



NEATH PORT TALBOT PUBLIC SERVICES BOARD
WELL-BEING ASSESSMENT



ECONOMIC CHAPTER

INTRODUCTION



In 2018, the Neath Port Talbot Public Services Board published its five-year Wellbeing Plan, “The Neath Port Talbot We Want”. Developed by key partners, this set out a vision for Neath Port Talbot as “a vibrant and healthy place where people have an equal chance to get on in life - a place where people want to live, learn, work, invest and visit for many generations to come”.

This Plan is now being reviewed in line with the concept of Wellbeing (as defined in the 2015 Wellbeing of Future Generations Act) which is wide-ranging, and holistic and strives to achieve:

"A skilled and well-educated population in an economy that generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work."

- This Economic Chapter will feed into the current review of the Neath Port Talbot Well-being Plan and represents an opportunity to highlight the additional “economic” value that can be delivered through working innovatively and collaboratively as partners to maximise the Public Service Board’s contribution to social, environmental, economic and cultural well-being.
- For the purposes of this update, Economic well-being has been defined as “the sustainable generation of wealth, the means by which people across Neath Port Talbot are able to access prosperity through education, skills, work and enterprise and our opportunities to protect and enhance our natural assets whilst optimising economic prospects”.

Consequently, this Economic Chapter has been broken down into the following sub-themes:

The Local Economy

- Economic Output
- Jobs & Density
- Future Occupational Trends & Demands
- Economic Activity
- Productivity

Labour Market/Income Population

- Claimant Count
- Pay/Salary Levels
- Welsh Index of Multiple Deprivation (IMD)
- Business Stock Headlines/Sectors/ Employment

- Business Stock Headlines/ Sectors/Employment

- Education/Workforce Qualifications/Skills

- Wider Economic Opportunities/Challenges

THE LOCAL ECONOMY



Neath Port Talbot has a proud history of industrial innovation. Originally built around coal, steel and petrochemicals, today, it is one of Wales' most important manufacturing locations, containing the UK's largest steel production complex at Port Talbot and a series of strategic development sites of national significance.

Despite experiencing substantial restructuring over recent decades, the local economy continues to experience the long term consequences of a transition away from heavy industry and volume manufacturing while, at the same time, remaining one of the UK's most highly concentrated industrial districts.

With a good source of quality employment, the local economy is distinctive and provides significant opportunities for future growth around its major waterfront sites, a designated Enterprise Zone and its significant potential for industrial decarbonisation. Realising the scale of many of these future growth opportunities however, will require sustained public and private investment.

On many indicators especially relating to skills and employment however, the area faces many challenges associated with several concentrations of deprivation.

Neath Port Talbot Council is ambitious for the future and takes a proactive approach to economic development and support for business growth. As the economy emerges from the Covid 19 crisis, and to complement the new Wellbeing Assessment work and the review of its Corporate Plan, the Council has initiated the development of a new Economic Development Recovery Plan to provide a practical and deliverable strategy for the medium to long term, and an action plan that focuses on achieving employment and business growth within a more diverse and resilient economy.



Manufacturing/Engineering

- Significant importance to local economy – approx. 9,000 jobs (19%) which is more than double the UK average.
- Key driver of wage & income levels.



Steel Industry

- Employs approx. 4,000 locally & supports 1000's more through its supply chain.
- Plans to split the TATA business into stand-alone UK business.
- TATA/UK Government working on deal to support transition to low-carbon steel making.
- BREXIT transition causing additional uncertainties.



Tourism

- Key driver of the regional economy.
- Contributed over £120m to NPT economy (2018)
- Supports approx. 1500 local jobs.
- Attracted 1.5m visitors in 2018



Retail, Leisure & Hospitality

- 6000 jobs within retail and approx. a further 2000 associated with hospitality.
- 57% of workforce are female, aged between 16-24.
- Represents % of the working population.% of local jobs and is a key driver of wage income



Construction

- Priority sector for Wales.
- Support 2000 (4.2%) local jobs.
- Males account for over 80% of the workforce.



ICT

- 1.5% of jobs but potential to grow significantly.
- Clusters of home grown/global businesses starting to appear.



Health/Social Work

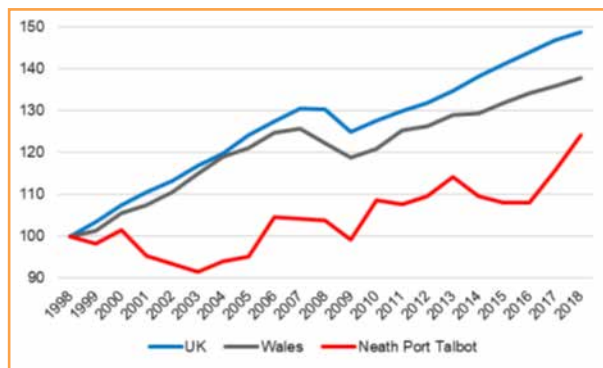
- Supports 7000 (14.6%) jobs, higher than UK average.
- Potential to grow significantly as we respond to pandemic.

ECONOMIC OUTPUT



In 2018, the Neath Port Talbot economy was worth around £2.6 billion, with the capacity to support around 56,000 jobs. In the years leading up to the pandemic, employment grew quite strongly: the number of jobs increased by 10% between 2014 and 2019.

Figure 1: Index of GVA Growth (1998=100)
Source: ONS, GVA chained volume measure (2016 money value)



In the late 1990s and early 2000s the local economy experienced structural shifts in composition with total output falling significantly. This was due to a loss of manufacturing activity, mainly related to the steel industry and its associated supply chain and the closure of petrochemicals plants. Since then, the local economy has continued to change and the fastest recent growth is now occurring within the transport and storage; administrative and support service activities; health; and (from a much smaller base) information and communications.

Nevertheless, manufacturing output has more recently stabilised, and with around 25% of output (19% of employment) within the sector, it remains a central (and high-value) driver of the local economy.

Other key considerations and on-going issues that could affect the performance of the local economy include:

- The economic influence of employers such as Tata Steel cannot be underestimated in maintaining the current income levels. Any further restructuring of the industry would impact the economic well-being of a significant percentage of NPT residents directly employed within the company or within its supply chain.
- Floating off shore wind turbines will have a big role to play in the way that energy is created, distributed and used in the future. The development of Port Talbot Docks presents a great opportunity to use its unique combination of deep water access; brownfield land; rail connections; manufacturing capacity and skilled labour for the area to become a “Globally Significant Turbine Production Hub”.

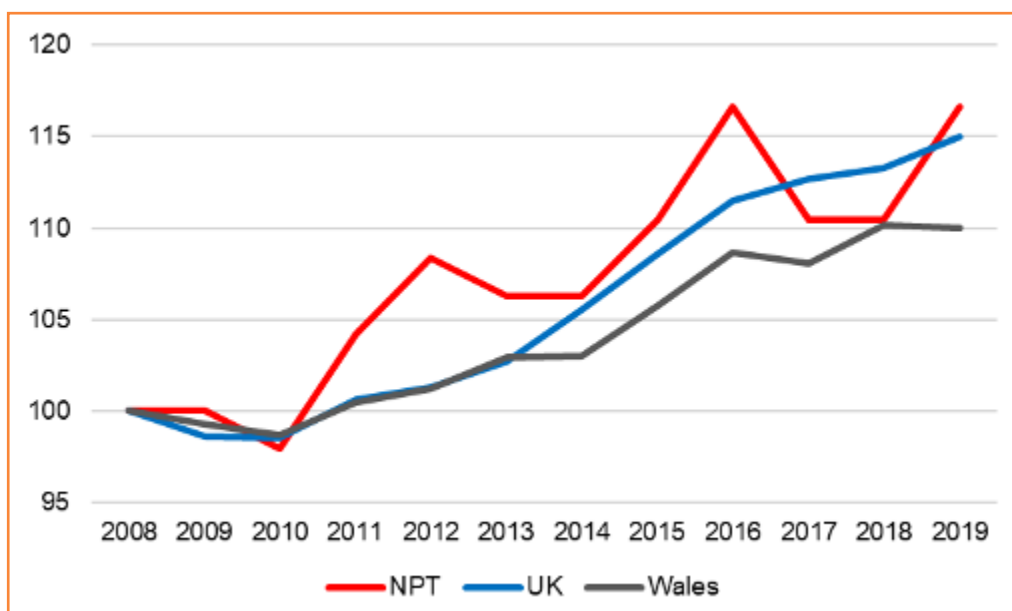
JOBS: GROWTH AND DENSITY



Overall, since the 2008/09 recession, Neath Port Talbot’s performance in creating new jobs has been strong, despite relatively weak growth throughout Wales and the UK. In the years leading up to the pandemic, jobs growth was strong, with an increase of around 10% between 2014 and 2019.

