



**Vale of Glamorgan
Local Service Board
Unified Needs Assessment**

**Priority Outcome Eight –
Realising the Potential within
the Region**

December 2013

**Produced by the
Business Intelligence Group**

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Priority Outcome Eight:

The Vale maximises the potential of its position within the region working with its neighbours for the benefit of local people and businesses, attracting visitors, residents and investment.

Approach

In order to explore the extent to which the Vale attracts inward investment and supports local businesses to provide a diverse range of sustainable employment opportunities, enabling the local economy and individuals to prosper, we need to identify suitable indicators upon which to make a judgement. Since no single direct indicator exists to measure this outcome we have identified a number of proxy indicators which might serve to assess the position in the Vale.

Indicators

Active business enterprises;
Employment by sector;
Occupation by area;
Commuting patterns;
House prices; and
Tourism.

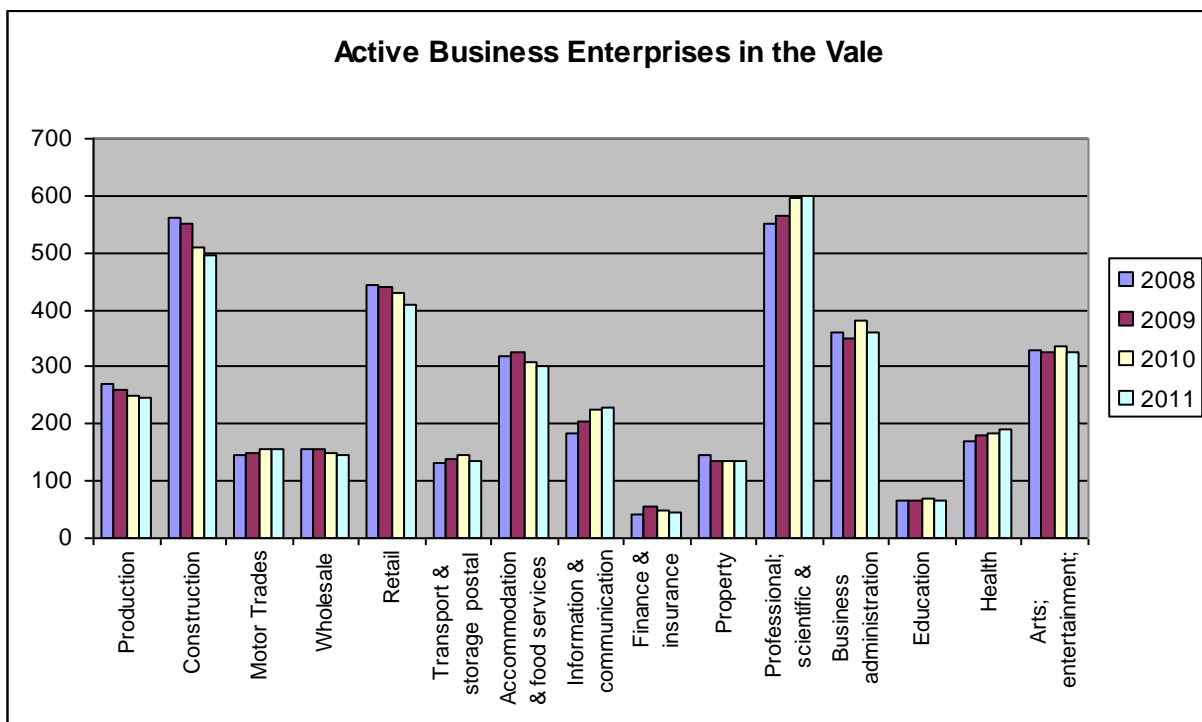
Active business enterprises

Active business enterprises are those that have had turnover and/or employment at any given period. It recognises activity occurring at any point of the year and includes PAYE registered businesses as well as VAT registered businesses.

The following graph illustrates that in 2008 there were 3,870 active enterprises in the Vale of Glamorgan, in 2009 this figure increased marginally to 3,900, and again in 2010 to 3,925 before decreasing in 2011 to 3,835.

In 2011, 600 active enterprises were from the 'professional; scientific and technical' industry, 495 from 'construction', 410 from the 'retail sector', 360 'business admin and support services', and 300 from the 'accommodation & food services' industry. The graph shows that businesses have been steadily increasing in the 'professional; scientific and technical industry', but declining year on year for the construction industry, although it is the second highest sector for active businesses.

Figure 1: Active business enterprises by sector, 2008-11



Source: Stats Wales

It should also be observed that the 2011 Census shows that the Vale of Glamorgan has approximately 9% of its usual residents of working age in self employment, this is in line with the Welsh average. Entrepreneurial activity in the Vale of Glamorgan is important and should be promoted as a way to create jobs, particularly in retail and services; and new businesses should be supported.

