

Economic and Housing Growth Assessment Neath Port Talbot

May 2024



SQW

Turley

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Client
Neath Port Talbot Council
Our reference
NEAP3001

Executive Summary

1. Turley, SQW and Edge Analytics have been commissioned by the authorities of Neath Port Talbot (NPT) and Swansea to undertake an assessment of housing and economic growth for their administrative areas. A common methodology is being followed in the assessment process but in recognition of the requirement for each Council to independently review their Local Development Plans (LDPs) two separate reports have been produced. **This report presents the findings for NPT.**
2. The assessment includes:
 - A consideration of strategic functional housing and economic relationships impacting on NPT. This includes a consideration of the geographical extent of functional economic market areas (FEMAs), with more localised housing market areas (HMAs) separately defined in the Council's Local Housing Market Assessment (LHMA);
 - An up-to-date baseline analysis of demographic, housing and economic datasets as well as review of commercial market evidence;
 - The development of forecast scenarios of reasonable employment growth accounting for current economic conditions and identified planned and potential investment;
 - A calculation of the amount and make-up of employment land that could be required to accommodate business investment and forecast employment growth; and
 - An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.
3. The assessment has been undertaken in the context of the Welsh Government's (WG) Development Plans Manual (hereafter 'the Manual'), which emphasises the importance of balancing housing and job growth to reduce the need for commuting. It also clearly distinguishes between the '*unconstrained need*' for housing and the plan requirement, which will be selected by Neath Port Talbot Council (NPTC) after it takes account of other '*supply factors*' including viability and land availability.
4. The evidence assembled has, in accordance with the Manual, drawn upon a range of secondary datasets available at the time of writing. These include demographic projections, such as the WG official projections, economic datasets, externally sourced forecasts, commercial floorspace statistics and housing market indicators. The work has also involved a process of engagement and primary data collection, which has included a business survey issued to circa 650 businesses as well as separate targeted engagement with selected businesses and stakeholders.

National policy context

5. Planning Policy Wales (PPW) (Edition 12, 2024) confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It specifically states that these plans should be based on evidence which is tested through the Examination procedure.
6. In evidencing the need for housing, PPW is clear to recognise that:

“Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options” [WG (2024) Planning Policy Wales, Edition 12, paragraph 4.2.7]

7. In assessing the need for employment land, PPW also confirms that any review should include:

“...an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately” [WG (2024) Planning Policy Wales, Edition 12, paragraph 5.4.8]

8. As the national development plan, Future Wales provides the national spatial strategy and emphasises the importance of regional geographies – NPT being part of the South West Wales region – which will form the basis of future Strategic Development Plans (SDPs). It highlights that these strategic plans will need to ‘*reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas*’.
9. The requirements set by national policy have been taken into account in the preparation and presentation of the evidence in this report, and the conclusions outlined below.

Spatial relationships and functional geographies

10. In order to appreciate the functional spatial relationships between NPT and other adjacent authorities, and those across South West Wales, travel to work areas (TTWAs), commuting flows, migration, house price geographies and retail catchment areas have been analysed. This has served to affirm that against all of these factors NPT demonstrates important spatial linkages with other areas, whilst also revealing a degree of self-containment in its operation.
11. In looking at factors influencing the geographical extent of a strategic housing market, it is widely considered that areas in which at least 70% of moves are contained represent more self-contained markets. This cannot be said of NPT, as fewer than 60%

of all individuals moving into and out of a home during the year prior to the 2021 Census either originated in, or stayed in, the County Borough with the strongest link being with Swansea. There are though distinctions in terms of house prices, with the average price paid consistently different to most neighbours with the exception of Rhondda Cynon Taf (RCT). At a sub-authority level, however, it is clear that urban areas in proximity to NPT share common price signals reflecting, at least in part, commonalities in housing stock and their geographical proximity to administrative boundaries. This suggests that there are important cross-authority linkages.

12. From an economic perspective, the analysis of TTWAs and commuting flows emphasises the importance of the functional relationships with Swansea in particular. This reflects the strong transport connections (road and rail) between the two authorities and clustering of large employment centres along the coastal strip. The two authorities have been identified as sharing a TTWA, noting that a small part of Powys – specifically the town of Ystradgynlais – is also included within this geography in which a 75% containment of commuting flows is achieved. It is acknowledged that this analysis is based on the 2011 Census but further data, from both the 2021 Census and the Annual Population Survey (APS), reinforces that there is an important economic link with Swansea in particular.
13. The analysis highlights the importance of also recognising the existence of other important relationships beyond that with Swansea, including most significantly those with Bridgend and Carmarthenshire. It also notes the potential for stronger linkages with Powys given the development of the Global Centre of Rail Excellence (GCRE) across both authorities. This emphasises the importance and value of future regional planning and the preparation of future SDP.

A changing demography, economy and housing market

14. Housing delivery in NPT has been lower than planned since 2011, with an average of 584 dwellings per annum targeted but only 213 dwellings per annum provided on average and no more than 314 homes delivered in any one year. The housing stock of NPT has consequently grown at a slower rate than that of Wales or South West Wales, particularly since 2016.
15. The slowing rate of provision is likely to have contributed towards the relative worsening of housing affordability seen since 2019, with house prices having grown at a far greater rate than earnings over this recent period.
16. It is likely to have also been a key factor behind the slowing of population growth, with the average annual growth in the current plan period (since 2011) being only a quarter of that recorded over the prior decade. While influenced to an extent by deaths increasingly outnumbering births, net in-migration from elsewhere also appears to have reduced when factoring in the unattributable change arising from revisions to official population estimates. These trends do not appear to have grown the size of the working age population, aged 16 to 64, but the number of older residents aged 65 or above has increased by roughly a sixth since 2011.

17. Delivering fewer homes than planned may also explain why the average household size in NPT has not reduced at the rate previously anticipated, instead remaining broadly stable between the Censuses of 2011 and 2021.
18. The proportion of adult residents who were economically active also appears to have reduced over this period, particularly amongst younger people, but this has not led to heightened unemployment as this is contrastingly reported to have fallen to an historic low. Residents are increasingly qualified, with more working in managerial and professional roles, but the pace of transition has been slower than in the rest of Wales or the wider UK with residents more likely to work in “lower skilled” jobs as a result.
19. This has helped to support job creation, with between 633 and 667 jobs having been created annually on average between 2001 and 2019. Jobs density has steadily risen as a result.
20. Manufacturing remains a very important source of employment, and within this, the steel industry is significant with Tata the largest employer in this sector. NPT has, however, several major manufacturing firms across a more diverse sub-sectoral base, and this is reinforced by an established presence in applied engineering research. It is though clear that the economy has been steadily diversifying with the largest growth in employment in transport and storage, public sector activities, and accommodation and food service.
21. In accommodating new job growth, the stock of commercial premises in NPT has grown. The Council’s monitoring indicates that NPT has to date seen a net increase in its stock of employment space during the current plan period, with the average annual loss of 2,750sqm more than offset by the provision of c.4,874sqm each year. Demand for space is indicated by the fact that increasingly little office space has been available in NPT over the past decade. Availability in industrial premises and warehouses has similarly fallen.

Future job growth

22. Having reviewed recent economic performance, SQW have proceeded to consider the potential for further economic growth in NPT over the emerging plan period (2023-38). Reference is initially made to a baseline scenario from Cambridge Econometrics (CE), in which **130 jobs per annum could be created** over this period. This does not though account for the significant loss of jobs triggered by Tata’s transition to low carbon steel production, with current estimates suggesting that this could lead to **an overall loss of 168 jobs per annum**.
23. SQW have also developed further scenarios that account for potential growth linked to the Celtic Freeport proposition and other likely investments. The core adjusted scenario anticipates the creation of **121 jobs per annum**, slowly recovering towards the original baseline, and a supplementary scenario indicates that **237 jobs** could be created annually albeit this is less certain. Either would represent less growth than the historic trend, and SQW also note that there is considerable uncertainty given the structural changes taking place in the economy and the potential constraints on labour market supply.

