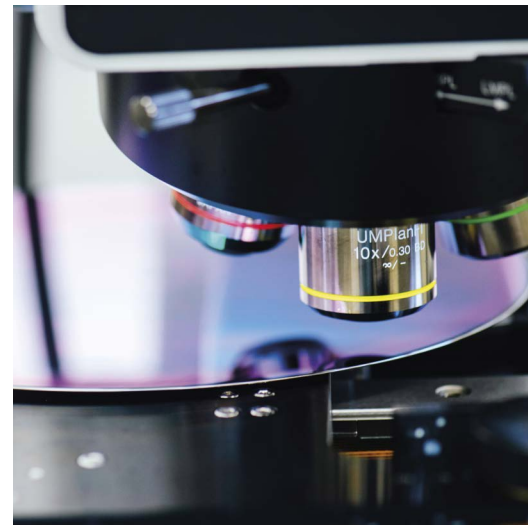




Llywodraeth Cymru  
Welsh Government

# Tech Valleys Strategic Plan

April 2018



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# **1. Executive Summary**

## **1.1 Background**

The purpose of this plan is to amplify the aims and objectives of Tech Valleys as set out in the vision document and provide guidance to Welsh Government and our partners on its delivery. The vision can be found at Appendix 1.

When the Cabinet Secretary for Economy and Transport announced the proposed automotive technology park in Ebbw Vale, now referred to as Tech Valleys, the aim was to seize an opportunity from the fourth industrial age and to address a need that is founded in the demise of traditional industries in many of the South Wales Valleys, and in particular, those of Blaenau Gwent.

The advancement of technology into artificial intelligence, autonomy, advanced robotics and machine learning presents a considerable opportunity for industry, academia and the public sector to align in order to deliver economic prosperity. Allied to this, in the case of Tech Valleys, is an ongoing programme of infrastructure improvements that will significantly reduce the physical and perceived isolation of many of the Valley communities.

The lag of the economy of the Blaenau Gwent behind the rest of Wales, demands renewed intervention by the public sector along with private sector intervention. Without such assistance, educational under-achievement and limited employment prospects will continue to hinder the prospects of the current and future generations, limiting their ability to realise their potential.

Against this background, the announcement by the Cabinet Secretary for Economy and Transport of a programme of investment of £100million, aimed at creating 1,500 new jobs has generated a real focus on achieving change in Blaenau Gwent. As important as the job creation figures will be the transformation of the economy to one of innovation, research and development and skilled employment. The creation of a culture of learning will equip individuals, communities and enterprises investing in Tech Valleys to achieve sustainable, resilient growth.

## **1.2 Strategic Context**

Tech Valleys aims to seize the opportunities arising from the step change in emerging disruptive technologies, advanced materials and manufacturing, plus autonomous processes and products. Growth (not just in employment terms), fair work and decarbonisation should underpin this new ethos for economic activity and employment in an area that has struggled to recover following the demise of heavy industry. Ensuring delivery of not just job numbers but job sustainability and inclusive growth is vital for the long term future.

Recent and planned improvements in the road and rail network, linking Blaenau Gwent with the wider region and the UK motorway network, as well

as the proposed South Wales Metro, facilitates the approach of a more connected economy, vital to retaining and attracting investment.

Tech Valleys mirrors the key drivers behind the Welsh Government's Economic Action Plan (EAP) to support delivery of Prosperity for All – the national strategy for Wales. The Plan's vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions aligns with the vision and aspirations behind the Tech Valleys. The EAP's commitment to regional economic development, recognising and responding to the distinctive challenges facing the different regions of Wales illustrates the need for region specific interventions such as that of Tech Valleys.

Furthermore, Tech Valleys responds strongly to the challenges of the Well-Being of Future Generations (Wales) Act 2015 complementing the EAP. In particular Tech Valleys will seek to:

- support people and businesses to drive prosperity;
- tackle regional inequality and promote fair work;
- drive sustainable growth and combat climate change;
- build ambition and encourage learning for life;
- equip everyone with the right skills for a changing world;
- deliver modern and connected infrastructure;
- promote and protect Wales' place in the world.

The context for the creation of Tech Valleys is based firmly on the need to tackle regional inequality, to ensure all parts of Wales benefit from economic growth and have a fairer distribution of wealth and opportunity. This is coupled with an opportunity to achieve change via an incremental move towards high skilled and high value employment in cutting edge industries, building resilience whilst also embracing the future.

### **1.3 Framework for Delivery**

The written statement released by the Cabinet Secretary for Economy and Transport in Jun 2017, outlining plans to develop an automotive technology park in Ebbw Vale, acknowledged that such a development could deliver the greatest benefit to the people of Blaenau Gwent, in terms of local economic opportunities, rather than the proposed Circuit of Wales. The vision for Tech Valleys released in December 2017 provides strategic direction for the implementation of this bold programme. Collaboration, focus on physical and digital infrastructure, attracting the right investment and enabling people to fully achieve their potential by providing a future-proofed learning environment lie at the heart of the vision.

The first steps toward the implementation of the vision have been taken:

- release of the vision for Tech Valleys was a public statement of intent and a call for collaboration between the community, public and private

sectors and academia. This has resulted in renewed interest in the area and the opportunities provided by Tech Valleys.

- financial commitment to a number of property proposals, including a new build at Rhyd y Blew in Ebbw Vale.
- Welsh Government has taken a long term lease on the former Techboard building in Rassau and is in discussion with the building's owner over a multi-million pound refurbishment to attract businesses.
- capital revenue funding for composite training at Coleg Gwent
- initial governance structures developed and some established.
- Tech Valleys will continue to work on the pipeline for company investment developed by the Ebbw Vale Enterprise Zone Board (EVEZ) and others. The EVEZ has set the foundations for the development of Tech Valleys. Its remit of local engagement and project pipeline legacy, are set to transition to the Tech Valleys.

Immediate focus will now be on the formation of the strategic advisory group and governance structure in the coming months, providing internal and external oversight, support and challenge for Tech Valleys activity.

Academic institutions have a dual role to play, particularly in relation to Tech Valleys. Shaping a programme of education to meet the needs of employers, which aim to develop and exploit emerging technologies, alongside that of research and development in areas such as autonomy, AI and advanced robotics.

Industrialists and investors will be invited to bring forward programmes of investment that will develop and utilise new innovations to deliver resilient, sustainable, low carbon economic growth and that will create the type of employment that will fundamentally improve prospects for the people of Blaenau Gwent and the surrounding region.

Welsh Government will work with partners and property developers to create a range of premises to house the educators, researchers, innovators and investors who, by working collaboratively, will define the success of Tech Valleys.

Investment in infrastructure, and in particular in the quality and availability of digital connectivity in Blaenau Gwent, will continue to improve the links across the region, to enhance the ability of technology companies to conduct business and to facilitate the movement of goods and people in support of Tech Valleys.

## **1.4 Economic Impact**

The projected economic impact, of Welsh Government's £100million commitment and the stated aim of creating 1,500 new jobs over the next ten years, is that up to 2,748 jobs will be created and £16million of net benefits will arise, when indirect jobs and those induced by the investment in Blaenau Gwent are taken into consideration.

However when taking additional factors into account it is conceivable that the Tech Valleys programme will exceed those initial expectations, in terms of investment, job creation and its broader economic effect.

A critical success factor for the delivery of the programme will be partnership working, not least to access the UK Government's Industrial Strategy Challenge Funds. This will involve working closely with the local authority, academic and research institutions, leading and emerging tech businesses and local City Deal partners.

## **1.5 Leadership, Management and Finance**

A Welsh Government programme board, composed principally of Welsh Government directors, is being established. In the interim an internal sponsor group is fulfilling this function. The sponsor group has been established by the Welsh Government's senior responsible owner (SRO) to ensure that the programme was mobilised as soon as possible to establish governance structures and to deliver compliantly and in accordance with Ministerial expectations and requirements.

The remit of the programme board will be:

- defining the strategic direction of the programme;
- authorising the strategic vision and providing appropriate challenge;
- ensuring ongoing alignment of the programme with the broader strategic context;
- agreeing the scope and outcomes of the programme, identifying the executives with direct delivery responsibility as well as unlocking resources needed to ensure successful delivery.

By July 2018, the Ebbw Vale Enterprise Zone Board will have been succeeded by the Tech Valleys strategic advisory group. This representative group, drawn from industry, smaller and medium sized enterprises (SMEs), entrepreneurs, local government, specialist project expertise, finance, further and higher education will lead on the most critical phase towards the success of Tech Valleys - that of local engagement. Academia, research institutions, tech industry investors and property developers all have a crucial role to play in the realisation of the vision for Tech Valleys. Most importantly will be the commitment of local communities, including the generation emerging from tertiary education.

The role of the Tech Valleys strategic advisory group is to:

- provide coordinated advice to Ministers and Welsh Government on deployment and roll out of the investment in Tech Valleys that ensures maximum impact across Blaenau Gwent and broader Valleys region.

