

Emergent employment prospects across the Cardiff Capital Region: The challenge ahead

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It is now over a year since the Independent Growth and Competitiveness Commission published its recommendations for the development of the Cardiff Capital Region. In that time much has changed, with new political leadership in some authorities and the publication of two economic development strategies for Wales, but much also remains the same. This is particularly so when we look to the stark economic reality of the Cardiff Capital Region itself.

The Office for National Statistics (ONS) recently published an analysis of the employment prospects for the 379 local authority areas across the UK. Based on three indicators describing the resilience of current employment prospects and five variables relating to potential prospects for future employment, the results make for important reading in the awaited development of an economic development strategy for the Cardiff Capital Region as a whole.

The challenge that lies ahead of the Cardiff Capital Region City Deal is vividly demonstrated by looking at the two composite indicators developed by the ONS (Table 1). In their analysis, the ONS considered the resilience of existing jobs in local authority areas across the UK, based on the proportion of employment in declining sectors, the proportion of employment in declining occupations and the proportion of employment concentrated in the top local employers. Allied to this, the ONS then considered future employment prospects based on five measures: the proportion of employment in growing sectors; the proportion of employment in growing occupations; the net rate of business creation, the proportion of businesses with high growth and the share of the population with degree-level qualifications.

Measured in these terms, current employment prospects are presently amongst the poorest in the UK for several parts of the Cardiff Capital Region, suggesting a low level of resilience to future economic conditions. This is particularly acute in authorities such as Torfaen, Caerphilly, Blaenau Gwent, Merthyr Tydfil and Bridgend but is in fact an issue across most of the city region. Whilst employment in these economies is currently dependent on declining sectors, this would not be problematic if new sectors were emerging to take their place. Indeed, this is often simply part of the evolution of economies. The problem

emerges when new sectors or occupations do not seem to be emerging or where new growth lags behind job losses, such as appears to be particularly the case in authority areas such as Torfaen, Caerphilly and Merthyr Tydfil.

Table 1 Resilience of current jobs and conditions for future employment

	Resilience of current jobs (rank order, 1=best, 379=worst)	Conditions for future jobs (rank order, 1=best 379=worst)
City of Cardiff	130	72
Monmouthshire	189	156
Vale of Glamorgan	302	165
Newport	308	185
Rhondda Cynon Taff	351	268
Bridgend	369	213
Blaenau Gwent	371	232
Merthyr Tydfil	374	323
Caerphilly	375	339
Torfaen	377	344

Source: adapted from ONS data published at:

<https://datasciencecampus.shinyapps.io/employmentProspects/> (accessed on 15th January, 2018)

The ONS stresses that their data should be seen as a “potentially useful indication of overall potential employment risks” rather than be interpreted as fact. Nevertheless, the picture painted by their data provides an acute reminder of the spatial disparities present, and potentially deepening, in the city region. It is this challenge – that of the multiple and diverse employment market conditions and how these are forecast to worsen in the coming years - that the prospective economic development strategy for the Cardiff Capital Region will need to firmly address.

Whilst the Growth and Competitiveness Commission acknowledged the importance of improving connectivity, through investments such as the Metro, and the ability to attract new investment and develop new economic sectors, it also highlights the significance of supporting multiple centres of economic activity. In this regard, recent announcements by Welsh Government emphasising the importance of targeting future investment on specific geographic areas are to be welcomed and supported¹, although additional work will be required to flesh out what this might mean in practice. Equally welcome is the new emphasis on promoting the foundational economy in the recently published Economic Action Plan, a sector that is particularly significant in many of the authority areas in the City Region, and one where growth prospects are

¹ Welsh Government (2017) *Regional Investment in Wales after BREXIT*

also forecast for sectors such as care. However, welcome as these may be, they are unlikely to be enough on their own.

The emphasis of the City Deal agreement is on the 25,000 jobs to be created over the life of the Deal. From the forecasts of the ONS, the evidence is that left to current market forces these jobs will be unequally distributed across the City Region and particularly focused on Cardiff and Monmouthshire. It will take a bold, substantial and strongly strategic approach to marshal the resources required to create the conditions for more transformative changes in other parts of the City Region and ensure that the ambition of the Economic Action Plan for a strong and resilient economy that delivers for the people of Wales, applies equally to those living in our most vulnerable economies as to those in our more prosperous communities.

BREXIT, Welsh Government argues, offers the opportunity 'to do things differently'. It is to be hoped that this opportunity for acting differently is taken up in the future economic development strategy for the Cardiff Capital Region and the proposed Strategic Development Plan, whenever these might be forthcoming. It is through these instruments that we can harness the value of infrastructure investments and other actions to help achieve common goals, rather than hasten the very trends that are exposing the vulnerability of our local economies.

In doing so, we should consider the advice of a recent paper (Iammarino et al, 2017²), which argues that the best economic development strategies enable as many actors and places as possible to participate, to the best of their ability, rather than take an unlikely bet on the successes of the future. This will involve a more sophisticated approach that develops regional policies that are attuned to the specificity of place and are cognisant of, and work with, local employment markets, rather than simply layering a new approach over these. In turn, this requires a positive collective conversation as to how this might best be achieved, a conversation that should involve as many voices as possible and start as soon as possible.

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² Iammarino, S.; Rodríguez-Pose, A. and Storper, M. (2017) Why Regional Development Matters for Europe's Economic Future. *Working Paper 07/2017* DG Regional and Urban Policy, European Commission, Brussels.