Future need for employment land

24. In accordance with the Manual, the assessment has considered the employment space that could be needed to accommodate future job growth, complementing an approach based on '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.
25. This suggests that **up to 45.6ha** of employment land could be needed in NPT, based on standard assumptions with allowances for losses, market choice and flexibility, albeit it has been acknowledged that this could rise as high as **57.0ha** if employment land was to be developed at the lower densities that often prevail in the County Borough according to the Council's monitoring.
26. The analysis highlights variability in the scale of the calculated need depending on the level of job growth assumed, or depending on whether need is based on a projection of past take-up with or without an adjustment to reflect historically limited availability.
27. The scenarios can also be broken down by property type. All suggest a requirement for additional office space (8.8 – 22.5ha) albeit the lower end of this range would drop as low as 2.3ha if such premises were to be developed at higher densities. Up to 9.1ha of warehousing land is implied to be needed but another scenario suggests that there is an oversupply of 5.2ha, while the range for industrial land is even wider (-27.9 – 14.0ha).
28. The Council is advised to use these scenarios as reference points in developing its approach to employment land provision, but it does have the option of providing more land than they suggest as this would simply provide greater choice and flexibility to businesses while facilitating churn and helping to support economic growth.

Future need for housing

29. The latest official projections from the WG have been introduced, these being based to 2018 and including 'high' and 'low' variants alongside a principal projection. Further scenarios have been modelled by Edge Analytics to both account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. All but one of these scenarios suggest a need for **between 171 and 293 dwellings per annum**, with past delivery – over the current plan period to date (213dpa) and in only the last five years (177dpa) – also sitting within this range. Each of the scenarios within it would be likely to support the baseline job growth envisaged by SQW in the previous section, even prior to its reduction to allow for anticipated losses at Tata.
30. While these scenarios form an important part of the evidence, the WG does also recognise the potential for policy decisions to have an impact on housing need. The Council could, for instance, look to more firmly support the job growth that could arise from planned investment in the Freeport, notwithstanding that its economic impact is likely to be felt well beyond NPT. The trajectory of this growth, however – and its assumed offsetting of losses at Tata – means that it could potentially be supported with fewer homes being provided in NPT than in the range stated above.

31. The Council could also choose to address one consequence of past under-supply, that has seen younger adults living in increasingly large households with the official projections assuming that this will continue. The Council would need to provide additional homes to change this situation, with this section presenting further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this section.
32. In accordance with the Manual, in translating this evidence of unconstrained need evidence into a housing requirement for the emerging RLDP, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

Policy implications

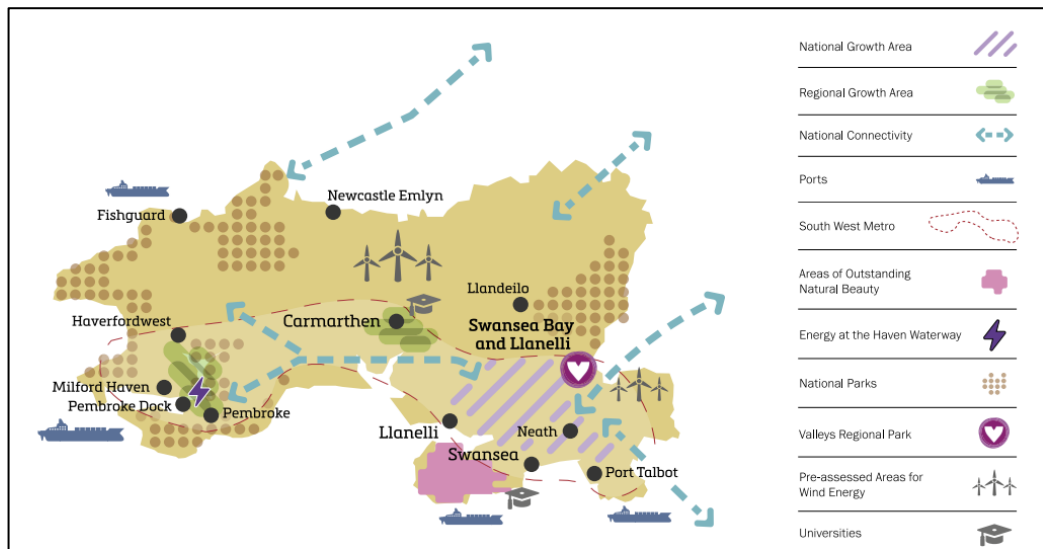
33. This report has presented a range of objective evidence, and it is important to acknowledge that its analysis is predicated upon input modelling assumptions and their extrapolation over the long-term as well as judgements around future behaviours. Such assumptions are necessary in the building of the evidence base and in ensuring the transparency of findings, but they are inherently uncertain – especially in relation to both the local and wider economy, and indeed to the national and global context faced by the Freeport and global employers like Tata – such that it is strongly recommended to keep the quantified elements of this report under review.
34. As outlined above, in concluding on the need for both employment land and housing, it is also the case that in accordance with the Manual this study has focused on objective needs. It has not sought to consider this in the context of available supply or other factors.
35. The Council will undertake this exercise in its translation of the evidence into policy, acknowledging that PPW clearly states, for example, that *‘the housing requirement that has been identified by the planning authority must be realistic and deliverable’*.
36. In establishing housing and employment land requirements, it is similarly recognised that PPW, in advising on strategic placemaking and the development of a spatial strategy and site search sequence, confirms that:

“A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport” [WG (2024) Planning Policy Wales, Edition 12, paragraph 3.42]
37. These policy-based considerations will form an important context for the Council in the development of policies within its RLDP, with the evidence presented in this report only one component of concluded judgements to be made.

1. Introduction

- 1.1 Turley, SQW and Edge Analytics have been commissioned by the authorities of NPT and Swansea to undertake an assessment of housing and economic growth for their administrative areas.
- 1.2 This assessment includes:
- A consideration of strategic functional housing and economic relationships impacting on NPT. This includes a consideration of the geographical extent of strategic FEMAs and HMAs, with more localised HMAs separately defined in the Council's LHMA;
 - An up-to-date baseline analysis of demographic, housing and economic datasets as well as review of commercial market evidence;
 - The development of forecast scenarios of reasonable employment growth accounting for current economic conditions and identified planned and potential investment;
 - A calculation of the amount and make-up of employment land likely to be required to accommodate business investment and forecast employment growth; and
 - An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.
- 1.3 A common methodology is being followed in the assessment process, with further detail provided below, but two separate reports have been produced. This report presents the analysis for NPT.
- 1.4 The primary purpose of this assessment is to provide an evidence base to inform the preparation of the RLDP but it is also the intention of both authorities for this work to inform the preparation of background evidence, policies and proposals for the first South West Wales SDP. The South West Wales SDP area includes Carmarthenshire and Pembrokeshire, alongside the two commissioning authorities. This geography is shown in Figure 1.1, which replicates the South West Wales Regional Strategy Diagram from Future Wales. In recognition of this the analysis presented throughout the report benchmarks NPT's performance against South West Wales as a geographic area. Where relevant consideration is also given to the functional linkages with authorities adjoining this geography, including for example Bridgend to the east.

Figure 1.1: South West Wales Regional Strategy Diagram



Source: Future Wales

- 1.5 Each Council is separately commissioning an updated LHMA, as referenced above using the WG toolkit, again to inform their respective RLDPs. The growth scenarios presented in this report were not available to inform the LHMA that has been submitted for NPT, but will be taken into account by the Council through a future refresh.
- 1.6 The Councils have also recently worked with Carmarthenshire and Pembrokeshire Councils on a study which is intended to provide a refined spatial interpretation of the NGA geography shown at Figure 1.1 above. It is recognised that the policy definition of the NGA will be progressed through the future SDP but acknowledgement is made where appropriate to the implications of the NGA and this separate study.