- provide coordinated engagement with and represent the views of stakeholders including business, public sector, HE/FE and finance by providing economic expertise aligned to the objectives of Tech Valleys.
- provide advice to the sponsor group/programme board and where required work with seconded and additional specialist expertise to further project development.
- review and consider legacy objectives and projects suggested by the Ebbw Vale Enterprise Zone Board aligned to the Tech Valleys vision where these projects are not delivered under 'business as usual' activity to ensure continuity of approach.
- review activity and progress to date in relation to Tech Valleys, which may include strategic advice regarding investment opportunities, encouraging supply chain development, identifying property and infrastructure needs, business support, international export, R&D, marketing and promotion of the wider Heads of the Valleys area.

As with any initiative on this scale, the success of Tech Valleys will depend to a great extent on the quality of leadership provided by the key partners. For this reason, it is imperative that the most appropriate individuals and organisations are chosen and committed to deliver Tech Valleys at the earliest opportunity.

This will demand careful consideration with regard to the Tech Valleys governance machinery, not least the evolution of the sponsor group into the programme board and the appointment of the operations board and strategic advisory group. It will be imperative that these bodies include representatives from academia, research institutions, industry as well as individuals rooted in Blaenau Gwent and beyond. These individuals must be able to contribute and add value to the ongoing strategic direction of Tech Valleys whilst drawing on their personal networks and reputations for excellence and delivery.

Funding for Tech Valleys will undoubtedly be of considerable importance, including accessing the UK Government's Industrial Strategy Challenge Funds. However, funding should be seen as an enabler, rather than an end in itself. Key areas for investment will be: skills and learning, research and development as well as targeted investment in and by companies.

In each case, the rationale and benefit of supporting defined projects with Welsh Government funding will be considered in line with the objectives of Tech Valleys and the underpinning Economic Action Plan. In every case, there must be a gain in terms of connecting the communities of Blaenau Gwent, taking forward strides in terms of the education provision, attracting leading R&D activity and creating high quality, future-proofed jobs across the region.



## **2 Strategic Context**

The context for the delivery of Tech Valleys as a vision and platform for the development of the economic landscape of Blaenau Gwent and the broader South Wales Valleys can be defined very simply – opportunity and need. The combination of numerous critical factors point to a clear rationale for fundamentally changing the relationship between communities, industry, academia and the public sector.

### **2.1 Opportunity**

Elements such as disruptive technologies, advanced materials and manufacturing, plus autonomous processes and products signpost to the future of global industrial development. Aspects of manufacturing, service delivery and social interaction will inevitably be altered as artificial intelligence, robotics and machine learning continue to progress.

From both an industrial and employment perspective, this will undoubtedly have a significant impact on the type and scale of employment opportunities and on the skills necessary to meet demand. Investment in the infrastructure, in capital equipment, in research and development and most importantly in education, training and skills development ahead of this fundamental shift will future-proof the Blaenau Gwent area and provide the foundation for a world leading centre for advanced technology.

These step changes in technology present a clear opportunity for Tech Valleys. Spin-outs from academia and existing manufacturers and new projects from entrepreneurs requiring premises and people to fully realise their potential, will be attracted by a strong statement of intent from partners backed by a commitment to provide support in its many guises. Instinctively, these new enterprises are likely to be forward looking in their application and development of new technologies and will therefore provide an important element of future-proofing. In turn, this provides a greater sustainability and resilience for those businesses investing in the area and for the people they employ.

The drive for the development of new technologies in the South Wales Valleys is further provided by the ongoing expansion of the automotive sector in the region. Well established facilities such as the Ford engine production unit in Bridgend have been recently joined by Aston Martin Lagonda at St Athan. The automotive sector is in the vanguard of the move towards autonomous processes and products and the Tech Valleys area is extremely well placed to take the lead in this field with a number of companies in the sector exploring opportunities to locate in Blaenau Gwent.

### **2.2 Need**

In the context of Blaenau Gwent, the development of Tech Valleys offers the opportunity to change the paradigm which has been established following the

demise of the region's traditional industries. Infrastructure investment to date, not least in the A465 Heads of the Valleys road and the rail network, together with the planned Metro investment, provides an opportunity for the broader valleys area to present itself globally with a new vision of both what it projects for the future and how it intends to fulfil this ambition.

Over the last five years Wales has enjoyed a period of employment growth but there remain specific regions of Wales that have persistently lower levels of employment. As statistical analysis testifies (see Appendix 2), economic performance and employment indicators in Blaenau Gwent compare unfavourably with the rest of Wales. Lower than average investment, coupled with factors such as low pay, use of zero hours contracts, a low skill base and the nature of employment opportunities combine to limit economic development. There are examples of such pockets of under-performance being broken within Wales and across the UK. Tech Valleys has the aim of being the catalyst to achieving the same outcome for Blaenau Gwent and surrounding area.

Success of the Tech Valleys initiative will result in the development of agile enterprises within the region collaborating strongly with academic institutions and R&D facilities locally and further afield, to create cutting edge processes and products and to provide the next generation with the skills and opportunities to flourish within their home communities.

## **2.3 Welsh Government Context**

One of the key drivers for the instigation of Tech Valleys is the Welsh Government's programme for government, "Prosperity for All" and within that framework, the Economic Action Plan (EAP). The opening paragraphs of the Executive Summary of the EAP appropriately summarise the objective of Tech Valleys:

"The purpose of the Economic Action Plan is to support delivery of Prosperity for All – the national strategy for Wales. The Plan sets out a vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions.

"The Plan drives the twin goals of growing the economy and reducing inequality.

"It sets out a number of ambitious proposals which commit the Government to a major shift in policy direction in a range of key areas mobilised around a common purpose to work with business and others to build resilience and future-proof the Welsh economy."

Both the EAP and Prosperity for All are aimed precisely at tackling the needs of the communities within the Tech Valleys area, by firmly seizing the opportunities as described in 2.1 above.

The Executive Summary of the EAP is provided in detail here:

<https://gov.wales/prosperity-all-economic-action-plan>

It is pertinent however, to outline the nature of the Economic Contract, which forms the centrepiece of EAP and aligns absolutely with the objectives of Tech Valleys, moving to a new reciprocal relationship between business and government, aimed squarely at driving inclusive growth. Welsh Government support to businesses, provided under the EAP will be dependent upon a clear demonstration of commitment to the following.

- Growth potential
- Fair Work
- Promotion of health skills and learning in the workplace
- Progress in reducing carbon footprint.

Welsh Government aims to achieve this by ensuring that business proposals seeking support align to at least one of the following calls to action:

- Decarbonisation - enabling more of our business base to become carbon light or free.
- Innovation, Entrepreneurship and Headquarters - supporting businesses to innovate, introduce new products and services and succeed.
- Exports and Trade - proactively supporting trade with the UK and rest of the world.
- High Quality Employment, Skills Development, and Fair Work – improving our skills base and ensuring that work is fairly rewarded.
- R&D, Automation, and Digitalisation –helping our businesses to develop and introduce new products, automate and digitise to remain competitive in the fourth industrial age.

The EAP goes on to state that Regional Economic Development will recognise and respond to the distinctive challenges facing the difference regions of Wales.

Tech Valleys will be a fore-runner in the delivery of the EAP. It will be an exemplar in collaboration and the delivery of targeted investment to achieve a change in the economy of the Blaenau Gwent region, and a measurable and tangible improvement in the lives of those who live and work there.

### **Well-Being of Future Generations (Wales) Act 2015**

This strategic plan is aligned with the overall objectives of the Act as it seeks to help shape the environment within which businesses operate by reducing the environmental impacts of industry. The Tech Valleys programme will help deliver safer and more cohesive communities and a resilient environment with

more sustainable use of our natural resources. It will seek to meet current needs without compromising the ability of future generations to meet their needs.

In particular Tech Valleys will seek to:

- support people and businesses to drive prosperity;
- tackle regional inequality and promote fair work;
- drive sustainable growth and combat climate change;
- build ambition and encourage learning for life;
- equip everyone with the right skills for a changing world;
- deliver modern and connected infrastructure;
- promote and protect Wales' place in the world.

## **2.4 Vision for Tech Valleys**

The opportunity, need and the means to deliver a solution have been distilled into the “Vision for Tech Valleys” that was published in December 2017.

The vision for Tech Valleys outlines the intention to build a new economy in the Blaenau Gwent area, based on new, cutting edge technologies and crucially, creating 1,500 new jobs over a ten year period. The vision outlines the importance of collaboration between business, public sector and academia and the need for targeted investment.

At the heart of the statement are the people of Blaenau Gwent and in particular a new generation which will have the opportunity to forge careers in new industries by learning new skills and engaging with employers and researchers at the forefront of technology.

The Vision highlights the £100million of Welsh Government funding which will act as a catalyst to pump prime the Tech Valleys initiative and to draw further investment from both the public and private sectors.