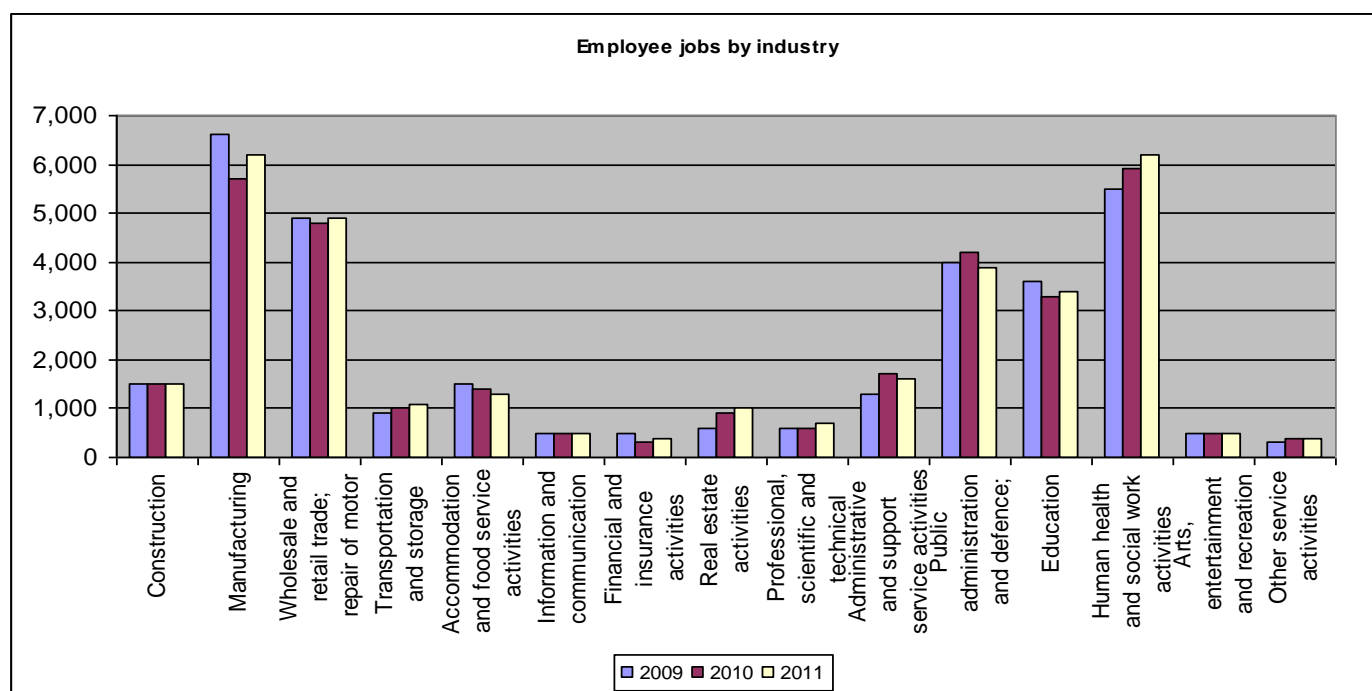
With regards to new businesses in the Vale of Glamorgan, in 2011 a total of 380 new businesses were formed. In terms of which industry these businesses were in, amongst the highest birth rates were the 'professional; scientific & technical businesses' (75), and 'business admin & support' enterprises (55). The lowest numbers of business birth rates were for 'education' (5), 'health' (10), finance & insurance (5), 'property' (10), 'wholesale industries' (10), and 'transport & storage' (10).

Employment by sector

Examining the breakdown of employment by industry can provide an insight into the potential for growth, based on current trends and provides a good indication of the skill set people in the Vale of Glamorgan hold.

The following chart gives a breakdown of jobs per industry in the Vale of Glamorgan. In 2009 there were 33,300 employee jobs in the Vale of Glamorgan, in 2010 the number declined slightly to 33,100 and in 2011 the number of jobs rose to 33,700.

Figure 2: Number of employees by industry, 2009-11



Source: Stats Wales

The number of employee jobs by industry can inform people where to train or up-skill for employment. From 2009-2011, the 'manufacturing' and 'health' sectors had the highest number of employee jobs in the Vale of Glamorgan.

Manufacturing jobs in the Vale of Glamorgan dropped from 6,600 in 2009 to 5,700 in 2010 but increased again in 2011 to 6,200. The chart also shows that jobs in the health sector have continued to increase in the Vale of Glamorgan over this time period.

These figures may suggest that in order to gain employment the skills that are in demand are in the manufacturing, wholesale and retail, human health and social work, education, and administration sectors.