Study methodology

- 1.7 The study has been prepared in compliance with the third edition of the Manual and specifically the sub-sections in its Chapter 5 which relate to assessing housing and economic growth. This emphasises that:

“While there is not always a direct correlation between jobs and homes, they need to be considered collectively when assessing growth levels and developing a sustainable strategy; the aim being to achieve a balance between homes and jobs thereby reducing the need for commuting” [WG (2020) Development Plans Manual, Edition 3, p102]
- 1.8 To understand current and future needs with regards to both employment and housing, in accordance with the Manual, the assessment draws upon a range of secondary datasets available at the time of writing. These include demographic, economic, commercial floorspace and housing statistics.
- 1.9 Where the assessment is required to develop a forward-looking perspective of growth, the following have been used to provide a foundation in the development of a range of likely scenarios:

- Official demographic projections of population and household growth produced by WG; and
 - Economic forecasts obtained from CE, which were produced in April 2023 and favoured having previously reviewed forecasts from all three of the leading providers (CE, Oxford Economics and Experian).
- 1.10 A key element of the assessment is the development of an understanding of the relationship between future employment and housing growth, in accordance with the Manual. Edge Analytics have modelled this relationship by using the POPGROUP suite of software, which they manage on behalf of England’s Local Government Association. This software has been used to produce similar evidence for over 100 authorities throughout the UK and is also used by the WG in developing its own population and household projections.
- 1.11 The report’s methodology, including information on the above, was shared with adjoining authorities for comment early in the research process.
- 1.12 In order to complement the analysis of secondary datasets, the study has involved a process of engagement and primary data collection. This has included:
- A business survey issued to circa 650 businesses within NPT;
 - Targeted engagement with businesses identified by the Council due to their local significance or their importance with reference to identified key industrial sectors;
 - Wider stakeholder engagement across businesses and those delivering, managing or renting/ selling houses; and
 - Opportunities to discuss the interim findings of the research through a workshop coordinated by the research team and the Council.
- 1.13 Information obtained through this process of engagement has been integrated throughout the analysis and informs the conclusions that are reached.

Report structure

- 1.14 The remainder of this report is structured as follows:
- Section 2 – Policy Context
 - Section 3 – Study Geography and Functional Market Areas
 - Section 4 – A Changing Population and Housing Stock
 - Section 5 – Recent Economic Trends
 - Section 6 – An Assessment of Likely Economic Growth
 - Section 7 – Related Need for Employment Land

- Section 8 – Related Need for Housing
- Section 9 – Summary and Conclusions

2. Policy Context

- 2.1 This section provides an overview of the existing policy context, primarily focusing on the national level albeit with a concise summary also of the current LDP for NPT. Specific references to aspects of national policy as well as sub-regional policies and strategies are separately made throughout the document where they provide context to the evidence presented and the conclusions reached.

National Planning Policy

- 2.2 PPW and Future Wales set out how the planning system at a national, regional and local level can assist in delivering sustainable development and achieving sustainable places through SDPs and LDPs.

Planning Policy Wales

- 2.3 PPW sets out the land use planning policies of the WG. It is supplemented by a series of Technical Advice Notes (TANs), WG Circulars, and policy clarification letters, which together with PPW provide the national planning policy framework for Wales.
- 2.4 PPW states that its primary objective is to ensure that the planning system contributes towards the delivery of sustainable development and improves the social, economic, environmental and cultural well-being of Wales, as required by the Planning (Wales) Act 2015, the Well-being of Future Generations (Wales) Act 2015 and other key legislation and resultant duties such as the Socio-Economic Duty.
- 2.5 It confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It specifically states that these plans should be based on evidence which is tested through the Examination procedure.
- 2.6 With specific reference to the subject of this report, as well as the separately prepared LHMA, PPW confirms that:
- “As part of the development plan process planning authorities need to understand their local housing market and the factors influencing housing requirements in their area over the plan period” [WG (2021) PPW, Edition 12, paragraph 4.2.3]*
- 2.7 It also proceeds to confirm that:
- “In preparing and co-ordinating development plans and local housing strategies a collaborative approach should be adopted, involving housing and planning representatives in the public and private sectors and communities” [Ibid, paragraph 4.2.3]*
- 2.8 PPW also states that ‘the housing requirement that has been identified by the planning authority must be realistic and deliverable’, and that:

“These requirements must be based on evidence and clearly express the number of market and affordable homes the planning authority considers will be required in their area over the plan period” [Ibid, paragraphs 4.2.4 and 4.2.5]

2.9 In justifying the establishment of a housing requirement, it confirms that:

“The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans” [Ibid, paragraph 4.2.6]

2.10 It states that these:

“...should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify an appropriate strategy for the delivery of housing in the plan area” [Ibid, paragraph 4.2.6] (emphasis added)

2.11 In the context of understanding future needs, PPW is clear to recognise that:

“Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options” [Ibid, paragraph 4.2.7]

2.12 As emphasised further in the concluding section of this report, its analysis and conclusions provide the Council with an evidential understanding of the relationship between homes and jobs, taking the official projections as a starting point, for it to consider alongside the other identified aspects of its evidence base in the development of a reasonable policy approach.

2.13 Where this report also separately considers the potential future need for employment land, PPW notably also confirms that *‘the planning system should ensure that the growth of output and employment in Wales as a whole is not constrained by a shortage of land for economic uses’*. [Ibid, paragraph 5.4.1]

2.14 With reference to evidencing the need for employment, it states that any ‘review’ should include:

“...an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately” [Ibid, paragraph 5.4.8]

2.15 The alignment of housing and jobs is also reinforced within section 5 of PPW, where it states that as one of a number of aims planning authorities should *'align jobs and services with housing and sustainable transport infrastructure, to reduce the need for travel, and dependency on travel by car'*. [Ibid, paragraph 5.4.13]

2.16 The above aspects of plan-making are set within the context of the overall 'placemaking' principles described in PPW. This includes the principle that *'the location of housing, employment and leisure and other facilities are planned to help reduce the need to travel'*[Ibid, p15]. This is also reflected within the Strategic Placemaking section and the development of a spatial strategy and site search sequence, which confirms that:

"A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport" [Ibid, paragraph 3.42]

Future Wales

2.17 Future Wales is the national development plan for Wales. Published in February 2021, it forms part of the statutory development plan for local authorities in Wales.

2.18 A series of underlying outcomes are established, which are introduced as overarching ambitions based on national planning principles and national sustainable placemaking outcomes set in PPW. They therefore represent a vision or statement as to where the WG wants Wales to be in 20 years. These 11 outcomes can be summarised as *'A Wales where people live:*

- ...and work in connected, inclusive and healthy places
- ...in vibrant rural places with access to homes, jobs and services
- ...in distinctive regions that tackle health and socio-economic inequality through sustainable growth
- ...in places with a thriving Welsh Language
- ...and work in towns and cities which are a focus and springboard for sustainable growth
- ...in places where prosperity, innovation and culture are promoted
- ...in places where travel is sustainable
- ...in places with world-class digital infrastructure
- ...in places that sustainably manage their natural resources and reduce pollution
- ...in places with biodiverse, resilient and connected ecosystems
- ...in places which are decarbonised and climate-resilient

- 2.19 The above outcomes collectively are important to the scope of this evidence-based report, albeit the emphasis placed on the creation of connected places is particularly important when considering the relationship between the future growth in jobs and homes reflecting on the place-making outcomes summarised above in PPW.
- 2.20 Section 3 further considers the spatial policy context established through Future Wales – which designates NPT as part of a National Growth Area – but with reference to the evidencing of growth and related needs it is noted that Policy 28 of Future Wales presents Housing Growth Projections for South West Wales. These reflect the Estimates of Additional Housing Need in Wales (2019-based), which were prepared using the 2018-based household projections.
- 2.21 These projections suggest a need for 25,600 additional homes across South West Wales by 2039. It proceeds to confirm that these estimates *‘provide part of the evidence and context on which Housing Requirements for SDP can be based and should be considered at the regional scale’* [WG (2021) Future Wales, p146].