In addition, Neath Port Talbot’s jobs density (the number of jobs per working age resident) has also risen from 0.54 in 2008 to 0.64 in 2019. This was broadly comparable with neighbouring Bridgend and higher than Rhondda Cynon Taf (although lower than Swansea, as might be expected given the latter’s function as a regional centre). In 2019, there were around 56,000 jobs in Neath Port Talbot.

Figure 2: Jobs Growth Index (2008=100) Source: ONS, Jobs Density



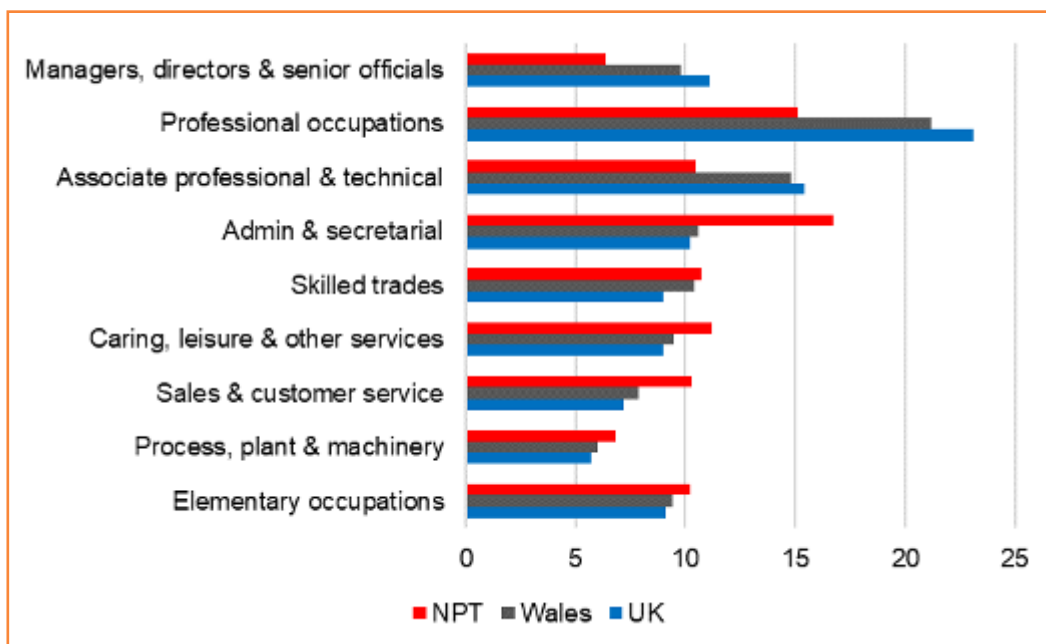
OCCUPATIONAL: CURRENT PROFILE



The occupational profile of Neath Port Talbot’s workforce is somewhat more skewed to ‘lower skilled’ jobs than the UK or Wales average.

Recent years have seen a fall in the number of people employed in skilled trades and ‘elementary’ occupations, alongside an increase in professional and associate professional roles. However, even if the total number of employees in an occupation falls, there will still be ‘replacement demand’ as workers leave the labour force.

Figure 3: % in Employment by Occupational Category, April 2020 – March 2021
Source: ONS, Annual Population Survey



The following table highlights some national observations on likely future demand drawn from the new edition of Working Futures, alongside the current Neath Port Talbot workforce share and recent trajectory.

JOBS: GROWTH AND DENSITY

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Occupational Group	NPT Workforce, 2020	NPT Workforce 2020 %	NPT Workforce 2020 % Observations on potential future demand to 2027
Managers, Directors & Senior Officials	4,000	6.4	Sustained growth anticipated (+12% in UK in 2017-27).
Professional Occupations	9,400	15.1	Sustained growth anticipated (+12%).
Associate Professional & Technical	6,500	10.5	Sustained growth anticipated (+9%).
Administrative & Secretarial	10,400	16.7	Already hard hit by automation, with significant job losses since the 1990s. This is likely to accelerate (-16%).
Skilled Trades	6,600	10.7	Likely further job losses, driven by falling employment in manufacturing, distribution and transport sectors, continuing pattern of long term decline (-9%).
Caring, Leisure & other services	7,000	11.2	Likely to experience some positive employment prospects, linked with rising demand for care and other services and the difficulty of mechanizing non-routine personal services (+14%).
Sales & Customer Service	6,400	10.3	Likely growth in some segments, but overall job losses are expected, especially for less skilled sales occupations (-2%).
Process, Plant & Machine Operatives	4,300	6.8	Likely further job losses, linked with falls in manufacturing and transport and distribution (-9%).
Elementary Occupations	6,400	10.2	Some growth in parts of the service sector where automation challenging, but offset by job losses elsewhere (no changes).

PRODUCTIVITY

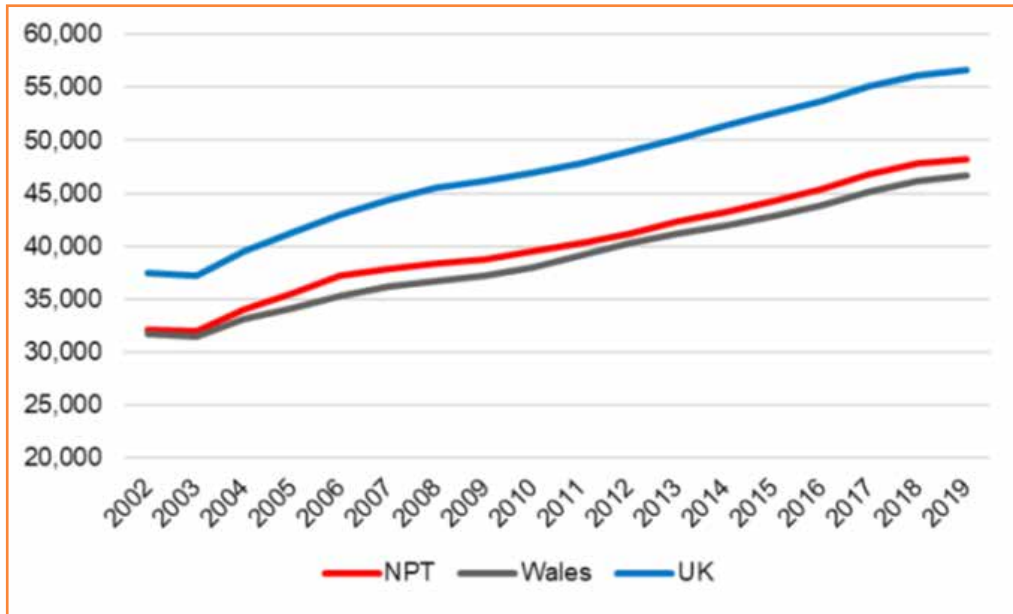
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In 2019, productivity (measured as GVA per filled job) was around £48,200 in Neath Port Talbot.

Productivity is slightly higher than the Welsh average (also somewhat higher than in neighbouring South West Wales counties). However, the 'gap' with the UK overall is consistent: generally GVA per filled job is around 85% of the UK average.

It is worth noting that most places have 'below average' productivity, as the UK average is heavily skewed by London. Data reliability is also limited at local authority level, and some neighbours in the same travel to work area (e.g. Bridgend and RCT) apparently 'perform' better. In general, productivity is influenced by the sectoral balance and mix of employment activities within the economy (with most evidence focusing on the latter as the more important driver).

Figure 4: Productivity (GVA (£) per filled), 2002-19 Source: ONS, Jobs Density



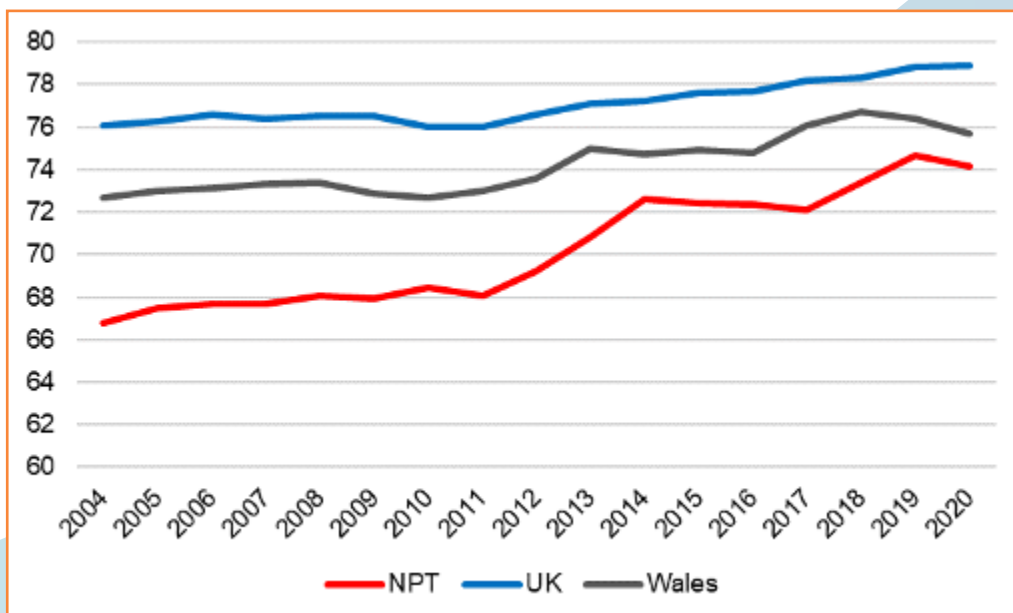
ECONOMIC ACTIVITY

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There has been strong progress in raising economic activity rates across Neath Port Talbot in recent years, with the gap narrowing between Neath Port Talbot and the Wales and UK averages. This reflects a trend common to many Valleys authorities, as those exiting the labour market (often for health reasons) following industrial restructuring reach retirement age.