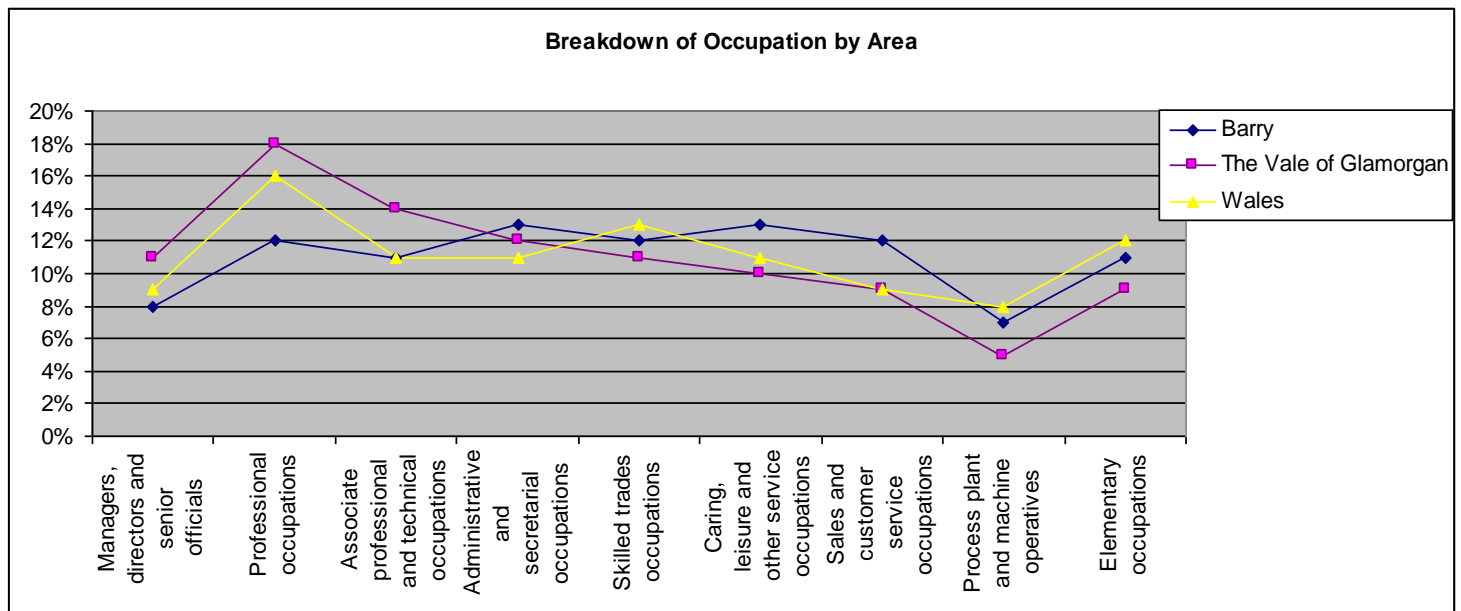
In November 2012 there were 463 unfilled jobcentre vacancies in the Vale of Glamorgan, 264 of which were from the 'real estate, renting and business' sector; and included occupations such as 'professional and technical', 'administrative and secretarial', 'skilled trade', 'managers' and 'senior officials'. There were 66 unfilled vacancies from the 'health and social work' sector including occupations such as nurses and health associate professionals. There were 106 vacancies as care assistants and home carers, 125 vacancies in personal service occupations, and 117 jobs in technical and associated professional occupations.

Earlier findings showed that the highest number of active enterprises in the Vale of Glamorgan were in the 'professional; scientific and technical' industries. Some of the highest business start up rates were also observed in these industries and therefore these unfilled job vacancy figures may suggest that people looking for employment in the Vale of Glamorgan may not be equipped with the right skill set for employment in these sectors.

Although the number of employee jobs in the 'health' industry from 2009-2011 was one of the highest and has continued to increase, earlier figures showed that in 2011, this industry had some of the lowest start up rates for new enterprises. This suggests that in future, those who are looking to further their career or for some reason find themselves unemployed, will have the correct skill set for the health industry, for which skills are likely to still be in demand in the Vale

particularly in light of the expansion to Llandough hospital and the aging population. However it is equally important to ensure residents are skilled in other sectors where higher business start up rates are observed and that there is a good mixed skill set found in the Vale of Glamorgan to attract a variety of industries to the area.

Figure 3: Breakdown of occupation by area, 2012



Source: Wavehill Research Evaluation Survey

Differences between the skill set held by residents in the Vale of Glamorgan and jobs opportunities available become apparent when analysed by geographical area. The above graph shows there are a lower percentage of people employed as managers, directors and senior officials in Barry, compared to the rest of the Vale of Glamorgan and Wales as a whole. Most notably the greatest difference between Barry and the Vale of Glamorgan is in the percentage of people employed in professional occupations, in which Barry has a significantly lower percentage compared to the Vale as a whole. As seen earlier, it is within these industries that the most active business enterprises exist in the Vale, it is these industries that the most new businesses have recently started up in the Vale, and it is within these industries in which there were the most unfilled job vacancies. It can therefore be suggested that overall, residents in Barry are least equipped to compete for job opportunities arising in the Vale of Glamorgan and as demonstrated under priority outcome 7, it is areas of Barry that suffer most with deprivation and have the highest unemployment rates. It can therefore be suggested that a link exists between people in these identified areas being unemployed and the type of jobs available in the Vale. This is further emphasised by the fact that there is a lower proportion of residents in Barry with an NVQ Level 4 qualification (20%) compared to the Vale of Glamorgan as a whole (30%) and the Welsh average (24%), suggesting there is a relative lack of higher skilled individuals in the area.