Neath Port Talbot Local Development Plan

- 2.22 NPT’s current LDP was adopted in January 2016. The document sets out the Council’s vision and objectives, together with a series of policies and proposals which together sets the framework for the development and use of land in the County Borough between 2011 and 2026.
- 2.23 The LDP established a requirement for 7,800 homes based on an economic-led scenario which envisaged the creation of 3,850 jobs, described as being complementary to the approach taken by neighbouring Swansea. A total of 96ha of land is also allocated for employment uses, including space to accommodate the needs of the energy sector and ancillary facilities and services.
- 2.24 The LDP observes that the chosen economic-led scenario is aspirational in its approach, aiming to increase economic activity while reducing unemployment in line with the Welsh average. The relationship with housing need is acknowledged with a recognition that the level of housing identified as being needed is mainly driven by the reduction in average household size whilst also encouraging an element of migration into the county. This sought to ensure that NPT becomes more independent and less reliant on outside sources of labour by improving the economic activity rates of residents.

3. Study Geography and Functional Market Areas

- 3.1 As set out in section 1, this assessment has been prepared to inform the RLDP that is being produced for NPT. It therefore focuses on the administrative area of NPT in its presentation of analysis and related conclusions.
- 3.2 The work has been jointly commissioned with Swansea, using a shared methodology, and reference is therefore also made where appropriate to the findings of its own assessment which is being completed in parallel.
- 3.3 Section 1 also introduced that the assessment is intended to be used to help build an evidential foundation for the future South West Wales SDP. This geographic area encompassing Swansea, Carmarthenshire and Pembrokeshire therefore also forms an important reference point for the study.
- 3.4 This section considers evidence on the functional relationships between NPT and the other authorities within this wider geography, as well as other proximate and adjacent authorities within this plan-making context. It looks at the study area in its wider strategic/ policy context and then functional linkages including commuting, travel to work areas, migration, house prices and flows of goods, services, information and retail and consumer catchment areas. It uses this analysis to conclude on the extent to which NPT represents a distinct and self-contained housing market and functional economic market area geography. This is important in providing a spatial context to the subsequent sections where there is an appreciation that future scenarios of growth, with regards both population and housing, will have a more direct impact on those adjoining areas with the strongest evidenced relationships.

The study area in its wider strategic / policy context

- 3.5 The County Borough of NPT is located on the coast between the City and County of Swansea to the west and the County Borough of Bridgend to the east. To the north are the counties of Carmarthenshire, Powys, Rhondda Cynon Taf (RCT) and the Brecon Beacons National Park (BBNP).
- 3.6 The County Borough is over 44,217 hectares in size and incorporates two distinct physical geographies – the Coastal Corridor areas along the M4 of Neath and Port Talbot and the five more rural Valley areas of Amman Valley, Afan Valley, Dulais Valley, Neath Valley and Swansea Valley.
- 3.7 The Coastal Corridor area of the County Borough encompasses a relatively narrow coastal strip extending around Swansea Bay where the main centres of population, employment and the M4 corridor and London-West Wales railway line are located. The Valleys in contrast are characterised by the attractive landscape setting of river valleys separated by upland plateaus and mountains. The Valleys are rural in aspect and contain scattered communities throughout which have strong individual characteristics and identities but share common features and problems.

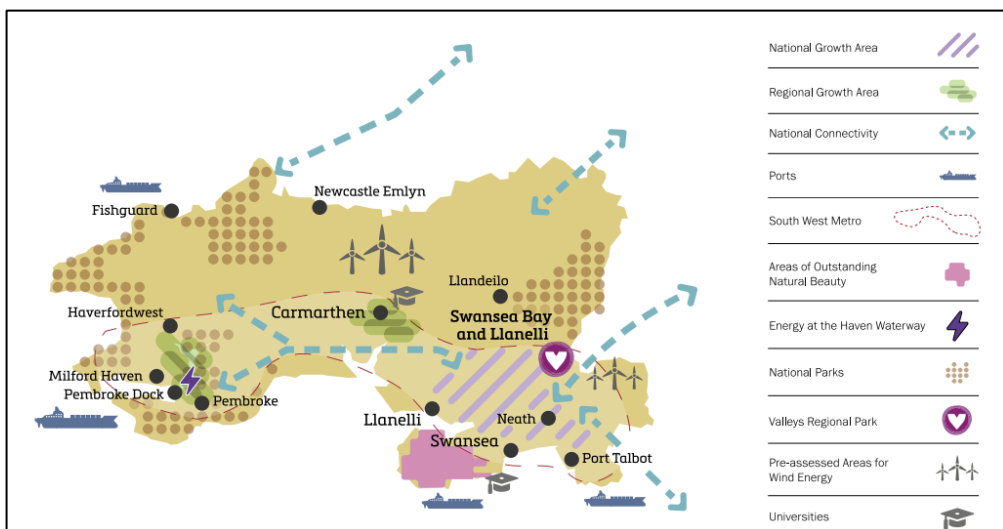
Figure 3.1: Introducing NPT



Source: NPTC

3.8 Future Wales, as introduced in the preceding sections, provides a national spatial strategy. This spatial strategy is identified as the overarching framework for deciding where to locate nationally significant developments. It disaggregates Wales into regions, with South West Wales one of these regions and shown at Figure 3.2.

Figure 3.2: South West Wales



Source: Future Wales 2040

- 3.9 This diagram highlights the inter-connections within the region but also with surrounding regions, including important connections to the South East (Cardiff) and through into Mid-Wales and the English Midlands.
- 3.10 Outside of national policy the importance of appreciating these wider functional relationships is also clear where there are a number of economic and spatial strategies which cover larger footprints than just NPT. These include the South West Wales Regional Economic Delivery Plan (REDP) and the South West Wales Energy Strategy, both produced in 2022.
- 3.11 The REDP replaces the Swansea Bay City Region Economic Regeneration Strategy and complements the WG's Regional Economic Framework (REF). It recognises that South West Wales has a diverse economy and a unique set of natural and cultural assets underpinned by the quality of its coastal and rural environment, industrial heritage and capacity and university presence and sets out an ambitious 'route map' for the development of the region's economy over the next ten years, recognising the benefits of inter-linkages between the various economic assets.
- 3.12 Reflecting the region's population distribution and historic industrial development, the REDP recognises that the largest concentration of employment in South West Wales is in the east of the region, around Swansea Bay. It identifies a number of economic assets, including the Port Talbot Waterfront Enterprise Zone (EZ). The latest published Strategic Plan for the EZ [Port Talbot Waterfront Enterprise Zone Strategic Plan (2018-2021)] confirms that it has successfully accommodated a wide diversity of sectors – including advanced materials and manufacturing, energy and environment and construction. This alongside other employment hubs/ key assets identified, including the Port Talbot Steelworks, Swansea City Centre, SA1, Swansea University Bay Campus and a number of larger business park and industrial estates evidently draw labour from within NPT and Swansea but also beyond. Further consideration is given to informing economic strategies and these centres of employment in subsequent sections of this report.
- 3.13 Like the REDP, the South West Wales Energy Strategy, published in March 2022, recognises the functional nature of networks and the need to consider these strategically across the region. The Strategy identifies a vision to:
- “...harness the region's low carbon energy potential across its on and offshore locations, to deliver a prosperous and equitable net zero carbon economy which enhances the well-being of future generations and the region's ecosystems, at a pace which delivers against regional and national emissions reduction targets by 2035 and 2050”*
- 3.14 It identifies the potential for jobs to be created within manufacturing, construction, operation and maintenance of plant and equipment before translating its vision into a series of actions, which includes, for example the ambition to see a 10% reduction in private vehicle mileage by 2035.