## **2.5 Conclusion**

The context for the creation of Tech Valleys is based firmly on the need to tackle regional inequality, to ensure all parts of Wales benefit from economic growth and with a fairer distribution of wealth and opportunity. This is coupled with an opportunity to achieve change via an incremental move towards high skilled and high value employment in cutting edge industries.

Turning the vision into reality will depend largely on:

- collaboration with local partners including the two City Deal regimes, Valleys Taskforce and local authorities;

- engagement of key global players in the advancement of product and process autonomy, artificial intelligence, robotics and machine learning;
- strong and focussed leadership from all of the key stakeholders

### **3 Framework for Delivery**

The vision for the Tech Valleys is that;

“In 2027 the South Wales Valleys, and Blaenau Gwent in particular, will be a globally recognised centre for the development of new technologies, to support cutting edge industry.”

The vision reflects Welsh Government ambitions for economic growth as outlined in the national economic strategy ‘Prosperity for All’ and the supporting Economic Action Plan and will see the creation of at least 1500 sustainable jobs, across the Valleys area over a 10 year period.

The focus of this effort will be on higher quality jobs - predominantly within new technologies and the advanced manufacturing sector to provide the entrepreneurial spark that will enable existing and new entrepreneurs to fulfil their business ambitions. This will also enable people to live and work within their local communities whilst competing on the international stage.

The vision provides direction for the implementation of this bold programme. Collaboration, focus on infrastructure, attracting the right investment and enabling people to fully achieve their potential, by providing a future-proofed learning environment, lie at the heart of the Vision.

Although viewed as a unified £100m investment, Tech Valleys is intended to comprise a range of stand-alone projects that will vary in complexity, scale and size of investment, delivered over the short medium and long term.

These projects will be supported by bespoke business cases, as appropriate. These will be subject to rigorous evaluation through usual Welsh Government financial approval processes, including: value for money, private sector leverage and number of jobs created/safeguarded as well as through the new prism of the economic contract and calls to action as set out in EAP.

#### **3.1 Story so far**

The written statement released by the Cabinet Secretary for Economy and Transport in June 2017 outlining plans to develop an automotive technology park in Ebbw Vale acknowledged that such a development could deliver the greatest benefit to the people of Blaenau Gwent, in terms of local economic opportunities, rather than the proposed Circuit of Wales.

Tech Valleys is a natural progression of the automotive technology park concept – an extension of the vision to encompass a broader range of technologies, applications and opportunities. This is not intended as a departure from the original announcement, more an acknowledgement that the emerging technologies relevant to the automotive sector cut across traditional industry boundaries and is in line with advice and engagement locally and nationally.

The first steps toward the implementation of the Vision have been taken:

- release of the vision for Tech Valleys was a public statement of intent and a call for collaboration between the community, public and private sectors and academia. This has resulted in renewed interest in the area and the opportunities provided by Tech Valleys.
- financial commitment to a number of property proposals, including the new build at Rhyd y Blew in Ebbw Vale.
- Welsh Government has taken a long term lease on the former Techboard Building in Rassau. Welsh Government is in discussions with the building's owner to undertake a multi-million pound refurbishment project in order to attract businesses.
- capital revenue funding for composite training at Coleg Gwent.
- initial governance structures developed and some established.
- Tech Valleys will continue to work on the pipeline for company investment developed by the Ebbw Vale Enterprise Zone Board (EVEZ) and others. The EVEZ has set the foundations for the development of Tech Valleys. Its remit of local engagement and project pipeline legacy, are set to transition to the Tech Valleys.

The next steps will define the success of the programme and rely on the effectiveness of the partnerships and degree of private and public sector finance leveraged to deliver Tech Valleys. The development of property, the provision of infrastructure and the availability of financial support are important factors, but the involvement of renowned academic institutions, leading R&D bodies and cutting edge businesses will ultimately be the elements that raise skill levels and create the traction for further private sector investment and transformation of the local economy.

Immediate focus will now be on the formation of the strategic advisory group and governance structure in the coming months, providing internal and external oversight, support and challenge for Tech Valleys activity. One of the early priorities of the Tech Valleys programme board, operations board and strategic advisory group will be to develop the work-streams further and provide a roadmap for delivery. The governance structure will be expanded later in this document: Section 5. "Leadership, Management and Finance".

### **3.2 Engagement with Academia**

An important plank of the programme is the development of a workforce with the right skills fit for the twenty first century and Industry 4.0. Consequently early engagement with FE/HE partners in South Wales will be a critical component going forward, from apprenticeships through to the continuous professional development of the workforce.

The skills availability is of concern both for succession and enhanced requirements. Thus it will be important to engage with the next generation, to develop the existing skills and also be able to attract, in the short term, the

right level of skills to the area and ensure ease of mobility in and out of the area.

Tech Valleys will build on the work of the Ebbw Vale Enterprise Zone Board and Blaenau Gwent CBC, who currently fund the Aspire apprenticeship scheme. In particular it will work with the employer-led Learning Skills and Innovation Partnership (LSKIP comprising City Deals, Valleys Taskforce and others) to support a range of skills interventions to ensure the area has a workforce that is fit for the future.

The aspiration of the LSKIP aligns well with that of Tech Valleys. The LSKIP philosophy is that “no one person or organisation can solve the employability and skills demands of the region and there is a need to break down the silos of self-interest to deliver a strong baseline of education, training and skills for businesses to grow, confident that their workforce is equipped with the right skills to meet and respond to their sector needs.”

Further the Cardiff Capital Region Employment and Skills Plan 2017 states

“A key driver for the Employment and Skills Board of the LSKIP is to be responsive and create change driven by stakeholder engagement. Identifying employment and skills priorities over short, medium and longer term periods that align with economic drivers and indicators to support the south east Wales regional economy. Developing the right skills is fundamental to increasing productivity and efficiency. It provides more opportunities for all ages, genders and abilities, helping to address social and physical exclusion by improving access to employment.”

### **3.3 Engaging the next generation.**

Based on the economic data in Appendix 2, it is evident that there is already a generational issue of unskilled residents in Blaenau Gwent who have low expectation of working and particularly in finding work in high rewarding vocations. There is also a trend for local aspirational students to leave the area following education and skills training. Thus it is vital that the programme works with partners to ensure that engagement of local students is started from as early as Key Stage 3, to inspire them to be part of the regeneration of their area. Incorporating the input of these actors, along with engagement of all stakeholders, is key to encouraging the community to play its part in the regeneration of their local economy. The types of intervention required to address this matter that will need to be considered further include:

- industry sponsorship of school activities
- focused project activity of local interest
- career advice with business stakeholders
- scholarship / sponsorship of initial tertiary education options

*Developing the existing skills*



This will mean not only developing the depth of existing skills but also the requirement of adding new skills (digital, smart tools, automation, disruptive material processing ALM, composites) and facilitating transitional programmes (e.g. mechatronics, control systems). This needs to be demand-led by the market and then enhanced by careful consideration of latent needs.

Essential to this are:

- industrial and business-led demand in the short term
- ensuring that relevant education and training initiatives meet the requirements for enhanced and rewarding jobs in the local job market
- local training facilities, in line with world class industry standards, future-proofed for material and processing trends.
- training resources being both industrial and academic led
- ensuring the integration of apprenticeship pathways are both clear and supported.

#### *Attracting world class skills*

The near completion of the A465 upgrade, Brynmawr to Gilwern provides the people of Blaenau Gwent with a significant opportunity of increased accessibility to well paid jobs outside the immediate area. Conversely such improved infrastructure will also serve to attract commuters with world class skills from the surrounding areas, including Monmouthshire and the Forest of Dean. Whilst it remains the aspiration of Welsh Government and partners to improve the sense of place in the Blaenau Gwent area, this may be unlikely to attract the right levels of employee skill availability in the short term. However, by working with adjacent regions and focusing on arterial routes such as A465/A40/A449/M50 & M4, Blaenau Gwent can be marketed to attract such skills and inward migration in the longer term. This will become important for specific leadership roles for hubs, academia and up-skilling as well as community building.

#### *Other programmes to be considered*

- a centre for skills excellence based on strong academic and industry participation. This would offer FE/HE (linked) qualifications focused on current and future employment needs.
- engagement with local schools to achieve NVQ L2 readiness and “Seren” system reward to apprentice degree programmes.
- graduated and incentivised support for industries to take on apprenticeships from L3 to L5 (apprenticeship degree).
- specific Year in Industry support for Blaenau Gwent based operations.

Engagement with academia extends well beyond its role as educator. Next generation technology businesses will rely upon the expertise that higher education institutions are able to contribute to R&D. The presence of an

advanced research centre at the heart of Tech Valleys, coupled with strong links to leading centres of excellence further afield is likely to be a defining factor in the success of the programme.