Table 1: Breakdown of employees by sector, 2012

Sector	Barry	Vale of Glamorgan	Wales
1 : Agriculture, forestry & fishing	0%	0%	1%
2 : Mining, quarrying & utilities	0%	1%	2%
3 : Manufacturing	14%	9%	12%
4 : Construction	6%	6%	5%
5 : Motor trades	1%	1%	2%
6 : Wholesale	2%	2%	3%
7 : Retail	12%	12%	11%
8 : Transport & storage (inc postal)	7%	6%	4%
9 : Accommodation & food services	5%	8%	7%
10 : Information & communication	1%	2%	2%
11 : Financial & insurance	1%	1%	3%
12 : Property	1%	1%	1%
13 : Professional, scientific & technical	3%	4%	4%
14 : Business administration & support services	2%	6%	6%
15 : Public administration & defence	10%	5%	7%
16 : Education	14%	12%	10%
17 : Health	17%	19%	17%
18 : Arts, entertainment, recreation & other services	4%	5%	4%
Total	100%	100%	100%

Source: Wavehill Research Evaluation Survey

The above table again shows comparisons between the Vale of Glamorgan, Barry and Wales as a whole for employee jobs by sector. The highest proportion of people employed is in the 'health' sector for Wales, Vale of Glamorgan and Barry. The 'manufacturing' sector has a particularly high proportion of people employed for Barry when compared to the Vale of Glamorgan as a whole. The proportion of jobs in 'education' and 'public administration and defence' is also higher in Barry, compared with the rest of the Vale of Glamorgan and Wales.

The table again illustrates that there is a lower number of people employed from Barry in jobs where a higher skills level is required than in other parts of the Vale of Glamorgan and again, the types of businesses being attracted to set up in the Vale of Glamorgan are ones where this higher skill set is required.

It is also significant that the highest proportion of people employed in both Barry and the Vale of Glamorgan as a whole is in the 'health' sector given that this was the sector with some of the lowest start up rates for new businesses during 2011. It may be suggested that people in the Vale currently working in these sectors could find that their skill set does not match the opportunities available in the future if there is little growth in this sector. Although potentially people from Barry and the Vale of Glamorgan working in the health sector are travelling to work in neighbouring authorities, it may be suggested that local jobs for local people is a desirable concept and that it is important residents have job opportunities that match their skills available locally and without necessarily having to travel.

Labour market trends and statistics

In September 2013, the Central South 14-19 Regional Group of the Central South Consortium¹ published 'A Review of the Learning offer in terms of meeting Labour Market Demands'. This report utilised Labour Market Intelligence (LMI) to assess the growth of employment sectors until 2020 and made recommendations on which areas young people will need skills in to have the most opportunity to gain employment in the future.

In analysing known, large employment projects across the five authorities in the regional group, of the seven projects identified, four are within the Vale travel-to-work area, making the prospects of employment for Vale residents linked to these projects more favourable than for those living in other parts of South East Wales. The findings of the report emphasise the need to maximise the Vale's position in relation to Cardiff and take full advantage of being located in what can be perceived as the Cardiff city region area. The report states;

"In terms of job location, most of the employment opportunities will cluster around the capital city area, with the further regeneration of the city centre, developments around the Cardiff Sports Village, the expansion of the Porth Teigr creative industries project in Cardiff Bay and the increased status of Cardiff in respect of finance and professional services. Young people will need to be ever more flexible in terms of where they live and where they work. The evidence suggests that many young people will need support to consider travelling outside of their immediate geographic area for both further study and employment."

The report goes on to consider opportunities within the Vale and highlights that the rural Vale is predicted to see a fall in the number of land-based employment opportunities. The report states;

"In terms of the sub sectors, employment in Welsh land-based and agriculture industries is projected to fall by 8,000 from 95,000 in 2010 to 87,000 in 2020."

"This will be caused by the closure of smaller farms or their incorporation into larger farms; their diversification from their original food production role into specialist niche markets, for example cheese, organic meats; or transition to other areas of the rural economy, such as providing bed and breakfast accommodation."

The report goes on to assess the types of qualifications and skills that will be most desirable for young people to have in the future, based on the types of employment likely to be available in the South East Wales area. The report highlights;

- There will be an increasing focus on young people having higher skill levels than is currently the case for almost all jobs.
- Employment opportunities will be greatest for those with graduate equivalent qualifications.
- Science, Technology, Engineering and Mathematics (STEM) graduates will be in the greatest demand for almost all employment sectors.
- Very few employment opportunities will exist for those without a minimum of a Level 2 qualification in English/Welsh and Mathematics.
- As ICT systems increasingly support the organisational requirements of businesses and purchasing increasingly takes place over the internet, the number of secretarial and administrative posts will fall sharply over this decade.