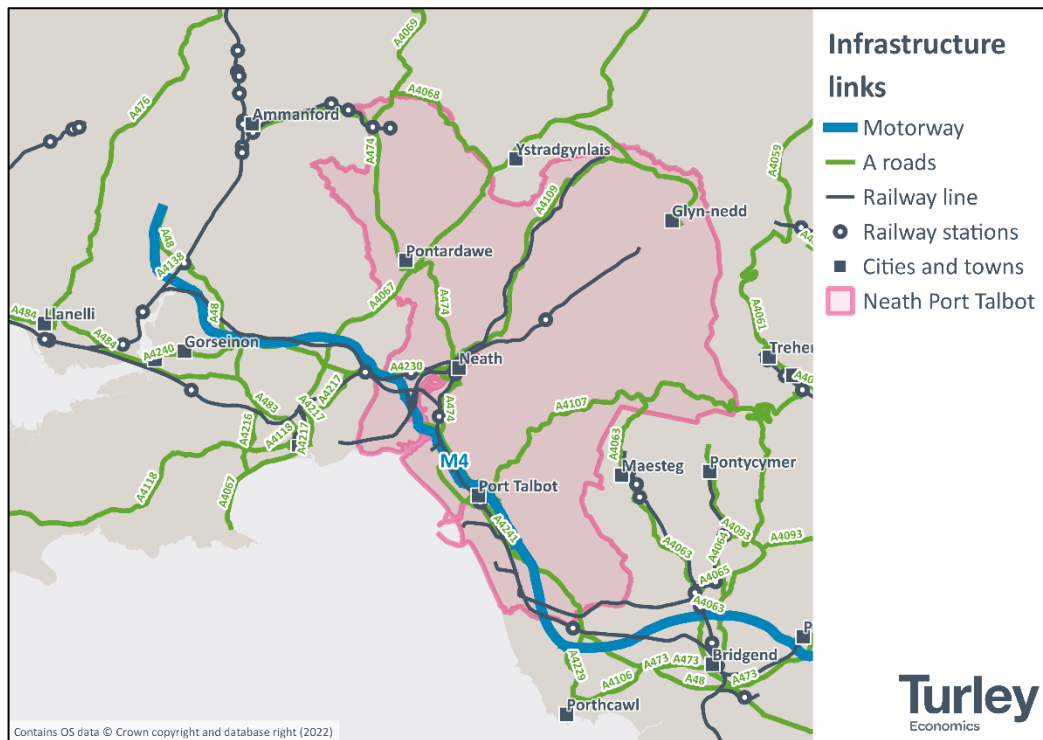
Understanding relationships with surrounding areas

- 3.15 This section now turns to identifying the relationships between NPT and surrounding areas.
- 3.16 Future Wales prescribes the advancement of SDPs for each of the regions. PPW also confirms that these *'Strategic Plans should be prepared on a regional basis and should reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas'* [WG (2021) PPW, Edition 12, paragraph 1.25].
- 3.17 PPW also recognises, in the context of strategic placemaking and specifically the topic of spatial strategy and site search sequencing, the importance of similar geographic and spatial drivers in plan-making. Specifically, it considers that in evidencing the identification of suitable areas and sites for development, evidence should not be confined by local authority boundaries but instead should be undertaken for housing market areas.
- 3.18 In the absence of guidance in the Manual, and in the context of this study evidencing housing and employment growth in NPT, consideration has been given to key relevant drivers on this basis, including commuting (travel to work), migration (population), house prices (market signals) and retail and consumer catchment areas.

Travel to work patterns

- 3.19 Travel to work patterns are specifically referenced within the above policy and guidance as an important consideration in the understanding of market geographies for economic development and also arguably housing, noting the relationship between jobs and homes stressed in the guidance.
- 3.20 NPT is served by a range of strategic infrastructure links, including the M4 motorway – which runs through Port Talbot – and several A roads, including the A465 which links NPT to the English Midlands. It also has several railway stations offering regular passenger services to Swansea, Cardiff, Llanelli, Carmarthen and other destinations.

Figure 3.3: Key Infrastructure Links



- 3.21 These infrastructure links allow residents of NPT to commute to various destinations, albeit data collated over the last decade (2013-22) by WG – through the APS – indicates that the majority of working residents, an average of 57%, stay in the County Borough for work or would have done during the COVID-19 pandemic had restrictions not been in place [WG (2023) Commuting patterns by Welsh local authority and measure, 2013 to 2022]. The latest Census, held at the height of the pandemic in March 2021, indicated that more residents – some 70% – worked in NPT at that point, although this was clearly influenced by restrictions and included 34% who were mainly working from home, with the Census asking for respondents’ actual place of work rather than their *normal* workplace like the APS.
- 3.22 While the majority of residents work in NPT, a number do commute to work elsewhere, most often to Swansea according to the latest Census. The WG data offers less of a breakdown and does not report all destinations, but it reaffirms that Swansea – and to a much lesser extent Bridgend – has been the leading place of work for residents of NPT over the past decade, aside from the County Borough itself.

Table 3.1: Main commuting flows from NPT (2021)

Place of work	Number	%
Working residents of NPT	59,185	100%
Worked from home or no fixed place of work	20,389	34%
Travelled to work elsewhere in NPT	20,918	35%
Travelled to work in Swansea	9,302	16%
Travelled to work in Bridgend	2,871	5%
Travelled to work in Carmarthenshire	1,389	2%
Travelled to work in RCT	761	1%
Travelled to work in Cardiff	760	1%
Travelled to work in Powys	749	1%

Source: Census 2021

- 3.23 NPT also attracts people from elsewhere to fill its jobs, with approximately 43% of those working in the County Borough as of the 2021 Census – excluding anyone working from home – not residing within it. One in five lived in Swansea and 9% lived in Bridgend.

Table 3.2: Main commuting flows to NPT (2021)