There is still an economic activity ‘gap’, however, among those of working age despite the pace of change slowing somewhat in recent years.

Figure 5: Economic Activity Rate, 2004-20 Source: ONS, Annual Population Survey. NPT data is presented as three-year rolling average to smooth out data volatility and higher confidence intervals at local level



LABOUR MARKET / INCOME

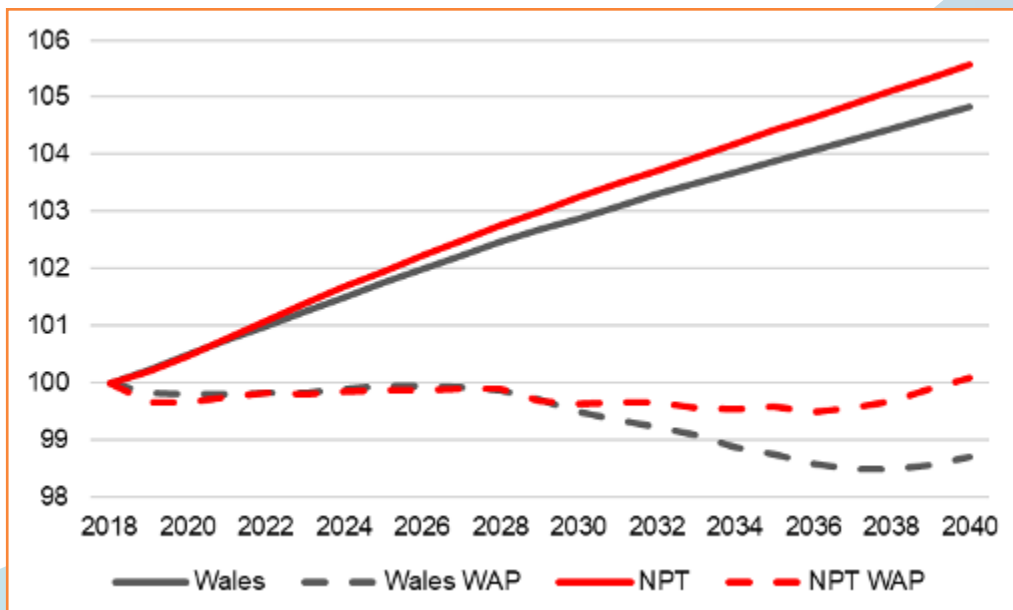
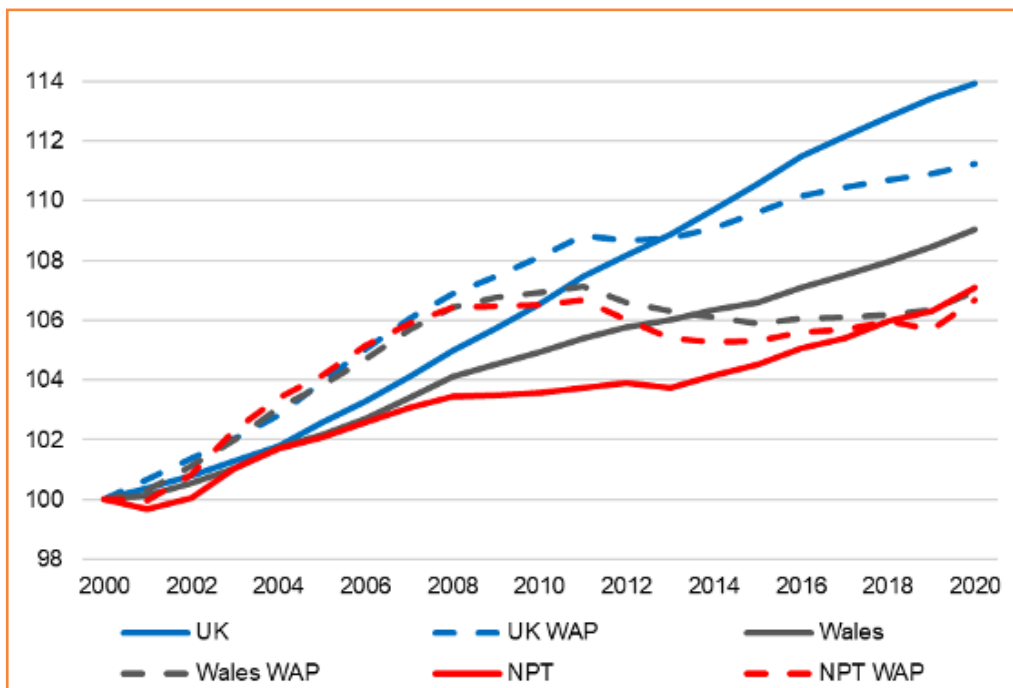


POPULATION

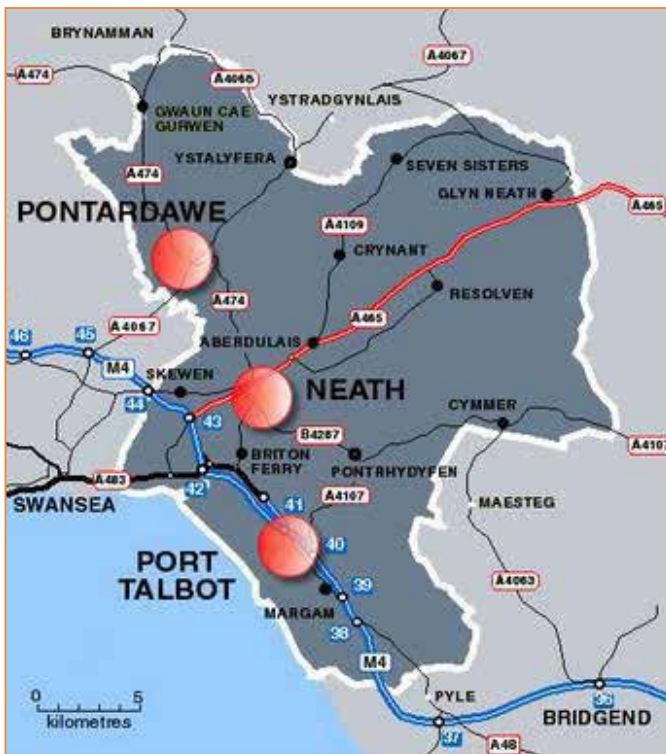
In 2020, Neath Port Talbot had a population of around 144,000. Of this, 62% were aged between 16 and 64 (essentially the same as the UK and Wales averages).

Population growth is expected to be marginally faster than in the rest of Wales over the next 20 years. However, the 'working age' population is projected to be more or less static over the period.

Figure 6: Index of historic (top) and projected (bottom) population growth (2000=100; 2018=100) Source: ONS, MYPE; StatsWales



Around 70% of people live in its three largest urban areas:



Neath is an historic market town and major industrial centre, with the adjacent settlements of Briton Ferry, Skewen and Llandarcy, has a population of around 52,000.

Port Talbot coastal conurbation extends to Baglan, Taibach and Margam. With a population of 38,000, Port Talbot with its steelworks and port has some of South Wales' most important strategic development sites.

Pontardawe, in the Swansea Valley, is the third principal centre, with a population of just over 13,000.

Beyond the coastal strip and the major towns, Neath Port Talbot is extensively rural, containing several relatively remote, primarily post-industrial communities; namely the Afan Valley, the Vale of Neath, the Dulais Valley, the upper Swansea Valley and part of the upper Amman Valley around Gwaun-Cae-Gurwen.

Rural Neath Port Talbot also contains important natural and heritage assets, including Afan Forest Park and the Aberdulais Falls.

CLAIMANT COUNT: OVERALL CLAIMANT RATES

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Jobs are one of the most important drivers of individual well-being and are the 21st and 22nd Welsh national indicators for well-being. While being employed has a large positive effect on well-being, being unemployed reduces well-being to a much greater degree than can be explained by the loss of income alone.

Unemployment is linked to a lower sense of purpose, life satisfaction and higher anxiety. While the fall in well-being is generally greater for men and young people, the longer the spell of unemployment the more it will affect all individuals, regardless of gender or age. (What Works Wellbeing, 2017a).