¹ The Central South Consortium is made up of five local authorities: Cardiff, the Vale of Glamorgan, Bridgend, Rhondda Cynon Taff and Merthyr Tydfil

- There will be a growing demand for computer programmers to develop the software needed to manage increasingly sophisticated on-line services and to protect data and systems.
- Increased automation will reduce the number of semi-skilled posts available.

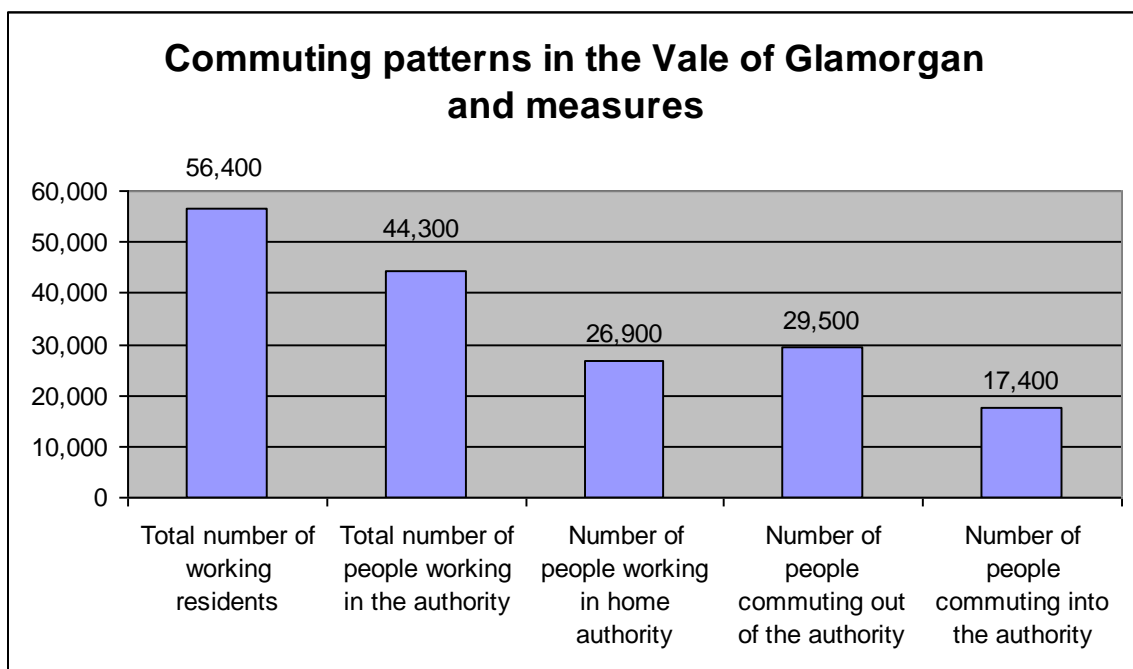
In light of this, it is important to ensure that young people in the Vale of Glamorgan have the skills that will be most desirable to employers in the future in order to maximise the opportunities available to them. As highlighted in the report there will be most demand for people with qualifications in 'science, technology, engineering and mathematics' and this correlates to trends already observed in the Vale whereby the most new and active businesses are in the 'professional, scientific and technical' industries.

The report is based on the consortium area and highlights that people may need to travel across authority boundaries to fully maximise the employment opportunities available. However it is important to note that there may be some specific, local examples that differ from the findings of the report. Despite the report stating that overall, construction jobs are likely to decline in number over the consortium area, it is likely there will be an increase in the Vale once the Waterfront development takes off and building begins.

Commuting patterns

As shown, in order to maximise the opportunities arising from the Vale of Glamorgan's geographical position, it is important that local people have the skills set to benefit from employment opportunities both in the Vale and in neighbouring areas and it is therefore important that good transport links exist across the region.

Figure 4: Commuting patterns in the Vale of Glamorgan, 2011.



Source: Stats Wales

In 2011 there was a total of 56,400 working residents in the Vale of Glamorgan. The number of people working in the area was 44,300 and this figure includes