A priority for the Tech Valleys strategic advisory group, in partnership with the CCR and others, will be to identify the most appropriate academic partners, both for the delivery of skills development and as leaders of cutting edge research to establish inspiring facilities to provide the foundation for a culture of learning and technological advancement; and, most importantly, a means for translating concepts, with advanced technology readiness levels (TRL), into commercial realities.

### **3.4 Private Sector Buy In**

The ultimate aim of Tech Valleys is the prosperity of the Blaenau Gwent community and the surrounding areas. This will depend upon employers opting to grow and locate their businesses in the region – employers with a desire to achieve success through investment in staff and in R&D, as well as in buildings and equipment.

In taking Tech Valleys from concept to reality, the early steps will be the most important in embedding the vision and demonstrating an unshakable commitment to delivery. The idea of creating an industrial sector hub from scratch is not necessarily a new one and previous examples have not always been successful. The advantage that Blaenau Gwent has in this case is the commercial opportunity. The step change in technology as outlined in Section 2 indicates that new enterprises, requiring people with new skills will be required to meet a new challenge.

Consideration has already been given to the type of activity that is to be attracted to Tech Valleys. The decision to develop the automotive park into a broader technology hub is evidence of this. The Tech Valleys strategic advisory group, in partnership with the programme board will now need to define the type of enterprises it envisages being attracted to Blaenau Gwent by 2027. Autonomous processes and products, power storage, artificial intelligence (AI), robotics, machine learning and 5G are a few examples of the initiatives that may be supported by Tech Valleys. It is important that the strategy is further developed in conjunction with stakeholders, local communities, and academia and then heavily marketed to potential investors, in order to establish a programme of investment for the next ten years.

Planned interventions for the programme are likely to include the development and testing of battery and motor technology, 5G test-bed activity and potentially the infrastructure required for automated and ultra low emission vehicles (such as electric charging points and hydrogen filling stations). In addition a flagship initiative/facility, embodying the vision and supported by both public and private sector funding, would be a desirable addition, to showcase the art of the possible in this part of Wales. Ideally the flagship initiative would comprise future-proofed industrial employment, allowing

innovation by start ups and existing industries alike, that relate to Industry 3.0 excellence and Industry 4.0 awareness and readiness. The development of an autonomous research centre, (ARC), an innovation centre for artificial intelligence and robotics or a hybrid of both could potentially fulfil this brief and is worth exploring by the strategic advisory group.

A key enabler for delivery will be joined-up working both with private and public sector partners, not least to capitalise on the considerable returns afforded to successful bidders of the UK Government's Industrial Strategy Grand Challenges.

This is a critical success factor for Tech Valleys, and indeed Wales more broadly, on two counts.

- firstly because the Industrial Strategy aspirations chime with those of Tech Valleys, as set out in its vision statement, and also the provisions of the Wellbeing of Future Generations Act, and the Economic Action Plan;
- secondly because of the considerable funds consequently available to successful bidders, that will significantly amplify private sector leverage and the Welsh Government's £100million investment. (As an illustration the National Productivity Investment Fund (NPIF) has a UK wide fund of £31bn available until 2022/23 to support transport, housing, digital and R&D sectors, with £740million committed to the next generation of digital infrastructure.)

Consequently, Welsh Government and Tech Valleys is already making preparations for the next digital funding round and seeking shovel ready infrastructure projects in the development and deployment of 5G technology and networks, as it seeks to.

- put Wales “at the forefront of the industries of the future in terms of productivity and earning power” of citizens; and
- “help businesses to create better, higher-paying jobs with investment in the skills, industries and infrastructure of the future<sup>1</sup>”.

### 3.5 Property Development Considerations

The current availability of property facilities in Blaenau Gwent and Ebbw Vale for interested investors is both sparse and in some instances unappealing. This is borne out by the JLL Reports published in 2014 and 2017<sup>2</sup>, both of which were commissioned by the Ebbw Vale Enterprise Zone Board. It is vital that a number of world class facilities are developed for specific roles such as hub centres for start up facilitation (focused on high value employment) as well as world class facilities for inward investors who are already showing interest. Above all, in order to inspire a generational change a flagship facility

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<sup>1</sup> UK Govt Industrial Strategy

<sup>2</sup> Framework for Priority Property Interventions for Economic Development in Wales 2014 / 2017

is required that embodies the vision and mission of future-proofed high value employment in the region.

- major industrial units – development of world class manufacturing standard property with low cost of operation and ease of logistics to major routes. Property aimed at attracting new supply chain companies for electrification of vehicles including battery, power electronics, inverter/charger, electric drives, controls and even final assembly operations for new segment entries.
- major hub centre for SMEs combining academia and technology based on common services approach. This unit should represent the vision, prioritised to new digital technologies in application and market tangible demand. Whilst its focus is future autonomous mobility, it is clearly inclusive to the adjacent industries/businesses that are data sectors, e.g. service providers, cyber security, protection, testing
- a flagship facility/initiative, either for artificial intelligence and robotics, autonomous research centre (ARC), e-mobility research centre or hybrid
- series of start-up units within a major facility to allow evolution of company and expansion, e.g. major units with expandable, collapsible, movable office/workshop space.

### **3.6 Digital Connectivity**

It is imperative that current access and bandwidth for connectivity is ensured; and following this, that government and private sector partners prioritise 5G as a pilot area or early adopter. The consequence of slow adoption in Blaenau Gwent of this infrastructure will result not only in undermining the commitment to the region but also in impeding inward investors, as 5G will increasingly become a pre-requisite for high value business including manufacturing going forward. A flagship initiative would also require such infrastructure.

Establishing Blaenau Gwent as a centre for the development and application of next generation technologies would also serve to strengthen a co-ordinated bid for UK government Industrial Strategy Challenge Funds.

### **3.7 Infrastructure**

Tech Valleys will build on the already significant regional investment in infrastructure. The improvements to date on the road and rail networks provide a real advantage in terms of attracting investors and people to Blaenau Gwent. Welsh Government has already invested £77m in phase one of the South Wales Metro, including Ebbw Vale and the extension of Ebbw Vale town and capacity enhancements on that line. This will undoubtedly enhance the area's attraction in terms of being accessible and providing suitable logistical infrastructure.

## 4 Economic Impact

### Summary

The Welsh Government has committed £100million to Tech Valleys (formerly the Ebbw Vale automotive technology park) with the stated aim of creating 1,500 new jobs over the next ten years. Based on the target, the potential impact is estimated to create a total of 2,910 jobs in the operational phase and total net benefits to the Welsh economy, in present value terms, of £18million between 2019/20 and 2028/29. The estimated ratio of benefits to costs is 1.25 to 1 i.e. every £1 of cost generates £1.25 of benefits. Table 1 contains a summary of the main results and the associated Benefit Cost Ratios (BCRs).

**Table 1: Summary of Main Results**

	<b>Undiscounted</b>	<b>Discounted</b>
<b>Operational phase benefits</b>	£128m	£75m
<b>Construction phase benefits</b>	£19m	£13m
<b>Total benefits</b>	£147m	£88m
<b>Costs</b>	£105m	£70m
<b>Net benefits</b>	£42m	£18m
<b>BCR</b>	1.40	1.25

However when taking additional factors into account, such as additional public and private sector leverage, it is conceivable that the Tech Valleys programme could exceed these initial expectations, in terms of investment, job creation and its broader economic effect.

### 4.1 Background

This section provides an assessment of the potential economic impact of the proposed Tech Valleys programme. This appraisal considers the potential impact on Wales' Gross Value Added (GVA) and employment.

The appraisal does not consider the long-term costs and benefits of the proposed Tech Valleys programme activities, e.g. the impact of any new technologies developed. The appraisal only considers the economic impact of the single proposed Welsh Government intervention compared with the 'do-nothing' option. Variations in the means level and conditions of funding for the intervention option are not considered. The level, terms and conditions of financing are taken as being established as new developments within the overall projects take place. The assessment does not consider overlap with other related business cases that will follow over the duration of this programme.

The information used to assess the economic impact has been drawn primarily from information provided by Welsh Government officials and covers the likely future

profile of investment activity. Multipliers are derived from the Welsh Input-Output tables produced by Cardiff University<sup>3</sup>.

A summary of economic conditions in Blaenau Gwent can be found at Appendix 2.

## **4.2 Methodology**

The assessment is based on the agreed, common approach to the economic appraisal of applications for Repayable Business Finance (RBF). This approach is used to assess business cases presented to the Wales Industrial Development Advisory Board (WIDAB) and, as far as possible, is consistent with the principles set out in HM Treasury's Green Book<sup>4</sup>.

The time period for assessment covers the ten year period of the proposed interventions under consideration, between 2019/20 and 2028/29. The base year (year 0) in the assessment is 2018/19.

The assessment is produced on the basis of the limited information available and a range of assumptions and should therefore be taken as indicative.

As far as possible, relevant costs and benefits are valued and the net benefit and cost calculated. 'Relevant' in this instance means all those costs and benefits that can be affected by the decision at hand. A number of assumptions have been required and these are identified clearly.