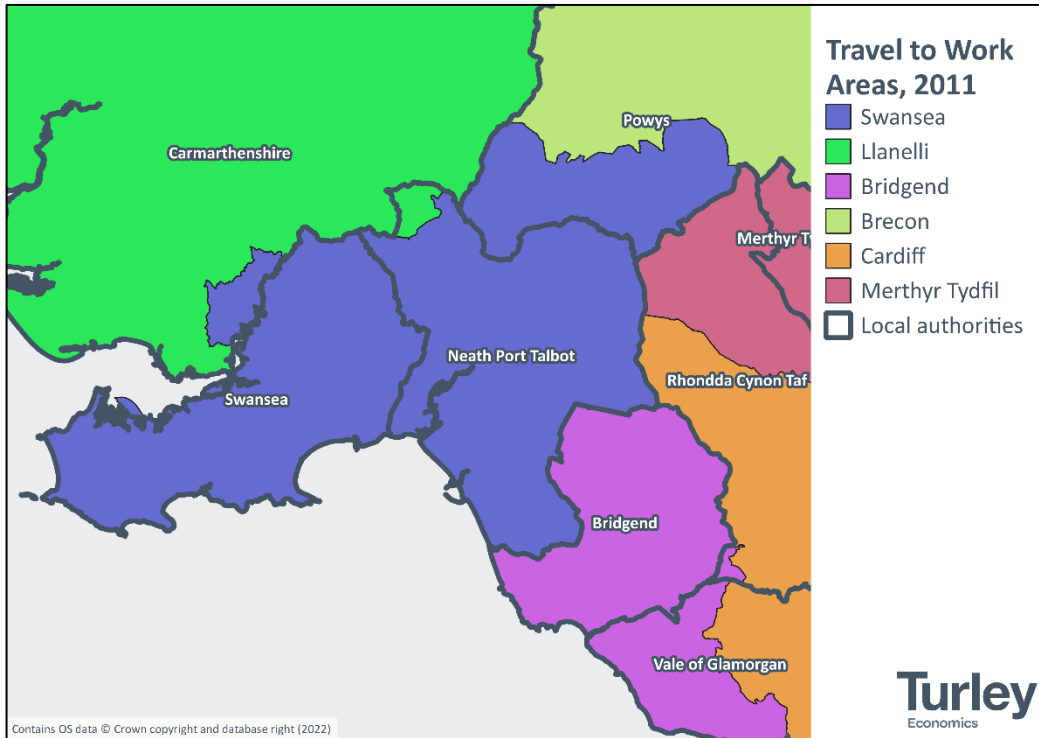
Place of residence	Number	%
Individuals at workplaces in NPT	36,608	100%
Residents of Swansea	20,918	57%
Residents of Bridgend	7,162	20%
Residents of Carmarthenshire	3,446	9%
Residents of RCT	1,794	5%
Residents of Powys	913	2%
Residents of Cardiff	630	2%

Source: Census 2021

- 3.24 The Office for National Statistics (ONS) used data from the 2011 Census to update its own defined TTWAs in 2016, seeking to '*approximate labour market areas*' and '*reflect self-contained areas in which most people both live and work*'. It aimed to define reasonably populated areas, not bound to local authority geographies, in which at least 75% of residents work and at least 75% of workers live. Areas with a working population in excess of 25,000 people were, however, allowed to contain as little as two thirds of their residents and workforce as part of a trade-off between workforce size and the level of self-containment [ONS (2016) TTWA analysis in Great Britain].
- 3.25 This process led to the identification of a Swansea TTWA which, as shown by Figure 3.4, extended to cover almost all of NPT as well as parts of Powys and Carmarthenshire. Only the northernmost part of the County Borough – an area containing the villages of Cwmgors, Gwaun-Cae-Gurwen and Tairgwaith, collectively home to around 4,220

people as of 2021 – was judged to have a stronger relationship with Llanelli and was thus allocated to that TTWA instead.

Figure 3.4: Travel to Work Areas 2011



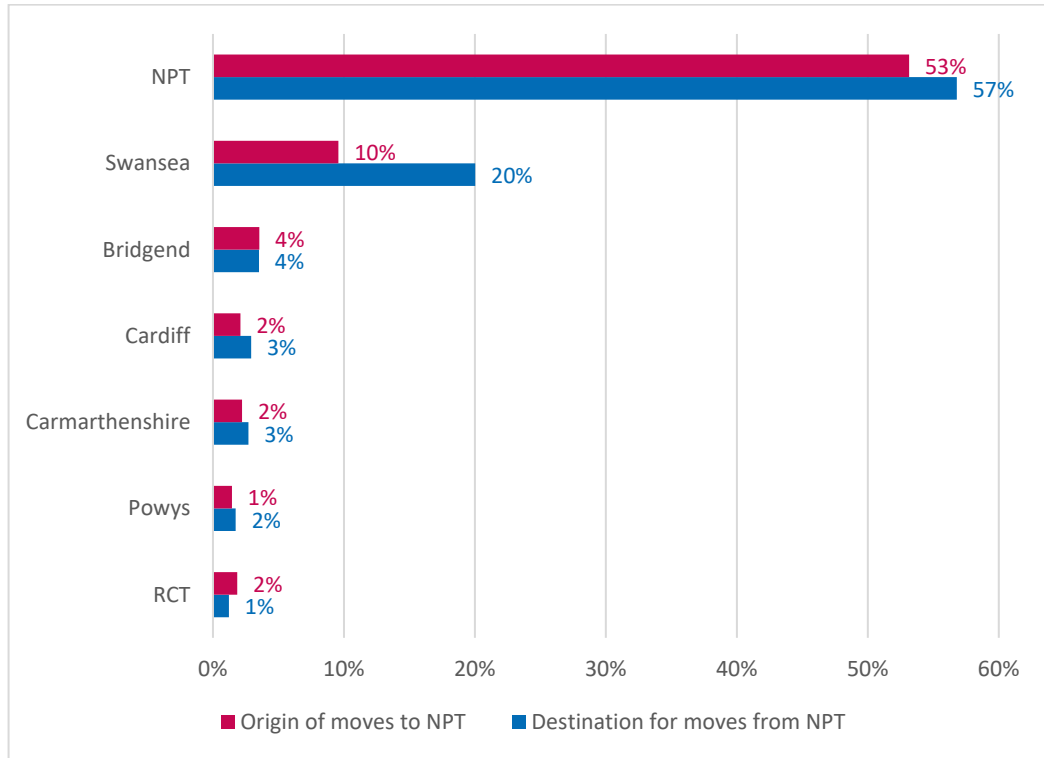
Source: ONS

Migration

- 3.26 Migration patterns provide an indication of both the extent to which housing markets are self-contained, and the strength of relationships with neighbouring areas.
- 3.27 Whilst the Manual, as noted above, does not specifically reference migration flows as a direct indicator, it does refer to housing markets and guidance in England has consistently recognised the relationship between where people move and a housing market area geography. Current national Planning Practice Guidance (PPG) for England suggests in the context of plan-making for instance that authorities should seek to identify *‘the extent to which...a relatively high proportion of short household moves are contained (due to connections to families, jobs and schools)’* [PPG Reference ID 61-018-20190315]. It offers no guidance on how *‘short household moves’* should be defined or isolated. The preceding guidance provided an indicative quantified threshold for judging containment suggesting authorities *‘identify the areas within which a relatively high proportion of household moves (typically 70%) are contained. This excludes long distance moves...’* [PPG Reference ID 2a-011-20140306].
- 3.28 The Census remains the only official dataset which can be used to calculate the self-containment of moves. It suggests that circa 57% of the individuals who moved from an address in NPT during the year before the latest Census, in March 2021, remained somewhere in the County Borough. Around 20% moved to Swansea, while circa 4% moved to Bridgend and 3% moved to each of Cardiff or Carmarthenshire.

3.29 Measured another way, approximately 53% of all moves to addresses in NPT during this year to the 2021 Census originated in the County Borough. Circa 10% previously lived in Swansea and 4% moved from Bridgend, while 2% lived in each of Carmarthenshire, Cardiff or RCT.

