wp-content/uploads/2019/11/Anchor-Towns-Final.pdf>

Is the Taskforce targeting its activities and projects in areas of the Valleys which most need it?

- 3.1 Where the case for intervention is greatest is in the 'heads' and the 'hearts' of the valleys. We consider the Taskforce boundary to be drawn too widely, resulting in dilution of effort and resources that should be targeted to the areas facing the greatest challenges. It also encourages 'easy wins' where conditions are more favourable.

In July 2019 the Deputy Minister for Economy and Transport stated the Taskforce would focus on seven priority areas and the Taskforce area was extended to include the Gwendraeth and Amman Valleys. What has been the impact of the changes to the Taskforce's priorities? Has it made the Taskforce more or less effective?

- 4.1 The changes to the taskforce priorities have include a welcome emphasis on sharpening the focus of the taskforce's work and on the areas where it can make the most impact. However, the seven priority areas remain a mixture of tackling root causes and treating symptoms.
- 4.2 The empty homes initiative, for example signifies a more collaborative approach between Welsh Government and local government, with the scheme result of feedback from local leaders and based on a successful initiative already operational in one local authority. Collaboration with local actors and organisations is fundamental to a success as they have a vital role and local insight into developing a new future for the valleys. However, empty homes are symptomatic of the wider economic factors at play. Refurbishing empty homes is a good thing in and of itself but does not address the root causes of why homes become empty in the first instance or indeed, prevent other homes becoming empty in the future
- 4.3 We have expressed concern that as part of the renewed focus on seven priority areas, the £25 million funding originally allocated to the strategic hubs has since been re-allocated across the taskforce's priorities. This will undoubtedly weaken the capacity of the hubs to deliver on their original objectives.
- 4.4 As stated, we consider the taskforce area to have already been drawn to widely. An extension of the area increases the risk of dilution of effort and resources that are needed in the areas of greatest challenge.

How well is the Taskforce working with, and adding value to, other economic development initiatives in the Valleys?

- 5.1 The relationship between the priorities of the taskforce, those of the city regions and the Welsh government's proposed economic regions remain unresolved and therefore limit the extent to which these initiatives have add value to each other.

To what extent has the Taskforce considered gender equality in its workstreams, and are you content with the approach to measuring outcomes?

- 6.1 No comment

What potential approaches could the Welsh Government take in its forthcoming economic strategy for the Heads of the Valleys, and which specific actions or policies should be included in this?

- 7.1 Over decades, the south Wales valleys have been the subject of a plethora of regeneration strategies, initiatives and schemes. While some of them delivered some positive outcomes, none achieved substantial shift the economic fortunes of the area. Most have overpromised, underdelivered and quietly become subsumed by another strategy. Against this unfortunate record, a new strategy will have to demonstrate that it is different.
- 7.2 The strategy must have a clarity of purpose on shifting the economic foundations of the area and be based on an understanding of the valleys as a complex area in its own right, and not merely a hinterland of the M4 corridor. It is home to some 800,000 people and 300,000 jobs, so the fortunes of the Welsh economy are therefore inextricably bound up with the future of the valleys. Attempts to regenerate the area via any form of assumed trickle down from growth elsewhere will not succeed. Even if all cities of south Wales were to experience miraculous growth, they still could not close the jobs gap⁹. Nor can the valleys simply be a dormitory area, with the scale of commuting into already congested and polluted cities being environmentally unsustainable as well as socially and economically inequitable.
- 7.3 There are no inherent reasons why the south Wales valleys cannot be prosperous and thriving. It is an area with significant potential and a huge number of assets.

⁹ Industrial Communities Alliance (2015) Growth Beyond the Big Cities: The Role of Britain's Industrial Towns in Delivering Jobs and Prosperity
https://static1.squarespace.com/static/5bb773c49b7d1510743e696f/t/5bb8fdc64192025ef73f1687/1538850249365/growth_beyond_the_big_cities_report.pdf

Mounting urban pressures, including housing shortages, congestion and environmental concerns are largely absent. The dualling of the A465 heads of the valleys road has reduced travel times (on completed sections) and serves as a direct economic artery to the Midlands. The area has a unique landscape and cultural heritage, all of which point to the latent potential of the area that can be released with the right approach.

Which additional short-term measures could be adopted to deliver positive outcomes for Valleys communities before the Taskforce disbands in March 2021?

- 8.1 We caution against short-term measures or “quick wins” for challenges that undoubtedly require a long-term, generational change. With the remainder of its tenure the taskforce should look to scale initiatives that have shown promise in addressing the economic foundations of the area and embed them to guarantee their long-term continuation.
- 8.2 The taskforce should scope and lay the groundwork for the creation of a long-term delivery vehicle to regenerate the heads and hearts of the valleys over at least twenty-five-year period.

How should the Taskforce’s work be taken forward after it disbands in March 2021? Which workstreams should be prioritised by the Welsh Government, and to what extent is a change in approach required?

- 9.1 We strongly advocate the development of a long term, well-resourced delivery vehicle with shared powers over planning and economic development. It must work hand in hand with Welsh Government, local government, further education colleges and universities to regenerate the valleys.
- 9.2 This delivery vehicle should have a relentless focus on improving the skills, qualifications and labour market profile of the area. It should be a catalyst for serious, substantial investment and must achieve the rooting of skilled, secure jobs in the area itself. By ensuring that the existing economic assets including local businesses and the manufacturing base are protected, retained and have a sustainable long-term future it can build on the latent potential that exists in the region.
- 9.3 We advocate a business development zone for the valleys with real incentives and planning powers to stimulate the local economy and embed a new economic foundation that lasts. It would work hand in hand with a valleys delivery vehicle to

drive the creation of a new economic base that responds to the spatial relationships between different parts of the valleys and the surrounding area. It should also ensure that start up, incoming and existing firms are firmly tied to the area through supply chains. We believe there is scope to harness the potential of the foundational economy in this regard.

- 9.3 What form this delivery vehicle takes requires careful consideration of what has worked well and what hasn't in the past, including across development corporations, development agencies, arms-length bodies and consortia of relevant organisations. Past experience highlights the need for robust mechanisms for accountability and oversight for whatever form the delivery vehicle takes. These are important lessons that must inform future thinking on what kind of delivery vehicle would be most suitable for the needs of the valleys.