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<sup>3</sup> [https://www.cardiff.ac.uk/data/assets/pdf\\_file/0010/698869/input-output-tables-2007-final-30-6.pdf](https://www.cardiff.ac.uk/data/assets/pdf_file/0010/698869/input-output-tables-2007-final-30-6.pdf)

<sup>4</sup> The Green Book: appraisal and evaluation in central government  
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

## **5 Leadership, Management and Finance**

### **5.1 Leadership**

A Welsh Government programme board composed principally of Welsh Government directors is being established. In the interim an internal Sponsor Group is fulfilling this function. The sponsor group has been established by the Welsh Government's Senior Responsible Owner (SRO) to ensure that the programme was mobilised as soon as possible to establish governance structures and to deliver compliantly and in accordance with Ministerial expectations and requirements. See governance diagram overleaf.

The sponsor group is responsible for:

- defining the strategic direction of the programme;
- authorising the strategic vision and providing appropriate challenge;
- ensuring ongoing alignment of the programme with the broader strategic context;
- agreeing the scope and outcomes of the programme, identifying the executives with direct delivery responsibility as well as unlocking resources needed to ensure successful delivery.

On satisfactory initiation of the programme the SRO will extend the membership of the sponsor group to form a programme board. The sponsor group and ultimately the programme board are being established by the SRO to ensure that the programme is mobilised for delivery as soon as possible, to establish governance structures and to deliver compliantly and in accordance with Cabinet expectations and requirements.

The purpose of the programme board is to drive the delivery of strategic outcomes and benefits. Members will support the SRO who is accountable for the successful delivery of the programme. The programme board will approve investment decisions ensuring the safeguarding of public resources in relation to the programme and well-being of future generations.

### **5.2 Roles and responsibilities**

#### **5.2.1 The Senior Responsible Owner (SRO)**

The SRO is accountable for:

- securing the investment required to set up and run the programme;
- ensuring the programme achieves its strategic outcomes;
- maintaining the interface with key senior stakeholders, keeping them engaged and informed;
- monitoring the key strategic risks of the programme;

- maintaining the alignment of the programme with the organisation's strategic direction;
- commissioning assurance and audit reviews;
- appointing, chairing and setting priorities for the programme board.

### **5.2.2 Programme Lead**

The programme lead is responsible for:

- day-to-day management of the programme on behalf of the SRO;
- planning and designing the programme and proactively monitoring its overall progress;
- effective coordination of the projects and their interdependencies;
- managing and resolving any risks and other issues that may arise;
- managing the programme's budget;
- facilitating the appointment of individuals to the project delivery teams;
- managing internal and external relationships to the programme;
- reporting progress of the programme at regular intervals to the SRO.

### **5.2.3 Members of the Programme Board**

Members of the programme board are individually accountable to the SRO for their areas of responsibility and operational delivery within the programme including:

- defining the acceptable risk profile and risk thresholds for the programme and its constituent parts;
- ensuring that the programme delivers within its agreed boundaries, cost, scale, benefits realisation etc;
- resolving strategic issues between projects;
- resolving risks and issues relevant to their area;
- resolving dependencies with other areas;
- making resources available for planning and delivery purposes.

### **5.2.4 Tech Valleys Operations Board**

The programme board will be supported by an operations board focussed on strategic and operational matters respectively. The operations board will comprise a number of work-streams, each aligned with the strategic vision. Each work-stream will be led by a partner with responsibility for project delivery, drawn primarily but not exclusively from within Welsh Government. Work-stream leads will work collaboratively with partners to ensure a joined-up approach to minimise duplication of effort in decision-making as far as possible.

This board will be made up of delivery work-stream leaders responsible for operational delivery, including following key areas of activity:

- horizon scanning to identify key strategic trends and initiatives relevant to the Tech Valleys programme, arising inter alia from UK government and industry;
- evaluating project proposals, with reference to stakeholders and subject matter expert advisors, including the strategic advisory group;



- making funding recommendations to programme board on suitable technology projects and attending programme board as necessary from time to time;
- ensuring the co-ordinated delivery of projects across WG, stakeholders and the private sector, including the effective interface of the programme with such initiatives as the Cardiff Capital City Deal, the Swansea Bay City Region, and Valleys Taskforce.
- local authority representation will be sought to ensure local engagement and delivery.

### **5.2.5 Tech Valleys Strategic Advisory Group**

This two-tier governance structure will be supported by the Tech Valleys strategic advisory group. This group will take over the reins from the outgoing Ebbw Vale Enterprise Zone Board by July 2018. The role of the group will be to provide strategic advice to Welsh Government ministers, senior responsible officer and the sponsor group/programme board on strategic objectives, priorities and delivery related to Tech Valleys. This is in contrast to the delivery of the vision which will lie primarily with the Operations Board and its constituent work-stream leads

The role of the Tech Valleys strategic advisory group is to:

- provide co-ordinated advice to Ministers and Welsh Government on deployment and roll out of the investment in Tech Valleys that ensures maximum impact across Blaenau Gwent and broader valleys region and embraces opportunities.
- provide co-ordinated engagement with and represent the views of stakeholders including business, public sector, HE/FE and finance by providing economic expertise aligned to the objectives of Tech Valleys to ensure broader impact and alignment of objectives.
- provide advice to the sponsor group/programme board and where required work with seconded and additional specialist expertise to further project development.
- review and consider legacy objectives and projects suggested by the Ebbw Vale Enterprise Zone Board aligned to the Tech Valleys vision where these projects are not delivered under 'business as usual' activity to ensure continuity of approach.
- review activity and progress to date in relation to Tech Valleys, which may include strategic advice towards investment opportunities, encouraging supply chain development, identifying property and infrastructure needs, business support, international export, R&D, marketing and promotion of the wider Heads of the Valleys area.

The membership of the group will reflect and represent industry, SMEs, entrepreneurs, local government, specialist project expertise, finance, FE/HE and consist of between 8 and 10 members.

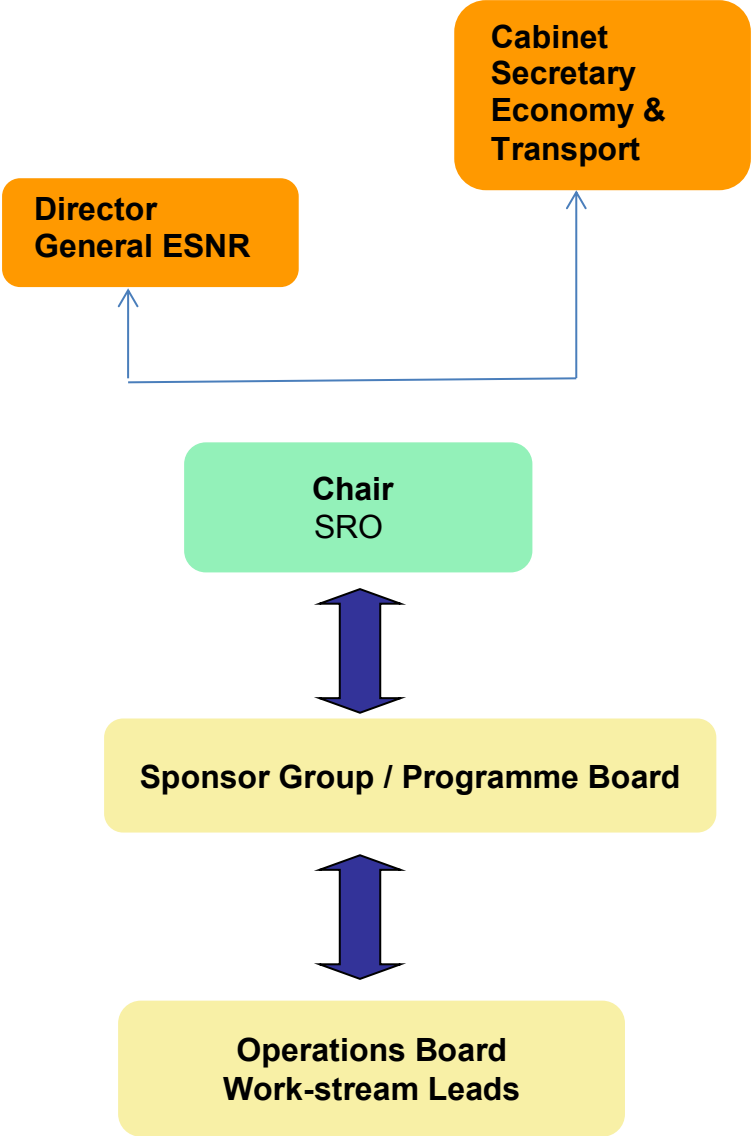
In addition to the core membership, expert input may be sought to contribute to the Group as it undertakes its work, including input from individuals and organisations from across Wales, UK and internationally.

The chair will provide updates and advice to the Cabinet Secretary via the SRO and programme board as required and on a routine biannual basis.