Figure 3.5: Key Migration Flows (2020-21)



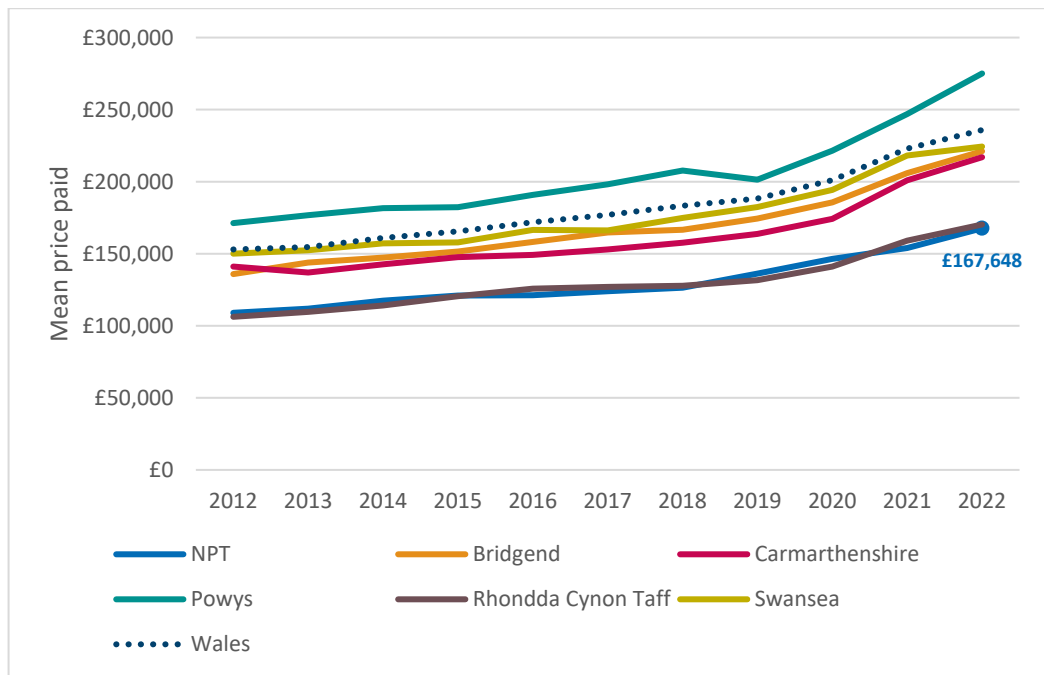
Source: Census 2021

House prices

3.30 Analysis of house prices, using data released by the ONS, can reveal spatial distinctions in terms of the balance between housing supply and demand. This responds to the steer provided by the Manual to explore geographical synergies between places, with house prices again an important recognised market signal in understanding housing market geographies.

3.31 At the authority level, it is apparent that house prices are relatively low in NPT compared to many of its neighbours with the exception of RCT [ONS (2023) Mean house prices for administrative geographies: HPSSA dataset 12]. An average of £167,648 was paid in 2022 – the last complete year reported when this study commenced – with this being around 2% less than the average for RCT but nearly a quarter (23%) below Carmarthenshire, as the area with the next lowest prices. Figure 3.6 shows that this trend is long established, with average prices in NPT consistently aligning with those in RCT but always being lower than the prices in other neighbouring authorities. It is, however, of note that the rate of growth over the last reported decade – at 54% in NPT – has been comparable to that seen in neighbouring authorities, which ranged from 50% in Swansea to 63% in Bridgend.

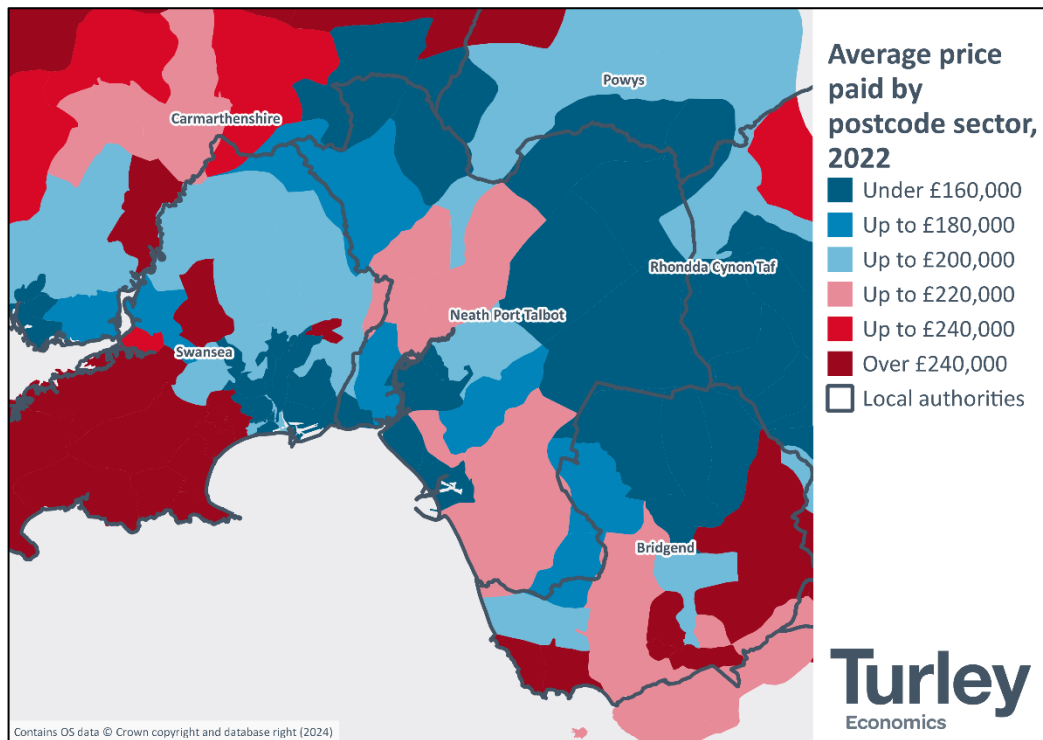
Figure 3.6: Average Price Paid Compared to Neighbouring Authorities (2012-22)



Source: ONS

3.32 These distinctions are also apparent below the local authority level, when using Land Registry data to establish the average price paid in different postcode sectors, albeit this does highlight some nuances. There is evidently some commonality between the prices paid in NPT and the eastern part of Swansea, as well as with the nearest parts of Powys and Bridgend. The averages for these whole authority areas are, however, inflated by sales in their higher value locations, of which there appears to be no equivalent in NPT.

Figure 3.7: Average Price Paid by Postcode Sector (2022)



Note: categories defined relative to the average price of circa £205,000 across the six authorities as a whole, rounded down to the nearest £10,000

Source: Land Registry; Turley analysis

Retail and consumer catchment areas

- 3.33 An assessment of retail and consumer catchment areas was undertaken to inform the current LDP and will be revised as part of work to inform the RLDP. In the interim, the Council has continued to monitor retail areas designated and allocations in the current LDP.
- 3.34 This work has identified Neath and Port Talbot as the dominant town centres in the County Borough with Pontardawe town centre serving a more localised catchment area. The town centres are understood to be performing relatively well and have relatively low vacancy rates. Since the adoption of the LDP work has been undertaken in Neath town centre and the new leisure and retail facility.
- 3.35 Notwithstanding this, evidence to inform the existing LDP noted that all three town centres had fallen down the retail rankings from 2005 to 2011 suggesting that the centres were not keeping pace with the improvements being made by other competing centres in the wider region. It was noted that the retail centres in NPT were increasingly facing competition from Cardiff, Swansea, Bridgend and Llanelli town centres but also out-of-town retail options including retail parks at Llansamlet, Fforestfach, Morfa, Trostre and MacArthur Glen Designer Outlet in Bridgend and that therefore there is a trend for expenditure leakage from the County Borough for comparison and bulky goods.

- 3.36 Taking this into consideration, it could be suggested that residents within NPT do not rely upon retail facilities within the County Borough but instead use facilities within neighbouring authorities and across the South West and South East regions.

Summary and implications: Defining functional geographies

- 3.37 At the request of the Council, taking account of the above, consideration has been given to the geographical extent of functional housing market and economic areas relating to NPT.

Housing Market Area

- 3.38 The containment of moves is an important indicator of the self-contained nature of a strategic housing market area geography, with a threshold of 70% often cited based on historic guidance for England. NPT in isolation does not exceed this benchmark, as fewer than 60% of all individuals moving into and out of a home in NPT – during the year prior to the 2021 Census – respectively originated in, or stayed in, the County Borough. Circa 10% of moves into NPT originated in Swansea, which was also the destination for around 20% of those moving from homes in NPT.