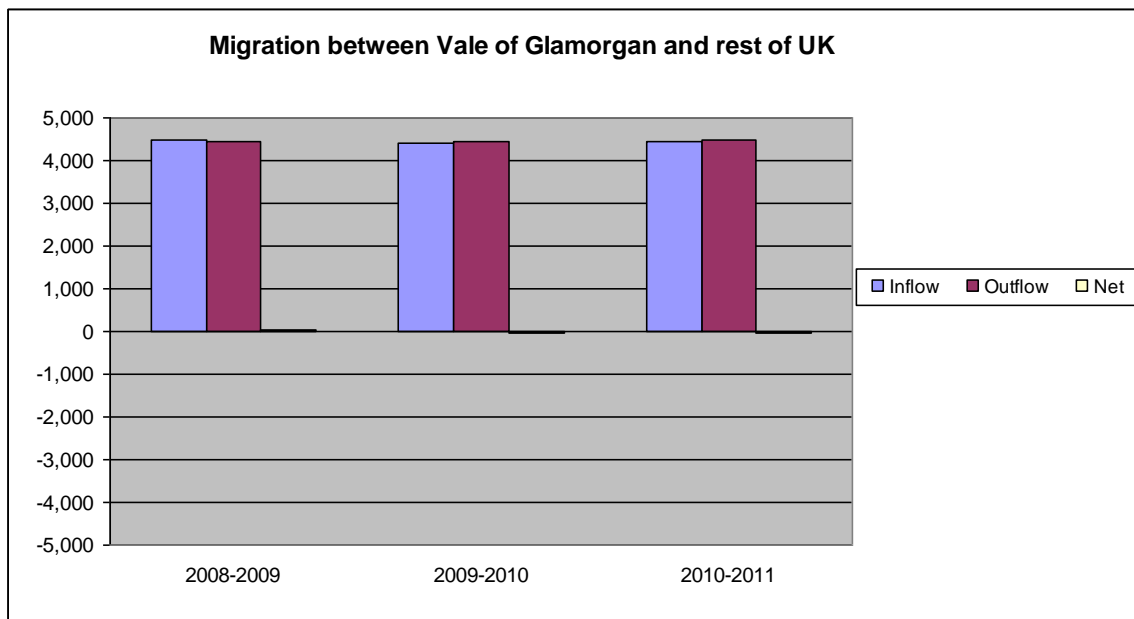
people travelling from outside of Wales or their local authority to work in the Vale of Glamorgan. 26,900 people who reside in the Vale of Glamorgan also worked in their home authority.

In 2011, 29,500 working residents commuted out of the authority to work elsewhere and the number of people commuting from different local authorities to work in the Vale of Glamorgan was 17,400 people. This tells us there is a greater outflow of the working population to other authority areas than inflow to the Vale of Glamorgan. This suggests that there is a skilled workforce in the Vale presently commuting to neighbouring authorities and there is an opportunity for businesses and employers to attract and retain local working people should the jobs be located in the Vale.

Migration

In relation to the number of people travelling in or out of the Vale of Glamorgan for work, it is also important to consider the number of people moving in or out of the Vale to live. Migration figures show there is a steady inflow and outflow of people meaning the population has remained relatively consistent between 2008 and 2011. Net flow was +50 in 2009, -40 in 2010 and -30 in 2011.

Figure 5: Inflow, outflow and net migration, Vale of Glamorgan, 2008-09 to 2010-11

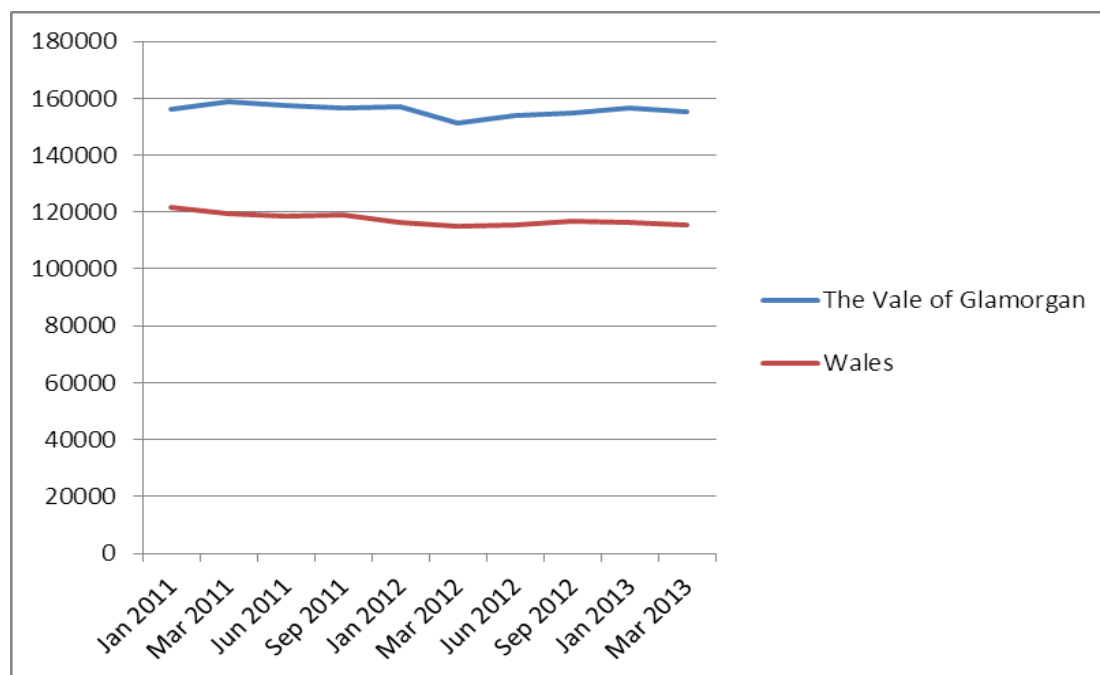


Source: Stats Wales

House Prices

House prices can be considered a key factor in relation to attracting people to live in the Vale of Glamorgan and may also influence whether businesses are attracted to set up in the area.