Within Neath Port Talbot, the unemployment rate over the past 10 years or so has been somewhat higher than in Wales and the UK as a whole (although unemployment generally remained low by historical standards following the 2008/09 recession).

The geography of Neath Port Talbot is often considered challenging as a lack of transport links can lead to many residents within rural/valley communities being unable to access employment opportunities. Consequently, people who live within these remote communities are much more likely to be unemployed or working in low paid or part time jobs than those living in the urban areas of the County Borough.

At the start of the pandemic, unemployment rose rapidly, i.e. between March 2020 and March 2021, the rate increased by 59%. This increase however, was much lower than the Wales or UK averages which were 86% and 111% respectively, reflecting Neath Port Talbot's relatively lower exposure to sectors such as hospitality, which were especially impacted by Covid restrictions.

Throughout the pandemic, the sharp rise in unemployment rates was mitigated by the furlough scheme and by the extensive range of grant, loan and rates relief measures delivered by the UK and Welsh Governments and by the local authority.

Despite extensive support however, data suggests that in 2020 (ONS, 2020a):

- Average household incomes fell in all regions of the UK;
- Approximately 12.5 million people in the UK are now financially worse off by a combination of the pandemic and Brexit;
- People on low and mid-levels of personal income (up to £20,000 a year) are most likely to have reported a loss of income; and
- Individuals most negatively impacted financially by the pandemic were more likely to be from the Black, Asian or ethnic minority communities (ONS, 2020a).

Since the easing of Covid restrictions, unemployment rates have fallen (a reduction of 18% between March and August) with the result that in August, Neath Port Talbot's rate was 0.7% below the UK average.

In August 2021, there were around 4,000 people in NPT claiming Universal Credit and required to look for work, equating to 4.5% of the population.

Figure 7: Claimant Count Rate, 2008-21 Source: ONS, DWP



Total Number of \employments furloughed throughout the pandemic
Source: HMRC: Official Statistics, Coronavirus Job Retention Scheme: December 2021

- Neath - 9,600
- Aberavon - 9,000
- Total - 18,600

Research has shown that furlough raised the wellbeing of parents, particularly women, who may have been juggling home schooling and work, but had a negative impact on those individuals on low incomes, who in general, may have found themselves on a ‘cliff edge’ of job and financial insecurity (Hardoon, 2021; Mind, 2020).

It is evident that at the beginning of the pandemic, the furlough scheme helped protect people’s mental health against the decline they would have experienced if they had become unemployed (Hardoon, 2021). Furthermore, over half of fully furloughed workers in May 2021 were aged 45 or above, which would have undoubtedly affected their well-being as they spend longer not working. (Resolution Foundation, 2021b).

PAY/SALARY LEVELS



In 2021, the average gross weekly pay for full-time workers for residents of NPT was £589.60, which compares favourably with the Wales average of £570.60. In Neath Port Talbot, there is a marked difference between the earnings of male workers (£612.70) compared to female workers (£518.30). Although this seems to be the case across Wales, it is recognised that the significant difference within Neath Port Talbot will be influenced by the high ratio of male workers within Tata Steel and its associated industries.

Workplace pay in Neath Port Talbot is higher than resident pay (and although there is substantial volatility in pay data at local authority level, this pattern has existed over the past five years). This is somewhat unusual: areas with relatively low job densities and high levels of out commuting typically have higher resident than workplace earnings (since people commanding higher salaries are typically able to afford to travel further than those working locally).

The implication is that in NPT, a relatively high amount of out commuting is to jobs on modest salaries. This would be consistent with the workforce skills and occupational profile. The commuting patterns illustrated on the next slide (Figure 8) also indicate a wide distribution of inbound commuting (perhaps associated with more highly paid jobs in the County Borough), with outbound commuting more focused on Neath Port Talbot's nearest neighbour Swansea, with its large service sector.

Figure 8: Gross Median Annual Full-Time Earnings (£), 2020 Source: ONS, Annual Survey of Hours and Earnings

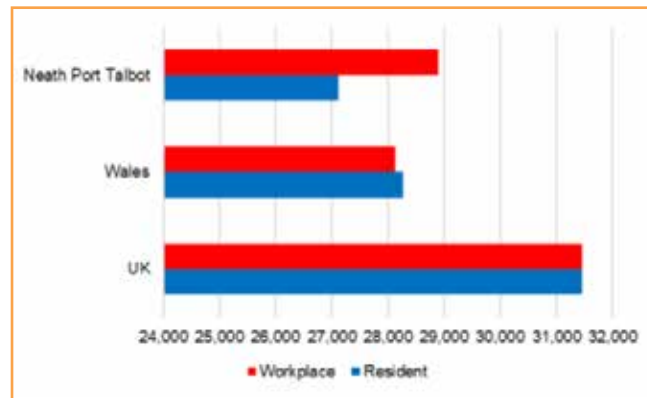
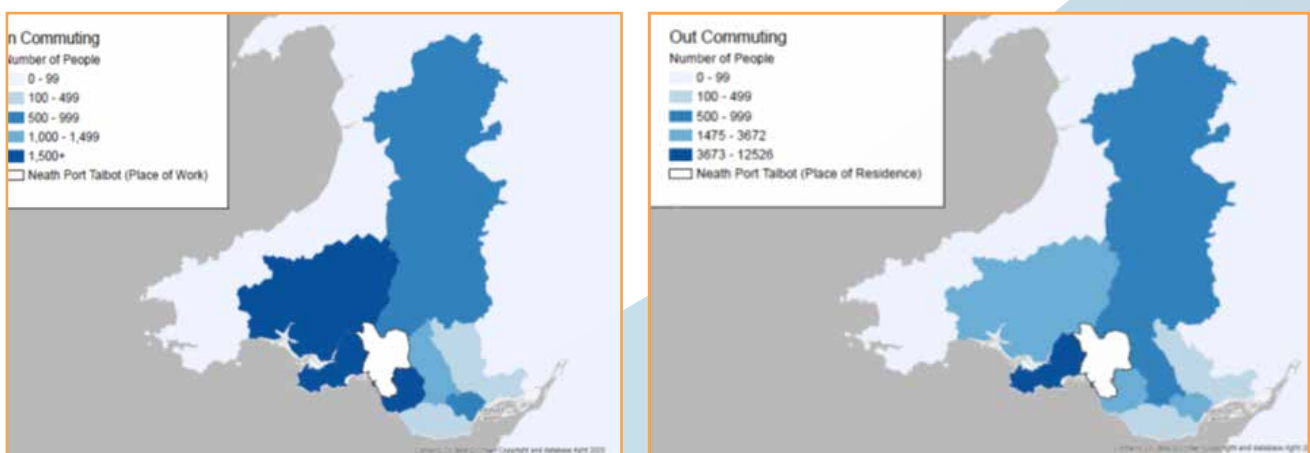


Figure 9: Travel-to-Work Flows: Inbound and Outbound Commuting Patterns, Census 2011 Source: ONS, Census 2011 Contains ONS data ©Crown Copyright and Database Right 2021



Relationships with near neighbours - in all directions, but especially east and west are important.

Neath Port Talbot experienced a net outflow of 7,500 people in 2011 to work in other local authority areas. This was made up of:

- 15,700 people commuting into the area, principally from Swansea and Bridgend along the M4 Corridor, and to a lesser extent Rhondda Cynon Taf and Carmarthenshire.
- 23,200 people commuting out of the area – with by far the largest proportion travelling to Swansea (which is essentially a contiguous urban area with part of the County Borough) and to a lesser extent Bridgend, Carmarthenshire and Cardiff.

WELSH INDEX OF MULTIPLE DEPRIVATION 2019

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Economic prosperity influences an individual's well-being through its effect on communities and local areas, as well as its effect on personal finances and circumstances. Research has shown that people's level of well-being can be associated with changes in aspects of economic prosperity or deprivation at the local level (Curtis and Congdon, 2019).

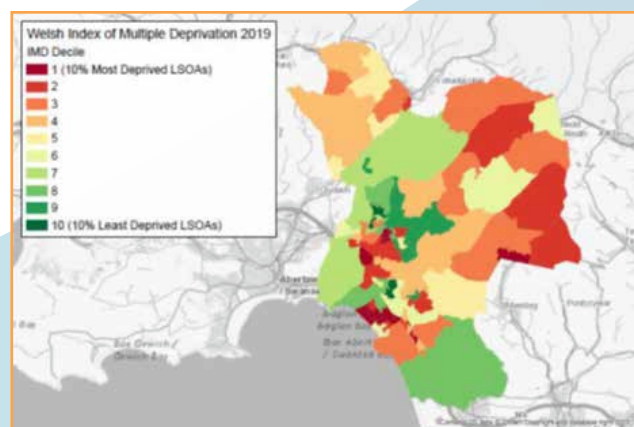
The Welsh Index of Multiple Deprivation (IMD) ranks 1,909 neighbourhoods nationally against a series of different types of deprivation.