As with any initiative on this scale, the success of Tech Valleys will depend to a great extent on the quality of leadership provided by the key partners. For this reason, it is imperative that the right individuals and organisations are chosen and committed to deliver Tech Valleys at the earliest opportunity.

This will demand careful consideration with regard to the Tech Valleys governance machinery, not least the evolution of the sponsor group into the programme board and the appointment of the operations board and strategic advisory group. It will be imperative that these bodies include representatives from academia, research institutions, industry and the Blaenau Gwent community and beyond. These individuals must be able to contribute to the ongoing strategic direction of Tech Valleys, to add value whilst drawing on their personal networks and reputations for excellence and delivery and provide valuable local engagement (See Governance diagram overleaf).

Tech Valleys Governance



To support Programme and Operations Boards/ Cabinet Secretary

Tech Valleys Strategic Advisory Group

Monitoring Performance & Assurance Group (MPAG)

Specialist Reference Group (as required)  
- e.g. 5G/ Battery Technology/ CAV etc

### **5.3 Finance**

Tech Valleys was conceived out of a clear need and a strong opportunity to fundamentally change the nature and the resilience of the economy of Ebbw Vale and Blaenau Gwent more broadly. This paper has detailed the fundamental skills gap that exists and which has contributed to multi-generational economic inactivity in places. Further evidence has been provided of the advent of the “fourth industrial revolution” and the move to autonomous processes and products.

Need and opportunity form the basis of the Tech Valleys initiative. This paper has outlined the structures to be put in place to guide the process of building momentum and delivering change.

Adequate funding for Tech Valleys will also determine the extent to which the vision is achieved over the ten years to 2027. Welsh Government announced its ambitions for the region with a commitment to spend £100million over the next ten years. In doing so, it has made a statement of intent which has already raised interest amongst industry, further and higher education institutes and local communities alike.

At the outset of a programme involving emerging technologies such as this, it is difficult to define exactly what, how, when and where the investment will be targeted. It is however possible to draw certain conclusions that will align spend directly with the objectives of Tech Valleys.

One of the key tasks facing the Tech Valleys strategic advisory group and the programme board will be to map out in more detail the priorities for the Welsh Government funding. As important will be the necessity to maximise the value of that funding by drawing on other public and private sector sources of finance and engaging with key investors in the new technologies central to Tech Valleys.

It is important to note that the profile of investment in Tech Valleys will be driven largely by the investment made by the private sector. Government spend is not expected to be linear throughout the ten year programme, but both proactive and reactive as new opportunities for both private and public sector leverage are identified and evaluated.

The programme is structured so that all project funding applications will be evaluated through existing Welsh Government governance mechanisms, including the Wales Industrial Development Advisory Board (WIDAB).

### **5.4 Skills and Learning**

The development of a learning culture is a central theme of Tech Valleys. The provision of high quality, focussed education, leading directly to the type of employment that will be created within Blaenau Gwent will impact directly on individuals, business and communities across the region.

Investment in skills is perhaps the most valuable change that Tech Valleys will deliver. The programme will seek to engender a reciprocal partnership approach with the development of learning infrastructure, teaching resources and links between academia and industry, building on the work of the Ebbw Vale Enterprise Zone Board and Blaenau Gwent.

A pertinent example of such a partnership is that which has led to the development of the Grŵp Llandrillo Menai Engineering Centre of Excellence. Welsh Government, the Nuclear Decommissioning Authority/Magnox, Horizon Nuclear Power and Grŵp Llandrillo Menai itself have all contributed significant sums to realise the vision of developing a £13m Centre for Engineering Excellence on Anglesey. Over the coming years the centre will become a UK and global leader in the provision of engineering and energy generation training, and will be a focus for training the new generation of workers needed for Wylfa Newydd Nuclear Power Station. The centre is being constructed adjacent to the Energy Centre, a unique facility that boasts one of the best equipped welding and fabrication departments in the country.

It is this type of approach that will pave the way for commercial investment in Blaenau Gwent. As skills form a significant plank of the Tech Valleys programme, a skills champion will sit both on the operations board and strategic advisory group, representing the work-stream of any skills-related projects and investments. Consideration will be given to ensure the representative has a breadth of understanding of this area, whilst also having access to the levers for delivery. As noted previously, close involvement with the regional Learning Skills & Innovation Partnership (LSKIP) will be essential.

## **5.5 Research and Development**

R&D will also define the Tech Valleys initiative. Discussions with industry have already raised the prospect of a 5G testbed and an autonomous research centre. Motor technology, battery technology, advanced manufacturing, artificial intelligence and infrastructure for ultra low emission vehicles are also mooted as the focus for R&D. Whilst still to be defined with any great clarity, there is a growing consensus that Blaenau Gwent should benefit greatly from a world leading research centre, one which draws attention from global investors seeking to lead in next generation technologies.

Once again, there is significant scope for collaboration between academia, industry and government, both to define the nature of the facility and to fund its delivery. The Tech Valleys strategic advisory group will prioritise the identification of key partners to drive discussion regarding the most attractive option.

## 5.6 Property

A dearth of suitable business premises has been identified as a key barrier to growth, as borne out by the JLL Reports published in 2014 and 2017<sup>5</sup> and evidence from the Ebbw Vale Enterprise Zone Board. Steps are being taken to address this immediately at Ebbw Vale. Welsh Government has committed funding for the construction of a 50,000 sq ft building at Rhyd-y-Blew that could be home to 1,500 staff, with a further 20,000 sq ft joint venture facility also under discussion. Investment in the former Techboard building in Rassau will quickly create high quality manufacturing space, with businesses exploring the possibility of bringing production capacity to the area.

Additional speculative and bespoke buildings will create a hub and a means to attract other investors to Tech Valleys. In addition, Welsh Government Property Development Grants will be open to developers wishing to engage in Blaenau Gwent to improve and augment the building stock available.

## 5.7 Targeted Investment

Welsh Government will be open to applications for support from the new Economy Futures Fund (EFF). The introduction of the economic contract and calls to action<sup>6</sup> will also safeguard the type and quality of businesses and jobs that will be created/safeguarded in the area. Investment support will provide the financial incentive that will add to the draw of the technological, skills and R&D hub which Tech Valleys will create. This element of project funding can be spread across the ten year programme, tailored and targeted to attract the desired business to the area.

Funding Tech Valleys will require imagination and flexibility. Welsh Government is committed to making the right investments to deliver a successful economy in Blaenau Gwent. The partnership approach will underpin the strategic delivery of the Vision and provide an enhanced budget, drawing on a wide range of sources.

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<sup>5</sup> Framework for Priority Property Interventions for Economic Development

in Wales 2014 / 2017

<sup>6</sup> Economic Action Plan 2017

**Tech Valleys Vision**

<https://gov.wales/tech-valleys-vision>

## A summary of economic conditions in Blaenau Gwent and the Heads of the Valleys

This note profile brings together data from several sources to provide an overview of economic conditions in Blaenau Gwent and the Heads of the Valleys<sup>7</sup>. All figures are the most recent available.

Overall, the figures illustrate that Blaenau Gwent is one of the most economically deprived parts of Wales.

The content of the summary is as follows:

1. Resident population
2. Economic output/income
3. Employment
4. Unemployment
5. Economic inactivity
6. Workless households
7. Employment by occupation
8. Qualifications
9. Earnings by place of residence
10. Out-of-work benefits
11. Jobs (total jobs/employee jobs)
12. Businesses

### 1. Resident Population

Total population (2016)				
	Blaenau Gwent (Numbers)	Heads of the Valleys <sup>i</sup> (Numbers)	Wales (Numbers)	UK (Numbers)
All Persons	69,628	640,258	3,113,150	65,648,054
Males	34,285	313,798	1,534,038	32,377,674
Females	35,343	326,460	1,579,112	33,270,380

Source: Mid-Year Population Estimates; NOMIS

Population aged 16-64 (2016)					
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	UK (%)
All Persons	43,831	63.0	62.4	61.7	63.1
Males	21,761	63.5	62.8	62.4	63.8
Females	22,070	62.4	62.0	61.0	62.4

<sup>7</sup> The Heads of the Valleys is defined as the following five local authorities: Blaenau Gwent, Caerphilly, Merthyr Tydfil, Rhondda Cynon Taff and Torfaen.