Figure 6: Average house prices in the Vale of Glamorgan, January 2011 – March 2013



Source: InfoBase Vale

Average house prices in the Vale of Glamorgan are well above the Welsh average and have remained constant since 2011 at, or just below £160,000, taking a slight dip in the first quarter of 2012. The Welsh average also declined over the same period. This can be seen as a positive reflection on the Vale of Glamorgan as homes become more affordable particularly to first time buyers. The 'LSL Property Services Academic Wales House price Index April 2013', states that more Welsh buyers are making enquiries regarding homes in the Vale of Glamorgan, and plans for new estate agents are also reported.

However, it is the inaccessibility of mortgage finance for the average buyer that is reining in demand. First time buyers are finding it difficult to set aside large deposits required by lenders, due to high rents and growing inflation.

On the other hand, banks and building societies may be more likely to lend depending on the area's economic climate and where they believe they will be better protected from house price falls and job losses and the Vale of Glamorgan would be favourable in this respect.

House prices are not only crucial to the national economy but the local economy within the Vale of Glamorgan. Government research suggests that every 100,000 new houses built could boost GDP by 1%, 1.5 jobs are created for every home built and every £1 spent on housing creates £2.09 in direct value for the economy. An insufficient supply of housing can restrict labour market mobility, raise business costs and exacerbate inequality therefore limiting economic growth. The importance of ensuring the Vale of Glamorgan is an attractive location for property developers to build in is therefore clear.

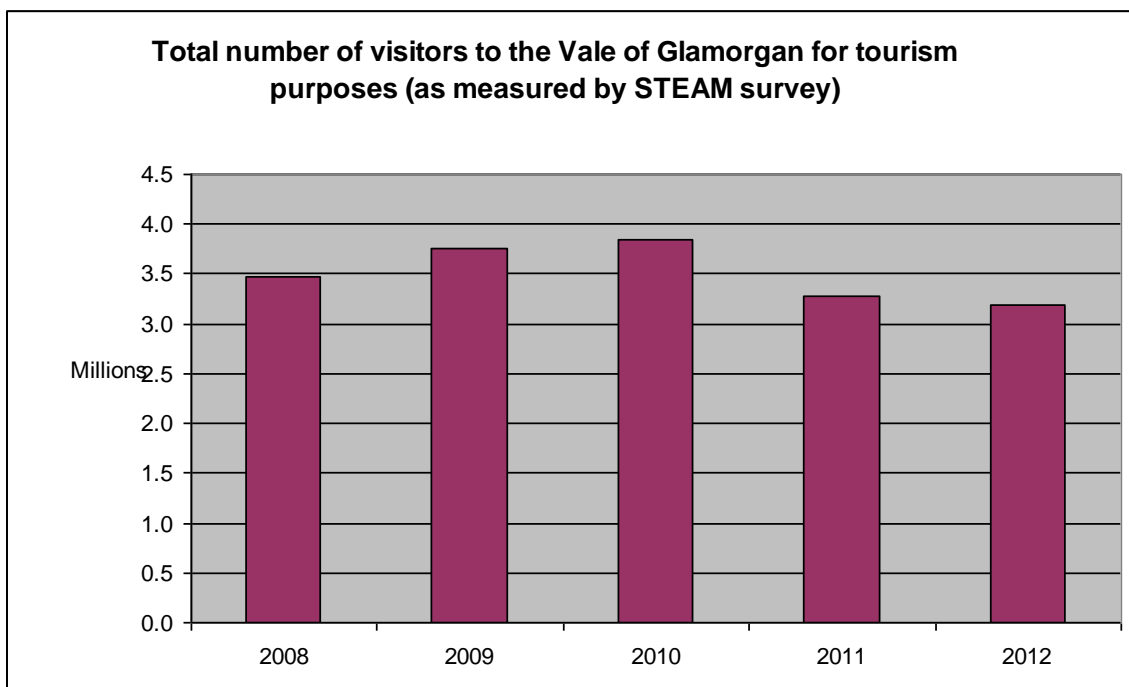
Tourism

In addition to attracting people to live and work in the Vale of Glamorgan and businesses to set up, it is equally important to attract visitors to the Vale for tourism purposes to boost the local economy.

The Vale of Glamorgan has a number of tourist attractions and is home to Cardiff Airport which has recently transferred back into Welsh Government ownership. The airport currently handles around 1.9 million passengers a year and the future development of the airport could potentially increase tourism within the Vale of Glamorgan if the number of passengers passing through the airport increases. Again, it is important to maximise the geographical location of the Vale of Glamorgan as the area is ideally situated to build close links with Cardiff and surrounding areas.