In 2019, the greatest concentrations of deprivation within Neath Port Talbot was within the Sandfields and Aberavon wards, Briton Ferry, parts of Neath and the area around Croeserw in the upper Afan Valley which represents a distribution of deprivation associated with parts of urban Neath and Port Talbot and with the post-industrial upper valley areas.

Figure 8 below shows the 1,909 Lower Super Output Areas (LSOAs) in Wales according to their relative levels of deprivation using the 2019 version of the Welsh Index of Multiple Deprivation.

The darker colours indicate more deprived areas and are clustered in cities and the South Wales region.

Figure 10: Travel-to-Work Flows: Inbound and Outbound Commuting Patterns, Census
Source: ONS data ©Crown Copyright and Database Right 2021



BUSINESS STOCK/SECTORS/EMPLOYMENT



SECTORS: BUSINESS AND EMPLOYMENT

Neath Port Talbot has a distinctive economy in terms of its sectoral balance. Manufacturing accounts for around 19% of total output, more than double the UK average. While manufacturing's share of output has fallen significantly over the past twenty years – mainly due to the contraction of the steel industry – it has now stabilised and remains highly significant.

More generally, in the 20 years to 2018, Neath Port Talbot's output expanded by a compound annual growth rate of 1.1%, with the strongest growth in 2008-13. Within this overall expansion, some sectors grew strongly, especially transportation and storage; information and communications (from a much smaller base); health-related activities and administrative and support services.

BUSINESS STOCK: KEY HEADLINES

Figure 11: Key Business Headlines

<p>STOCK</p>	<ul style="list-style-type: none"> • In 2019, there were 3,275 active enterprises in Neath Port Talbot. • The overall stock of active enterprises grew by around 4% between 2015 and 2019 (about half the UK rate of increase, and substantially lower than that in Wales as a whole). • Enterprise density (the number of enterprises per 10,000 working age population) was 371 in 2019 – just over half the UK enterprise density rate.
<p>SIZE PROFILE</p>	<ul style="list-style-type: none"> • In common with the rest of the country, the great majority of businesses are SMEs, although there is a slight orientation towards larger employers, reflecting the scale of Neath Port Talbot's manufacturing base. 88% of enterprises employ fewer than 10 people (compared with just under 90% in the UK and Wales overall).
<p>START UPS</p>	<ul style="list-style-type: none"> • There were 375 business starts in Neath Port Talbot in 2019, equivalent to around 11% of the active enterprise stock (roughly in line with Wales as a whole, although below the UK start-up share).
<p>SURVIVAL</p>	<ul style="list-style-type: none"> • Survival rates are generally good. Around 43.8% of businesses created in Neath Port Talbot in 2014 were still in existence five years later (compared with 42.5% in the UK as a whole and 42% in Wales).

Over the five years to 2019, employment growth was strongest in accommodation and food services; public administration; transport and storage; and administrative and support service activities; with some contraction in wholesale and retail and (perhaps surprisingly, given national growth) professional and scientific services.

Compared with the national economy, NPT’s employment is relatively concentrated in manufacturing and public sector activities and relatively under-represented in financial and scientific professional services, largely reflecting the make-up of the economy as illustrated below.

Figure 12: Key Headlines: Employee jobs and business stock by sector
Source: ONS, Business Register and Employment Survey; UK Business Count

Sector	Employee Jobs (2019)	Growth/ contraction in jobs, 2015-19**	Businesses (local units, 2020)
Agriculture, Forestry and Fishing	300	↑	125
Mining & Quarrying	350	↔	10
Manufacturing	9000	↔	255
Electricity, Gas, etc.	150	↓	10
Water supply, sewerage, etc	700	↓	35
Construction	2000	↓	475
Wholesale & Retail; Motor Vehicle Repair	6000	↓	670
Transportation & Storage	2500	↑	185
Accommodation & Food Service	3500	↑	355
Information & Communications	700	↑	145

Financial & insurance Activities	300	↔	65
Real Estate	800	↑	80
Professional, Scientific & Technical	1250	↓	340
Administrative & Support Service	2500	↑	290
Public Administration & Defence	4000	↑	60
Education	4500	↓	105
Human Health & Social Work	7000	↔	335
Arts, Entertainment & Recreation	900	↓	110
Other Services	500	↓	205
Total	48000	↑	3855

**Growth/ contraction in jobs is based on the compound annual growth rate in employee jobs between 2015 and 2019. As data at district level is based on small survey samples and involves small numbers that are rounded up or down, quoting actual growth rates is misleading –so we have simplified the picture to describe sectors that have grown in employment terms, those that have contracted and those that have remained broadly the same.

EDUCATION / QUALIFICATIONS / SKILLS

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Research shows that the pandemic has exacerbated existing educational inequalities in Wales and the UK. Before the pandemic, the educational attainment gap in Wales between children from richer and poorer backgrounds was estimated to be 16% at age 11, increasing to 32% by GCSE level (Joseph Rowntree Foundation, 2018). It is predicted that the pandemic will widen this gap 75% in both England and Wales (Education Endowment Fund, 2020).

In addition, school closures and enforced home-schooling have put pressure on lower-income households. Those from the most deprived schools and lower-income families have limited space to study at home, less access to learning devices and/or less support from parents and carers with home-schooling. Additionally, it is boys, ethnic minority pupils and children with special educational needs and disabilities that have been disproportionately negatively impacted educationally by the pandemic. (Green et al., 2020).

The pandemic has also had an overwhelmingly negative impact on the well-being of older university students, i.e. uncertainty about exams and grades, the change to online teaching, the restrictions on returning home and the lack of physical access to well-being services that are generally offered by universities. (Burns et al., 2020).

It is recognised that the long-term effects on educational progression, labour market performance and well-being will continue to be felt for many years. (Blundell et al., 2021).

Neath Port Talbot provides plenty of learning opportunities, whatever the subject and level of education. From World-class universities offering a talented and skilled employment pool for investors, to local colleges offering a diverse and hands-on approach to training. High quality educational facilities are available that deliver a vocational approach to all courses, from entry level to post-doctoral research.

The Strategic School Improvement Programme and Welsh Government's 21st Century Schools initiative have already invested £150 million ensuring Neath Port Talbot schools are state of the art learning spaces that enable teachers to focus on maximising educational outcomes.

The Council's Adult Education function also provides free literacy, numeracy, and employability courses to those in greatest need to help them progress into employment and acquire basic skills. Delivery focuses on achieving the following Welsh Government priorities:

- 1. Essential Skills – literacy, numeracy, digital literacy.
- 2. Employability Skills
- 3. Engagement activities

The latest date available shows that 99% of those who enrolled in 2018/19 completed the course with 98% attainment. Neath Port Talbot Group of Colleges, one of the largest further education providers in Wales, was recently voted number 2 in the UK for ‘Best Further Education College for Apprenticeship Training’ and was in the UK’s top 10 training providers.

In addition, 2020/21 GCSE exams results within the County improved as many learners found teacher assessment a less stressful process than sitting examinations

ATTENDANCE



The attendance of primary age pupils decreased from 94.14% in 2017/18 to 91.18% in 2020/21 due to the covid 19 pandemic. Figures for 2019/20 only go up to mid-March as schools were closed to the majority of pupils whilst the pandemic is also negatively affecting attendance during the early part of 2021/22. The Welsh Government have not required schools to submit attendance data or targets over the past two years.

School Attendance-Pri Age	2017/18	2018/19	2019/20	2021/21
Pupils Y1-6 All	94.14%	94.02%	93.83%	91.18%
Pupils Y1-6 Boys	94.14%	94.02%	93.83%	91.18%
Pupils Y1-6 Girls	94.30%	94.20%	94.04%	91.34%
Pupils Y1-6 FSM	94.14%	94.02%	93.83%	91.18%
Pupils Y1-6 Non FSM	94.77%	94.84%	94.74%	93.44%

Secondary age attendance has been affected by the pandemic to a greater extent with 87.88% attendance in 2020/21 compared with 93.48% in 2017/18. Figures for the first term of 2021/22 are currently below 2020/21 levels. Free school meal eligibility, a measure of deprivation, was 26.8% in Neath Port Talbot as at the 2021 school census and one of the highest in Wales. The attendance of these pupils, particularly in the secondary sector, has been negatively affected by the pandemic to a far greater extent than non-free school meal eligible pupils.

School Attendance-Sec Age	2017/18	2018/19	2019/20	2021/21
Pupils Y7-11 All	93.48%	93.46%	92.51%	87.88%
Pupils Y7-11 Boys	93.40%	93.41%	92.53%	87.86%
Pupils Y7-11 Girls	93.56%	93.51%	92.49%	98.90%
Pupils Y7-11 FSM	89.46%	89.80%	88.46%	79.08%
Pupils Y7-11 Non FSM	94.46%	94.46%	93.63%	90.64%

YOUNG PEOPLE NOT IN EDUCATION, EMPLOYMENT OR TRAINING (NEET)

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This has been a particular issue within Neath Port Talbot with higher than average figures reported for many years.