Source: ONS Population estimates - local authority based by five year age band

Notes: % is a proportion of total population

## 2. Economic Output/Income

	<b>Blaenau Gwent</b>	<b>Heads of the Valleys</b>	<b>Wales</b>	<b>UK</b>
GVA Total (£ million), 2016	810	10,018	59,585	1,729,082
GVA £ per head, 2016	11,640	15,647	19,140	26,339
GVA per head, % of UK, 2016	44.2	59.4	72.7	100

Source: Regional Accounts, Office for National Statistics

	<b>Blaenau Gwent</b>	<b>Heads of the Valleys</b>	<b>Wales</b>	<b>UK</b>
GDHI Total (£ million), 2015	896	9,479	50,642	1,243,970
GDHI £ per head, 2015	12,878	14,851	16,341	19,106
GDHI per head % of UK, 2015	67.4	77.7	85.5	100

Source: Regional Accounts, Office for National Statistics

### Key Points

- Gross Value Added (GVA) estimates the total output of an economy.
- The lowest level of geographical disaggregation for GVA and GDHI national statistics is the EU NUTS3 level. Blaenau Gwent is part of the Gwent Valleys NUTS3 region. ONS have recently made available GVA and GDHI data by local authority - these are classed as experimental statistics and are included in the tables above.
- GVA at this level should be interpreted with caution because of the distorting effect of commuting patterns.
- GVA per head in the Heads of the Valleys is around 60% of the UK average and about 80% of the Welsh average. GVA per head in Blaenau Gwent is under half of the UK average.
- Gross Disposable Household Income (GDHI) is an estimate of the amount of money that households have available for consumption expenditure or saving.
- GDHI per head in the Heads of the Valleys is just over three-quarters of the UK average and around 90% of the Welsh average. GDHI per head in Blaenau Gwent is around two-thirds of the UK average.

### 3. Employment

Employment (Jul 2016-Jun 2017)					
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	UK (%)
<b>All People</b>					
Economically Active†	31,700	71.0	75.1	75.7	78.0
In Employment†	30,200	67.6	70.6	71.9	74.4
Employees†	25,700	58.5	63.5	61.9	63.5
Self Employed†	3,800	7.9	6.6	9.4	10.6
<b>Males</b>					
Economically Active†	16,800	76.0	80.1	79.3	83.1
In Employment†	15,800	71.1	74.6	75.3	79.1
Employees†	12,700	58.4	63.9	61.7	64.7
Self Employed†	2,700	11.2	10.3	13.0	14.1
<b>Females</b>					
Economically Active†	14,800	66.2	70.2	72.2	72.9
In Employment†	14,400	64.1	66.7	68.6	69.7
Employees†	13,000	59.0	63.3	62.2	62.3
Self Employed†	1,100	4.6	2.9	5.9	7.1

Source: ONS Annual Population Survey

Note: † - numbers are for those aged 16 and over, % are for those aged 16-64

#### Key Points

- The economic activity rate and the employment rate in Blaenau Gwent are well below the corresponding rates in Wales and the UK.
- The economic activity rate and the employment rate for men in Blaenau Gwent are both above the corresponding rates for women in the area.

### 4. Unemployment

Employment (Oct 2016-Sep 2017)					
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	UK (%)
Unemployed (Persons)†	1,500	4.7	5.9	4.8	4.5
Unemployed (Males)†	1,100	6.2	6.7	4.8	4.6
Unemployed (Females)†	400	3.0	5.0	4.9	4.3

Source: ONS Annual Population Survey

Note: † - numbers and %s are for those aged 16 and over

### Key Points

- The unemployment rate in Blaenau Gwent is above the corresponding rate in the UK but marginally below that for Wales.
- The unemployment rate for men in Blaenau Gwent is above the corresponding rate for women in the area in addition to the Wales and UK averages.

## 5. Economic inactivity

<b>Economic inactivity (Oct 2016-Sep 2017)</b>					
	<b>Blaenau Gwent (Level)</b>	<b>Blaenau Gwent (%)</b>	<b>Heads of the Valleys (%)</b>	<b>Wales (%)</b>	<b>Great Britain (%)</b>
<b>All People</b>					
Total	12,500	29.0	24.9	24.3	22.0
Student	1,800	14.3	19.1	26.9	27.1
Looking After Family/Home	2,900	23.5	20.2	19.4	24.3
Temporary Sick	#	3.8	2.6	1.7	2.0
Long-Term Sick	4,500	36.4	34.6	27.0	22.2
Discouraged	#	#	0.3	0.5	0.4
Retired	1,500	11.8	14.5	15.0	13.3
Other	1,200	9.5	8.8	9.6	10.8
Wants A Job	2,900	23.0	27.3	23.8	23.0
Does Not Want A Job	9,600	77.0	72.7	76.2	77.0

Source: ONS Annual Population Survey

Notes: numbers are for those aged 16-64.

% is a proportion of those economically inactive, except total, which is a proportion of those aged 16-64

# Sample size too small for reliable estimate

### Key Points

- The economic inactivity rate in Blaenau Gwent is well above the corresponding rates in Wales and in Great Britain.
- The key driver of economic inactivity in Blaenau Gwent is long-term sickness; over 36% of those who are economically inactive are so due to long-term sickness, a higher proportion than the Wales or UK averages.

## 6. Workless Households

Workless Households (Jan-Dec 2016)				
	Blaenau Gwent	Heads of the Valleys	Wales	UK
Number of Workless Households	5,600	41,700	171,700	3,168,600
Percentage of Households that are Workless	25.3	20.2	17.8	15.3
Number of Children in Workless Households	#	#	72,600	1,420,800
Percentage of Children who are in Households that are Workless	#	#	13.9	11.6

Source: ONS Annual Population Survey - households by combined economic activity status

Notes: # Sample size too small for reliable estimate

### Key Points

- The percentage of households that are workless in Blaenau Gwent is well above the corresponding rates in Wales and the UK.

## 7. Employment by occupation

Employment by occupation (Oct 2016-Sep 2017)					
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	UK (%)
1 Managers, Directors And Senior Officials	3,100	10.2	7.4	9.3	10.8
2 Professional Occupations	3,700	12.2	15.5	18.4	20.2
3 Associate Professional & Technical	3,300	10.8	13.5	12.6	14.2
4 Administrative & Secretarial	2,500	8.4	9.9	10.5	10.3
5 Skilled Trades Occupations	3,400	11.2	12.2	12.2	10.4
6 Caring, Leisure And Other Service Occupations	4,100	13.5	10.3	10.1	9.2
7 Sales and Customer Service Occupations	2,100	7.0	9.7	7.9	7.5
8 Process Plant & Machine Operatives	3,900	12.8	9.6	7.1	6.3
9 Elementary Occupations	3,800	12.5	11.3	11.3	10.6

Source: ONS Annual Population Survey

Notes: Numbers and % are for those of aged 16-64

% is a proportion of resident population of area aged 16-64

### Key Points

- Employment in Blaenau Gwent is relatively concentrated in the Caring, Leisure and Other Service Occupations, Elementary Occupations and Process Plant and Machine Operatives.

## 8. Qualifications

<b>Qualifications (Jan 2016-Dec 2016)</b>					
	<b>Blaenau Gwent (Level)</b>	<b>Blaenau Gwent (%)</b>	<b>Heads of the Valleys (%)</b>	<b>Wales (%)</b>	<b>Great Britain (%)</b>
<b>Individual Levels</b>					
NVQ4 and above	9,000	20.9	29.7	35.1	38.2
NVQ3 and above	16,200	37.5	48.6	54.3	56.9
NVQ2 and above	25,200	58.3	67.9	73.4	74.3
NVQ1 and above	31,800	73.6	81.1	84.3	85.3
Other Qualifications	5,000	11.6	8.0	6.1	6.6
No Qualifications	6,400	14.8	10.8	9.6	8.0

Source: ONS Annual Population Survey

Notes: Numbers and % are for those of aged 16-64

% is a proportion of resident population of area aged 16-64

### Key Points

- Blaenau Gwent has a relatively underqualified workforce compared to Wales and Great Britain. Around one-in-five of the working age population of Blaenau Gwent are qualified to NVQ4 level and above, compared to 35.1% for Wales and 38.2% for Great Britain.
- Moreover, 14.8% of the population of Blaenau Gwent have no qualifications compared to just under 10% for Wales and 8.0% for Great Britain.

## 9. Earnings by Place of Residence

<b>Earnings by place of residence (2017)</b>				
	<b>Blaenau Gwent (£s)</b>	<b>Heads of the Valleys (£s)</b>	<b>Wales (£s)</b>	<b>UK (£s)</b>
<b>Gross Weekly Pay</b>				
Full-Time Workers	491.3	504.0	505.9	550.4
Male Full-Time Workers	534.2	536.3	536.6	591.5
Female Full-Time Workers	419.4	458.7	463.3	493.6
<b>Hourly Pay - Excluding Overtime</b>				
Full-Time Workers	12.00	12.71	12.75	13.94
Male Full-Time Workers	12.44	13.15	13.16	14.48
Female Full-Time Workers	11.44	12.12	12.21	13.16

Source: ONS Annual Survey of Hours and Earnings - resident analysis

Note: Median earnings in pounds for employees living in the area.