Tourism is an important industry to the Vale of Glamorgan both in terms of attracting visitors to the area to boost the local economy and the income of local businesses but also to create jobs for local people. The number of people visiting the Vale of Glamorgan rose during 2008-2009, but unfortunately fell in 2011 and again in 2012. The decline may be attributed to the overall rise in the cost of living, a rise in fuel and public transport costs and the unpredictable weather. The annual visitor figures account for people staying in serviced and non-serviced accommodation, staying with friends and relatives and day visitors. Employment sectors which rely on tourism include accommodation, food & drink, recreation, shopping, and transport. Notably, Stats Wales highlights that employment in the accommodation and food service sectors has been declining since 2009; however jobs in transport have been increasing steadily.

Figure 7: Number of tourist visitors to the Vale of Glamorgan, 2008-12



Source: STEAM Survey

Despite the decline in the number of visitors to the Vale in recent years, the Vale of Glamorgan still has one of the highest numbers of visitors in Wales with approximately 3,274,500 visitors during 2011. In 2012 the total number of

visitors declined marginally to 3,193,500 and a high percentage of these were day visitors.

The total revenue brought into the Vale of Glamorgan as a result of tourism in 2011 was £169.6 million. This increased to £176.7 million in 2012, which can be attributed to the Vale of Glamorgan hosting the Eisteddfod. In addition, the value of indirect expenditure to the Vale of Glamorgan should not be overlooked, especially in 2012 when it had a value of £57 million.

The largest number of tourists visiting the Vale of Glamorgan can be found at Barry Island which attracts approximately 300,000 visitors per year. The location has been questioned over a lack of facilities and attractions during changeable weather and therefore the Vale of Glamorgan Tourism Strategy 2011-2015 highlights the need for more weather appropriate attractions, such as those which can be enjoyed in poor weather, in order to extend the season.

Conclusions

Analysis of datasets linked to this chapter show the links that exist between attracting business and tourism to the Vale of Glamorgan and attracting people to live in the area.

Analysis of active business enterprises and of new active businesses shows that the 'professional, scientific and technical' industries have the most businesses and new business start ups in the Vale of Glamorgan. Analysis of job vacancies also reflects that in November 2012 there were 463 unfilled vacancies in the Vale of Glamorgan, 264 of which were from real estate, renting and business activities including occupations such as professional and technical, administrative, managers and senior officials.

It is important to ensure that the skill set of people in the Vale matches the jobs that are available. Analysis of the number of employee jobs by sector in the Vale of Glamorgan shows that the manufacturing and health sectors have equally the highest number of employees although these industries had some of the lowest start up rates for new businesses. This coupled with the analysis of where the unfilled job vacancies are, along with the employment sectors of new active enterprises, may suggest that the skill set of the Vale's population may not match the jobs available in future years.

It is also apparent that the overall skills base of residents living in certain areas of Barry do not fit with the skills required in order to gain employment in the professional industries and there are a lower percentage of people employed as managers, directors and senior officials in Barry compared to the rest of the Vale of Glamorgan and Wales as a whole. This is significant given that a number of LSOAs in Barry are the Vale of Glamorgan's most deprived areas. Employment may be seen as a route out of deprivation and the analysis demonstrates that the skills set of those living in these areas does not always match with the job vacancies available and the types of new businesses becoming active in the Vale which are in the professional occupations. This is further emphasised by the findings of the report issued by the Central South 14-19 Regional Group of the Central South Consortium which found that future employment opportunities will be greatest for those with graduate level or equivalent qualifications and science, technology, engineering and mathematics graduates will be in the greatest demand for almost all employment sectors.

In order to maximise the opportunities arising from the Vale of Glamorgan's geographical position, it is important that local people have the skills set to benefit from employment opportunities both in the Vale and in neighbouring

areas and it is therefore important that work takes place to equip young people with such skills which may be lacking at the present time.

In addition to attracting businesses to the Vale to create employment, it is important people are attracted to live in the area. Average house prices in the Vale of Glamorgan have consistently been above the Welsh average and have remained constant since 2011, at or just below £160,000 suggesting that the Vale is a relatively prosperous place to live.

Finally it is important to maximise the Vale's assets to attract visitors to the area. Visitor numbers to the Vale of Glamorgan fell in 2011 and 2012 after a continuous rise of tourists from the previous years. This is significant as tourism is an important element of the local economy and focus will need to be given to ensure visitor numbers do not continue to decline.

Overall it is important to ensure that the Vale of Glamorgan maximises the opportunities that arise from being in a favourable location within the region to attract businesses to boost the local economy and provide local employment opportunities. In addition to local job opportunities it is also important to ensure that residents are able to capitalise on employment opportunities in neighbouring areas by having the necessary skills and through providing good transport infrastructure. It is equally important to attract people to live in the area, again boosting the local economy and finally it is important to attract visitors to the Vale again benefitting the local economy and in turn also attracting businesses.