Identifying, monitoring and updating the most up to date statistics is difficult due to numerous sources compiling the figures using different methodologies, i.e.

- The Annual Population Survey (APS), a household survey carried out by the Office for National Statistics (ONS) surveys personal circumstances, including labour market status and education and training activity. The APS combines the boosted samples of the Labour Force Survey (LFS) on a rolling four quarter data and results are sample-based estimates.
- The Statistical First Release (SFR) series provides policy makers and those working with young people with data to monitor trends and the impact of education and labour market interventions on young people. They are derived by combining a range of primary sources including education enrolments counts from schools, further education, work based learning, higher education and ONS population estimates as at the end of the calendar year. There can be elements of sampling variability so results should be interpreted and other sources of NEET statistics should be used to supplement them.
- Careers Wales undertakes an annual survey of all leavers from maintained schools in Wales. This survey captures the destinations of school leavers. Those attending further education colleges and independent schools are not included. This series is not directly comparable with the SFR series or the APS series due to differences in definitions. This is the only source that provides estimates at a local authority level but samples are small and comparisons across local authorities should be avoided due to variation in the non-response rate.

Figure 13: Not in Education, FTE and Training: Employee Table showing analysis of all known not to be in Employment, FTE or WBTP (Work Based Training for Young People)

	Male	%	Female	%	Total	%
Able to enter Employment. Education or WBTP	108	55.4	102	63.8	210	59.2
Unable to enter Employment. Education or WBTP due to illness, pregnancy and other reasons	87	44.6	58	36.3	145	40.8
Total	195	100	160	100	355	100

Source: Careers Wales Annual Survey, (Destination of pupils on 31st Oct 2020 based on 10,059 pupils completing Year 13 in 2020)

In addition, indicators around the proportion of young people who are NEET form part of the Child Poverty Strategy annual assessment of progress (which is outside the scope of this document).

It is difficult to acquire specific data for Neath Port Talbot and caution needs exercised as results are very much dependent on the source used.

WORKFORCE QUALIFICATIONS

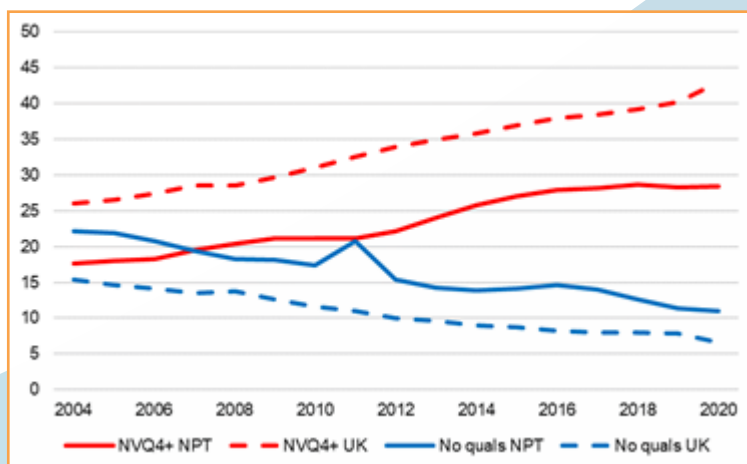


In general, workforce qualifications have improved over time, as workers with few formal qualifications reach retirement age and leave the labour market and demand for higher-level skills rises. The pace of transition however, has been somewhat slower in Neath Port Talbot than it has been in the rest of Wales and the UK, with proportions qualified to NVQ3+ and NVQ4+ substantially lower than the national and UK averages.

Figure 14: Highest Qualification of Population aged 16-64, %
Source: ONS, APS. K/Wales data 2020; NPT data 3-year average 2018-20

	NPT	Wales	UK
NVQ4+	28.4	38.5	43.0
NVQ3+	48.4	58.3	61.2
NVQ2+	71.6	76.5	78.0
NVQ1+	83.0	86.7	87.6
Other qualifications	6.0	5.6	5.8
No qualifications	11.0	7.7	6.6

Figure 15: % of population qualified to NVQ4+ and with no qualifications, 2004-2020
Source: ONS, Annual Population Survey. NPT data is presented as three-year rolling average to smooth out data volatility and high confidence intervals at local level



APPRENTICESHIPS



The growth of Apprenticeship schemes, including the Higher Apprenticeship, will go some way to improving access to training and adult education as well as closing the qualifications and skills gap between Neath Port Talbot and the rest of Wales.

Number of apprenticeship programmes delivered in Neath Port Talbot – Stats Wales

Academic Year	Foundation Apprenticeship - Level 2	Apprenticeship - Level 3	Higher Apprenticeship - Level 4	Total
2017/18	1295	1375	670	3335
2018/19	1315	1450	610	3380
2019/20	1020	1300	615	2940
2020/21	1005	1170	575	2745

WIDER ECONOMIC OPPORTUNITIES & CHALLENGES



CLIMATE CHANGE / NET ZERO / DECARBONISATION

Climate change is one of the biggest challenges facing future generations. Increasing temperatures and extreme weather events caused by climate change are putting pressure on ecosystems, infrastructure, built environment and our unique landscape and cultural heritage, which all contribute to economic well-being. The risks of climate change are likely to disproportionately affect our vulnerable communities and further exacerbate economic disparities. Delaying action will not only make the task more difficult and costly, but also potentially be too late.

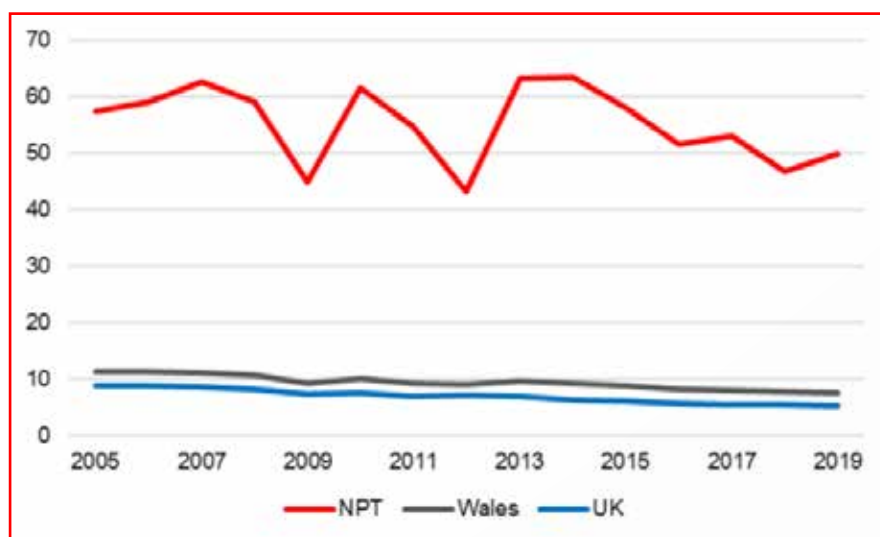
Our economy is changing and being reshaped, driven by the need to respond to the challenge of climate change and ensuring we are keeping pace with the rest of the world. Setting our own decarbonisation pathway provides the certainty and clarity needed to support and drive low carbon action and investment in Wales. The transition to a low carbon economy brings opportunities around clean growth, quality jobs and global market advantages, as well as wider benefits such as better places to live and work, clean air and water, and better health. While we must transition to a low carbon economy, we must also ensure that our economy is resilient the effects and risks that climate change will bring.

The UK's third Climate Change Risk Assessment (CCRA3) identifies the key risks and opportunities fundamental to every aspect of life in the UK covering our natural environment, our health, our homes, the infrastructure on which we rely, and the economy. To ensure our economy prospers and is resilient to the impacts that climate change will bring, it is essential that evidence and guidance such as this is considered in future planning.

The need to tackle climate change has never been so prominent and underlined by the clear policy intent of the Welsh and UK government. The Welsh Government officially declared a Climate Emergency in 2019 and a Nature Emergency in 2021, recognising the significance of these two interrelated challenges and the urgency in tackling them. The UK's leadership role in tackling climate change was also further reinforced during COP26 with a suite of strategies and commitments. The Welsh Government has set out an ambitious pathway to achieve a Net Zero Public Sector by 2030 and a Net Zero Wales by 2050, and will require us to challenge ourselves, use all levers available to us, and work together in partnership to achieve.

Neath Port Talbot faces a key environmental and economic challenge in achieving these goals in the context of a national significant industrial base. In 2019, Neath Port Talbot generated around 7,165 kt of CO₂ emissions, largely accounted for by the steelworks at Port Talbot, with the county borough's distinctive industrial structure driving the highest carbon intensity of any local authority area in the UK. Between 2005 and 2019, total UK emissions fell by around 36%, while Neath Port Talbot's reduction was much smaller at around 9% from a substantially higher base.