<b>Earnings by place of work (2017)</b>				
	<b>Blaenau Gwent (£s)</b>	<b>Heads of the Valleys (£s)</b>	<b>Wales (£s)</b>	<b>UK (£s)</b>
<b>Gross Weekly Pay</b>				
Full-Time Workers	492.8	497.3	498.4	550.4
Male Full-Time Workers	574.0	525.2	525.1	591.5
Female Full-Time Workers	385.2	454.2	457.6	493.6
<b>Hourly Pay - Excluding Overtime</b>				
Full-Time Workers	12.42	12.51	12.52	13.94
Male Full-Time Workers	14.07	12.90	12.89	14.48
Female Full-Time Workers	9.54	12.01	12.08	13.16

Source: ONS Annual Survey of Hours and Earnings – workplace analysis

Notes: Median earnings in pounds for employees working in the area.

### Key Points

- Average earnings, on a residence and workplace basis, are lower in Blaenau Gwent (apart from male full-time workers by place of work) than in Wales and the United Kingdom.

## 10. Out-of-work Benefits

Claimant count by sex - not seasonally adjusted (January 2018)					
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	UK (%)
All People	1,215	2.8	2.5	2.1	2.0
Males	715	3.3	3.0	2.6	2.5
Females	500	2.3	1.9	1.5	1.5

Source: ONS Claimant count by sex and age

Note: % is the number of claimants as a proportion of resident population of area aged 16-64 and gender

## 11. Jobs (total jobs / employee jobs)

Jobs Density (2016)					
	Blaenau Gwent (Jobs)	Blaenau Gwent (Density)	Heads of the Valleys (Density)	Wales (Density)	Great Britain (Density)
Jobs Density	21,000	0.48	0.59	0.76	0.84

Source: ONS jobs density

Notes: The density figures represent the ratio of total jobs to population aged 16-64.

Total jobs includes employees, self-employed, government-supported trainees and HM Forces

Employee Jobs (2016)					
	Blaenau Gwent (Employee Jobs)	Blaenau Gwent (%)	Heads of the Valleys (%)	Wales (%)	Great Britain (%)
Total Employee Jobs	18,000	-	-	-	-
Full-Time	12,000	66.7	67.6	64.8	67.8
Part-Time	6,000	33.3	32.8	35.2	32.2
Employee Jobs By Industry					
Mining, quarrying & utilities	400	2.2	1.7	1.6	1.3
Manufacturing	4,000	22.2	17.6	11.3	8.1
Construction	900	5.0	5.9	5.4	4.6
Motor trades	300	1.7	2.0	1.8	1.8
Wholesale	300	1.7	2.5	2.9	4.0
Retail	2,250	12.5	10.3	10.0	9.5
Transport & storage (inc postal)	400	2.2	2.5	2.9	4.8
Accommodation & food services	1,250	6.9	5.9	8.8	7.4
Information & communication	75	0.4	2.0	2.3	4.2
Financial & insurance	200	1.1	1.2	2.2	3.5

Property	400	2.2	1.7	1.6	1.6
Professional, scientific & technical	350	1.9	3.4	4.1	8.6
Business administration & support services	700	3.9	5.9	6.5	8.9
Public administration & defence	1,000	5.6	5.9	6.8	4.3
Education	1,750	9.7	11.3	10.0	8.9
Health	3,000	16.7	16.7	15.9	13.2
Arts, entertainment, recreation & other services	700	3.9	3.4	4.0	4.6
Mining, quarrying & utilities	400	2.2	1.7	1.6	1.3

Source: ONS Business Register and Employment Survey

### Key Points

- Job density is much lower in Blaenau Gwent than in Wales and Great Britain.
- Compared to Wales and Great Britain, employment is relatively concentrated in Manufacturing and underrepresented in Professional, Scientific and Technical Activities.

## 12. Businesses

UK Business Counts (2017)						
	Blaenau Gwent (Numbers)	Blaenau Gwent (%)	Heads of the Valleys (Numbers)	Heads of the Valleys (%)	Wales (Numbers)	Wales (%)
<b>Enterprises</b>						
Micro (0 To 9)	1,085	88.6	12,865	88.1	91,470	89.2
Small (10 To 49)	115	9.4	1,430	9.8	9,430	9.2
Medium (50 To 249)	20	1.6	235	1.6	1,375	1.3
Large (250+)	5	0.4	65	0.4	305	0.3
Total	1,225	-	14,595	-	102,585	-
<b>Local Units</b>						
Micro (0 To 9)	1,310	80.1	14,915	81.1	104,535	83.2
Small (10 To 49)	260	15.9	2,775	15.1	17,385	13.8
Medium (50 To 249)	50	3.1	595	3.2	3,270	2.6
Large (250+)	10	0.6	100	0.5	490	0.4
Total	1,635	-	18,385	-	125,675	-

Source: UK Business Counts; NOMIS



Note: % is as a proportion of total (enterprises or local units)

Key Points

- The distribution of enterprise sizes is broadly similar in Blaenau Gwent to that for Wales.

### Tech Valleys Strategic Advisory Group

#### Draft Terms of Reference

#### 1. Purpose

The role of the Group will be to provide strategic advice to Welsh Government Ministers, Senior Responsible Officer and the sponsor group/programme board on strategic objectives, priorities and delivery related to Tech Valleys.

The vision for the Tech Valleys is that;

“In 2027 the South Wales Valleys, and Blaenau Gwent in particular, will be a globally recognised centre for the development of new technologies, to support cutting edge industry.”

The vision reflects Welsh Government ambitions for economic growth as outlined in their economic strategy ‘Prosperity for All’ and the supporting Economic Action Plan and will see the creation of at least 1500 sustainable jobs, across the Valleys area, over a 10 year period. The focus of this effort will be on higher quality jobs predominantly within new technologies and advanced manufacturing sector to provide the entrepreneurial spark that will enable existing and new entrepreneurs to fulfil their business ambitions. This will also enable people to live and work within their local communities whilst competing on the international stage..

Delivery of the vision will be tailored according to individual projects within the overall programme, and will lie primarily with Welsh Government and the operational work-streams. Local authority representation will be sought for the operations board to ensure local engagement and delivery.

#### 2. Roles and Responsibilities

The role of the Tech Valleys strategic advisory group is to:

- provide coordinated advice to Ministers and Welsh Government on deployment and roll out of the investment in Tech Valleys that ensures maximum impact across Blaenau Gwent and broader valleys region.
- provide coordinated engagement with and represent the views of stakeholders including business, public sector, HE and finance by providing economic expertise aligned to the objectives of Tech Valleys to ensure broader impact and alignment of objectives.
- provide advice to the sponsor group/programme board and where required work with seconded and additional specialist expertise to further project development.

- review and consider legacy objectives and projects suggested by the Ebbw Vale Enterprise Zone Board aligned to the Tech Valleys vision where these projects are not delivered under 'business as usual' activity to ensure continuity of approach.
- review activity and progress to date in relation to Tech Valleys, which may include strategic advice towards investment opportunities, encouraging supply chain development, identifying property and infrastructure needs, business support, international export, R&D, marketing and promotion of the wider Heads of the Valleys area.

The Chair will report updates and advice to the Cabinet Secretary as required and on a routine biannual basis

### **3. Budget**

The Strategic Advisory Group will not hold a budget but will offer strategic advice to Welsh Government for prioritising associated budget for delivery of Tech Valleys objectives and initiatives.

### **4. Membership**

The membership of the Group will reflect and represent industry, SMEs, entrepreneurs, local government, specialist project expertise, finance, FE and HE and consist of between 8 and 10 members.

In addition to the core membership, expert input may be sought to contribute to the Group as it undertakes its work, including input from individuals and organisations from across Wales, UK or internationally.

### **5. Meetings**

#### **Chair**

Welsh Government has appointed <sup>8</sup>XXX as chair of the Tech Valleys strategic advisory group and XXX as vice chair.

In the absence of an appointed chair, the board members will agree and appoint one of their number to preside.

#### **Frequency of Meetings**

It is envisaged that the Group will meet on a quarterly basis, with the option to meet additionally as required

#### **Attendance at Meetings**

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<sup>8</sup> Subject to Ministerial approval

Members are expected to attend meetings regularly. Appointments may be terminated, without notice, if attendance becomes so erratic as to interfere with the good running of the Tech Valley strategic advisory group.

### **Quorum**

A quorum shall be reached when the majority of members (i.e. more than 50%) are in attendance.

### **Secretariat**

The secretariat will be provided by the Welsh Government.

## **6. Timing**

It is envisaged that the strategic advisory group will be appointed on a Task & Finish basis, being operational by Spring 2018 and lasting for a period of 2 years.

One month's notice of dissolution of the Group may be given by the Welsh Government at any time.

Appointments to the Group can be terminated by either party by giving one month's notice in writing to the chair and copied to Welsh Government lead official.

## **7. Voting**

Members of the Group must exercise their best endeavours to reach a consensus on decisions. The Cabinet Secretary will be advised of discussions on decisions when there is no agreed consensus.

## **8. Disclaimer**

The Welsh Government reserves the right not to act on any recommendation made by the Group if doing so is considered to be inappropriate.

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