Figure 16: Carbon emissions (CO₂, kt) per capita, 2005-19



This points to a key risk in the context of the commitment to Net Zero by 2050 with significant challenges in effecting low carbon transition in the medium term. Despite the substantial challenges presented by high industrial carbon intensity, Neath Port Talbot has significant opportunities.

While Neath Port Talbot is the largest contributor to CO2 emissions in the UK, it is also rapidly becoming a leader for its energy generation and investment in large-scale renewable energy projects. Neath Port Talbot has the second highest total installed renewable energy capacity in Wales and has a major role in decarbonising our energy. The county has the highest capacity of onshore wind in Wales, with a total of 230 MW. Nearly two thirds of this capacity is from the Pen y Cymoedd wind farm which is situated on the border of Neath Port Talbot and Rhondda Cynon Taf. Pen y Cymoedd expects to produce enough power annually to meet the electricity demand of more than 188,000 UK households, and will more than meet the domestic demand of host local authorities Rhondda Cynon Taf and Neath Port Talbot. Over the lifetime of the project it is expected to save 6.4 million tonnes of CO2.

In May 2020, Neath Port Talbot Council launched its Decarbonisation and Renewable Energy (DARE) Strategy. This sets out how the Council will act to counter climate change, both by reducing its own carbon footprint and by working with others to bring forward key investments in renewable energy and low carbon technologies. The strategy is set within the context of the regional 'Re-energising Wales' project and the commitment within the Swansea Bay City Deal to invest in renewable energy and energy systems technologies.

As part Swansea Bay City Deal's £1.8 billion programme, Neath Port Talbot County will be the location of a number of projects. This includes ongoing developments that support innovation and low carbon growth, including SPECIFIC, (an innovation and knowledge centre), the Hydrogen Research Centre, the Flexible Integrated Energy Systems Project (FLEXIS) and the TWI Technology Centre (Wales). The £24.5 million FLEXIS project is the only demonstration area in Wales and aims to create next generation low carbon energy systems in partnership between Neath Port Talbot Council, Tata Steel, Cardiff University, Swansea University, and the University of South Wales. The vision is the creation of a national centre of excellence delivering low carbon technology, smart programmes and applications. Neath Port Talbot Council is also taking the lead on promoting and delivering the Homes as Power Stations project as part of the wider City Region Deal. This aims to deliver smart, low carbon, energy-efficient homes through a co-ordinated approach across the City Region. Other projects include a 30kw hydro-electric scheme due to be installed at Margam Country Park, a solar power generating roof at Gnoll Country Park (already installed and generating energy). The Swansea Bay City Deal includes numerous other projects that will support Neath Port Talbot being an exemplar of low carbon growth and innovation.

Regionally, the emerging Regional Economic Delivery Plan also places a strong emphasis on decarbonisation (and the realization of the region's renewable energy potential) as a key pillar of strategy. Especially relevant to Neath Port Talbot are:

- Cross-regional efforts to support the decarbonisation of relatively carbon-intensive industries (for example through the South Wales Industrial Cluster (SWIC) project, recently awarded funding by UKRI).
- The need for all industries to adapt. Over time, all economic activities will need to be 'low carbon' and enabling adaptation will be key to local sustainability and competitiveness.

It is evident that there is a pressing need to change and adapt Neath Port Talbot's economy if we are to respond to climate change and achieve a Net Zero Wales by 2050. While this may pose a significant challenge to Neath Port Talbot due to its heavy industry, there are also significant opportunities for us to demonstrate innovation and leadership in decarbonising our economy.

SMEs will be key to successfully delivering any decarbonisation programme as they will need to adapt to new employment opportunities. This presents a challenge as the pandemic has affected investment and work schedules so finding the time and resources to invest the upskilling of staff or new ways of working such as retrofitting and green skills, may not be at the forefront of their immediate plans. In addition, there does seem to be a disconnect between Net Zero policy goals and the appetite of business to engage – until there is a market for these new skills and products, SME's will not be keen to "buy into" these new concepts.

CIRCULAR ECONOMY AND COVID 19

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We know that in Wales we are not using our natural resources sustainably. If everyone consumed the same amount of resources as we do in Wales, then we would need two and a half planets to support us. The consequences of this overshoot are already being felt in the shape of climate change and biodiversity decline. In response, the Welsh Government has set out its ambitions for a circular economy, supporting a green and just recovery, in its Beyond Recycling strategy.

A circular economy keeps resources and materials in use for as long as possible and avoids all waste. This will mean moving away from a 'linear economy' which assumes a constant supply of natural resources or the take-make-use-dispose culture based on the extraction of resources, the production of goods and services, and the disposal of post-consumer waste.

The circular economy offers an approach which can work to reduce consumption. Taking a circular economy approach is a key pillar of a green and just recovery, helping not only to address the climate and nature crisis, but also driving better and more equitable economic outcomes for Wales.

We already have a strong foundation for a circular economy here in Wales, with a strong track record in recycling. Wales is a world leader when it comes to recycling and is currently ranked third best in the world. The Welsh Government's £1 billion investment since devolution in household recycling has helped see recycling rates increase from just 4.8% in 1998-1999, to over 65% in 2020-21. This high rate of household recycling in Wales saves over 400,000 tonnes of CO2 per year from being released into the atmosphere and is a key contribution to tackling the climate and nature emergencies.

We have learned a lot through the Covid-19 pandemic, our recovery from which represents a once in a generation opportunity to reset our individual and collective values and priorities, realigning them with those required to create a more sustainable future. The consensus across Wales, UK, Europe and beyond is that recovery from Covid-19 must address the underlying nature and climate emergencies. The calls for individuals, businesses, governments and global institutions to refocus and accelerate the response to the pandemic along a pathway which both restores nature and decarbonises our economy have been increasing in strength. This integrated approach would consider nature and climate together as the foundation of economic, social and political renewal and regeneration in Wales, reflecting the focus of the Well-Being of Future Generations (Wales) Act 2015.

CONNECTIVITY



Neath Port Talbot is well served by road infrastructure, especially the M4 and the A465 via the Vale of Neath. Future road investment is not a priority within the Welsh Government's transport strategy, although the area will benefit from strategic works currently underway on the Heads of the Valleys Road, improving access eastwards to the English Midlands. Recent investment, i.e. Harbour Way in Port Talbot, has also improved access to many key opportunities.

Rail access via the South Wales Main Line is good, with direct connections to Cardiff and London (and recent investment in station infrastructure). It is disappointing however, that electrification plans remain scaled back. Transport for Wales is also planning improved Swansea-Manchester services from 2022 and, the Swansea Bay and South West Wales Metro will offer the potential for enhanced connectivity, including (as the scheme progresses) to the upper Valleys.

Connectivity challenges for our Valley communities however, remains a significant constraint for residents trying to access employment and economic opportunity.

The port at Port Talbot mostly handles coking coal and ore imports for Tata Steel. It is a key strategic asset however, as it offers one of the UK's deepest berths with extensive adjacent development opportunities. In addition, ABP (the Port's owner) have been engaged in working with key partners to produce a "Vision" document that sets out how Port Talbot, by using its unique combination of deep water access; brownfield land; rail connections; manufacturing capacity and skilled labour could support Port Talbot in becoming a "Globally Significant Turbine Production Hub" by the end of the 2020's.

In terms of digital connectivity, Neath Port Talbot is relatively well-served and there has been strong progress in recent years. Some 98% of premises can access superfast broadband, following the success of the rollout of the Superfast Cymru programme, with 60% able to access 'ultrafast' and 30% of premises gigabit enabled – although the latter are concentrated along the M4 Corridor.

DIGITAL CONNECTIVITY AND SKILLS



As Internet usage continues to increase across Wales and the UK, it is reported that 98% of premises within Neath Port Talbot, are able to access superfast broadband and 60% are now able to access 'ultrafast' download speeds of up to 300 Mbps. In addition, 30% of premises are also gigabit enabled (Connected Nations report, 2021).

There are only now about 10% of adults in Wales who do not use the internet (ONS) but, the proportion of the population aged 75 and over that do not use the internet is increasing. This age group also uses the internet 'on the go' far less than other adults – a trend which decreases with age (Exploring the UK's Digital Divide, ONS).

This statistic supports a recent review by Welsh Government that reported that a 'digital divide' still remains between those with and without the skills and access to information and communications technologies and this could exacerbate social and economic inequalities for the digitally excluded. It is also reported that almost 1 in 5 people in Wales lack basic digital skills, the highest proportion of any UK region. Digital skills are increasingly sought after by employers for jobs at all skill levels and 77% of 'low skilled' job roles in the UK are in occupations that require digital skills (No longer optional: Employer demand for digital skills, Department for Digital, Culture, Media & Sport).

The demand for skills relating to computer and networking support is 5% higher in Wales than the UK average (ibid.) and evidence suggests technology-related skills will account for the most valued skills by 2025 (The future of jobs report 2020, World Economic Forum).

Businesses are increasingly adapting to digitalisation and adopting new technologies with the adoption of encryption and cyber security technologies is projected to increase by 29% and cloud computing estimated to rise by 17% (The future of jobs report 2020, World Economic Forum).

Remote working trends have been impacted by the COVID-19 pandemic and there is now increasing evidence of an increase throughout Wales and the UK for employees to provide remote working opportunities. The opportunity will vary significantly however as it is dependent on the industry and occupation. For example, individuals employed in customer facing, skilled trade roles are less likely to be able to work remotely, whereas public administration and managerial roles are most flexible in terms of remote working.

With the Welsh Government adopting an ambition for 30% of all workers to “work at or near to home” in the future, this could potentially lead to increased competition for local employment opportunities from those outside the area. On the positive however, this could be a good source of opportunity for Neath Port Talbot, i.e. as well as supporting demand for flexible town centre uses, it could support those local residents that live in our remote valley communities to overcome transport barriers and help them access employment opportunities.

Alongside the growth of digitalisation, cybersecurity threats are posing an increasing danger to all societies. Further automation of work is likely to continue with increasing use of technology in substituting labour as well as further embedding technology within existing workplaces and working practices with the aim of generating new and improved opportunities, products, and services. It is estimated that around 6.5% of jobs in Wales have a ‘high potential for automation’, a figure slightly above the UK average of 6.2% (Shaping the future: A 21st century skills system for Wales, IPPR Scotland).

COMMERCIAL PROPERTY



Despite Neath Port Talbot’s position as a major industrial location and evidence of high demand for industrial stock, supply remains relatively constrained. While the recent Commercial Property Market report for Welsh Government found the viability gap was lower in coastal areas such as Neath Port Talbot than in locations further west, it recognised that “for significant schemes to be brought forward, there remains a need for direct public intervention”.

STRATEGIC SITES



Part of area's industrial legacy, major strategic sites such as Baglan Bay Energy Park; Harbourside and Port Talbot Waterfront which was designated as an Enterprise Zone in 2016, is helping bring forward investment that develops a 'cluster' of business activity linked with the key innovation facilities.

The prospect of Freeport designation for Port Talbot is also a potential opportunity to bring forward development at the Waterfront (and potentially beyond), and the Council is currently exploring this option.

In addition, the opencast colliery site at Onllwyn in the Dulais Valley is the planned location for a new Global Centre for Rail Excellence. Supported by substantial infrastructure investment, this development represents a significant opportunity to bring employment opportunities to our valley communities.

TOWN CENTRE INVESTMENT



Neath Port Talbot's principal towns and smaller communities play a central role as focal points for economic and social activity. Structural shifts in consumer retail demand, reinforced by the Covid-19 pandemic, have placed town centres' traditional functions under pressure. Alongside the loss of some national multiples, the pandemic has led to a rapid rise in online household retail spending and an accelerated switch to click and collect services; on-line shopping apps; electronic payments, etc.

Before the start of the pandemic, the Welsh Government launched its Town Centre First initiative, which looked to locate services within town centres wherever possible, both to support their vitality and viability and to encourage greater access. More recently, the focus has been on increasing the number of people working from home or closer to home and the potential of using town centre premises as flexible work hubs.

Within this economic and policy context, there will be a continued need to invest in Neath Port Talbot's main town centres at Neath, Port Talbot and Pontardawe, and in smaller district centres at Skewen, Briton Ferry, Glynneath and Taibach by:

- Attracting a greater diversity of uses;
- Enhancing the environment;
- Improving accessibility (e.g. Port Talbot Transport Hub);
- Securing alternative uses for redundant properties;
- Attracting commercial investment; and
- Developing opportunities for community ownership and leadership.

BUY LOCAL



Both the pandemic and Brexit have encouraged firms to build greater supply chain resilience, with more companies now planning to source supplies locally and hold more inventory.

INEQUALITIES AND LOW INCOMES



Despite success in steadily increasing the overall stock of jobs and increasing economic activity rates, recent research shows that the impact and extent of low-paid work (including low-paid self-employment), and rising costs are impacted on the real incomes of the lowest paid within Neath Port Talbot. Concentrations of disadvantage are identified within urban Port Talbot (Sandfields and Aberavon), Briton Ferry and Neath; and in the upper Valleys, especially in the Afan Valley around Croeserw. In addition, workless households is much higher in Neath Port Talbot (around 21%) than in Great Britain overall.

This partly reflects the need for continued measures to support access to employment (through skills development and so on), but there needs to be recognition that most households on low incomes are already in work. Consequently, a focus on more, sustained employment opportunities “closer to home” is likely to be key for success in the future.

Also, over the coming decade, the working age population in Neath Port Talbot is anticipated to be static (although in terms of remote working, there is ‘capacity’ to bring more people into the labour market) total employment growth is expected to be modest; annual employment growth is forecast to be around 0.3% to 2027 for South West and Mid Wales.

ECONOMIC WELL-BEING IN NPT



THE MEANING OF ECONOMIC WELL-BEING



FACTORS THAT CONTRIBUTE TO ECONOMIC WELL-BEING SURVEY RESPONDENTS IN NPT

LET'S TALK FEEDBACK

SUPPORTING INFORMATION

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APPENDIX 1: SWOT ANALYSIS

The Local Economic Evidence Base prepared in support of this Economic Chapter for inclusion into the Public Service Board's Well-being Plan contained an analysis of Neath Port Talbot's strengths, weaknesses, opportunities and threats. This is summarised below:

STRENGTHS

- Excellent connectivity by road and rail (especially in the south of NPT) and relatively good digital infrastructure.
- Established and distinctive industrial base and some large manufacturing firms.
- Good record of accomplishment in taking forward major regeneration and business investment schemes in the context of a long-term approach.
- Recent evidence of labour market resilience: falls in economic inactivity and less impacted by Covid-19 than elsewhere.
- Strong economic relationships with neighbouring centres and positive history of joint working with neighbours.
- Proximity and good connections to concentrations of industrial activity across South Wales.
- Proximity to the 'knowledge base' (Swansea Bay campus within NPT and a range of university assets and programmes).

WEAKNESSES

- Significant lag in workforce skills...
- Reflected in relatively low pay and productivity (and in the inference that there is inbound commuting to higher-paid jobs and some outbound commuting to lower-paid jobs).
- Continued economic activity gap, despite recent improvements.
- Persistent concentrations of disadvantage.
- Mismatch in some areas between capacity for additional employment and economic opportunity (especially in parts of the upper Valleys), linked with a continuing 'legacy' of deindustrialisation.
- Environmental challenges associated with the industrial base and transport infrastructure (although significant improvements in recent years).
- Relatively modest business base, despite the presence of some large firms.

OPPORTUNITIES

- Nationally-significant strategic sites (e.g. at Baglan Bay) with potential for major development over time.
- Capacity for development, linked with excellent connectivity and commercial interest.
- Slight anticipated growth in the 'working age' population (in contrast to a diminution in Wales as a whole) and increasing opportunities for extended and more diverse working lives.
- Significant potential to take a lead in the drive to decarbonise the economy, through existing assets (e.g., the Hydrogen Centre at Baglan and renewable energy capacity) and scope for innovation and adoption within industry.
- Opportunities presented by changing working practices to attract new uses to town centres and reduce dependence on traditional retail activities.
- Potential to explore new approaches to community-led economic development, building on the more active use of local public sector procurement, small business growth in the foundational economy, and so on.
- Opportunities to realise and enhance Neath Port Talbot's 'quality of life' offer, linked with its connectivity, rural environment and heritage.
- Opportunities to build on the knowledge base (highlighted in Strengths above): much of Swansea University is within Neath Port Talbot, with potential for stronger industry links and the role of the universities as economic drivers themselves.

THREATS

- Relatively high levels of dependency on a limited number of key industries. This dependency has reduced over recent years, but there is still vulnerability to disinvestment by larger firms and restructuring within industries as a result of global change (c.f., the changes in the structure of the automotive sector impacting on activities locally), with environmental and land-use, as well as employment implications.
- Vulnerability of key parts of the industrial base (obviously the steel industry, although relevant to other parts of the economy as well) to technology change and pressures to decarbonise. This is partly about the costs of change, but also about the skills and management capacity to support adoption and adaption (and links with the risk of loss of skills and capabilities over time).
- High costs of bringing forward some of Neath Port Talbot's major sites: while these present an opportunity (building on the strong track record highlighted earlier), the risk is that there is insufficient public investment to enable/ de-risk private sector activity.
- Challenges associated with capturing the 'added value' of capacity within Neath Port Talbot (e.g., where industrial R&D can be decoupled from the industrial base; or where higher-paid/ higher-skilled jobs are taken by people commuting in from beyond the county borough).
- Continued uncertainty of public investment as we transition away from European funding (with the risk of competition for resources with other parts of the UK, and the need to develop new investment models).



NEATH PORT TALBOT PUBLIC SERVICES BOARD
WELL-BEING ASSESSMENT



ECONOMIC CHAPTER