- 3.39 House prices are another important signal of housing market performance and operation. Average values in NPT are distinct from most surrounding authorities, with the exception of RCT with which the County Borough has closely aligned over the last decade. Those parts of Swansea that immediately adjoin NPT did though see broadly comparable house prices in the last reported calendar year, as did the equivalent areas of Carmarthenshire and Powys. This indicates that NPT has similarities to parts of each of the authorities that it borders.

- 3.40 These market relationships are likely to at least partially reflect commonalities in housing stock and the geographic proximity of settlements to administrative boundaries. While commuting and travel to work flows are considered in more detail below, with reference to functional economic market geographies, it is clear that there are flows of labour in and out of NPT with this in turn reinforcing the importance of inter-relationships in the operation of the housing market.

- 3.41 It should be noted that separate sub-market areas have been identified within the LHMA.

Functional Economic Market Area

- 3.42 It is evident from Figure 3.4 that the geographical footprint of the TTWA which contains NPT – intended to capture 75% of all commuting flows – extends beyond the County Borough and fits relatively closely to the combined authority area with Swansea.

- 3.43 This geographical definition is unsurprising when looking at the latest available commuting data, which clearly shows the strongest flows being between NPT and Swansea.

- 3.44 In the context of the above it is reasonable to suggest that in determining a functional economic market area, NPT and Swansea could be broadly considered collectively. Each area does though still offer the opportunity for residents to live and work within

their boundaries, where 69% of the working population of NPT either work from home or travel to a workplace within the County Borough.

- 3.45 Beyond the relationships recognised specifically with Swansea, in particular in terms of commuting, the above analysis also shows other important functional relationships. It shows a relationship with **Bridgend** for example, even if this is weaker than the one that exists with Swansea, no doubt reflecting the connections created by the M4, as well as with **Carmarthenshire** which – unlike Bridgend – forms part of the established geography of South West Wales. Over twice as many people commuted into NPT from Bridgend than from Carmarthenshire, the next largest of the South West Wales authorities, and the same is true of the outflow from NPT. Pembrokeshire is the other of the four authorities within South West Wales but its relationship with NPT appears to be much weaker at present, albeit there is potential for this to change in future with the development of the Freeport across the ports of Milford Haven and Port Talbot, introduced later in this report.

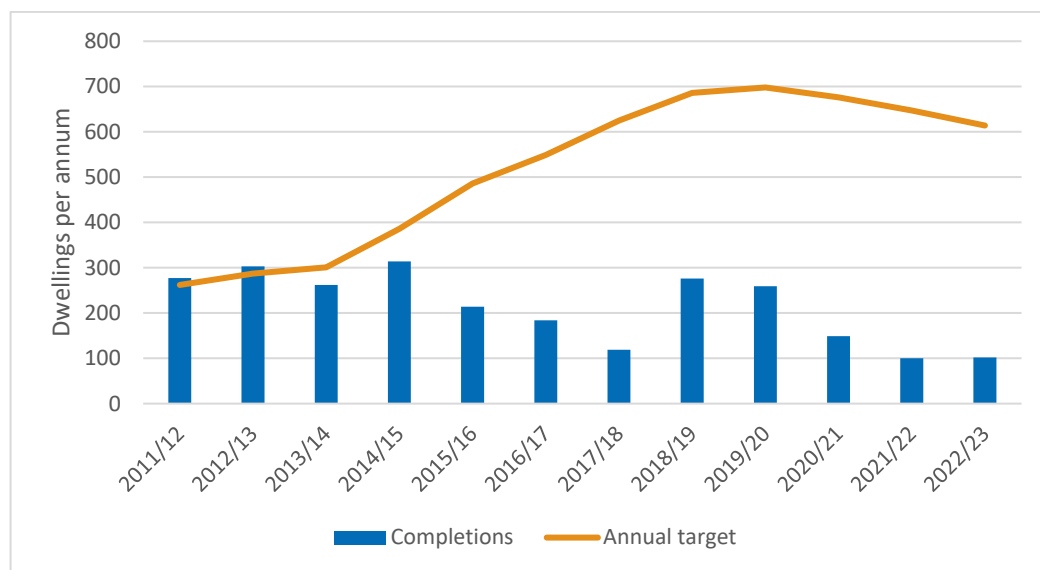
4. A Changing Population and Housing Stock

- 4.1 The future need for both housing and employment growth will be driven in part by the changing size and profile of the population, which is in turn influenced by the available housing stock. Recent trends are therefore established in this section.

Growth in the housing stock, but not of the scale planned

- 4.2 The Council's monitoring indicates that around 213 dwellings per annum have been completed on average throughout NPT since the start of the current plan period in 2011, with no more than 314 homes completed in any one year [NPTC (October 2023) Annual Monitoring Report, Table 6.1.2]. The LDP set a requirement for 584 dwellings per annum on average, for the period from 2011 to 2026, with its trajectory envisaging as many as 698 homes being completed in any year of the plan period to date [NPTC (January 2016) LDP 2011-2026, p105]. Delivery has evidently not reached this level, with only 41% of planned housing growth to 2023 actually delivered. The Council's Review Report of July 2020 identifies a number of reasons why development has not come forward, including substantial decreases in residual values over the plan period and a significant increase in build costs.

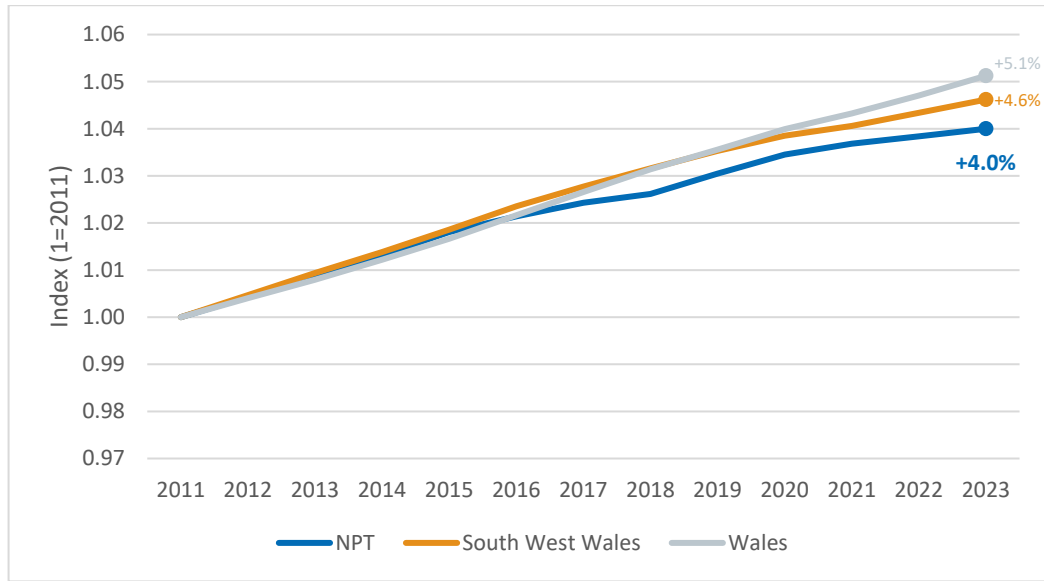
Figure 4.1: Housing completions in NPT compared to targets (2011-23)



Source: Council monitoring

- 4.3 Given this, NPT has consequently grown its housing stock at a slower rate than the whole of South West Wales, or indeed the whole of Wales [2011 Census; WG (2022) New dwellings completed by area, dwelling type and number. Data for NPT has been replaced with the Council's own monitoring, for consistency]. This divergence has become particularly apparent since 2016, beyond which point around 38% fewer homes were provided annually than in the first five years of the plan period (170/274dpa). This contrasts with the steadier rate of delivery across Wales, which has allowed its housing stock to keep growing at a relatively consistent rate.

Figure 4.2: Benchmarking growth in housing stock since 2011

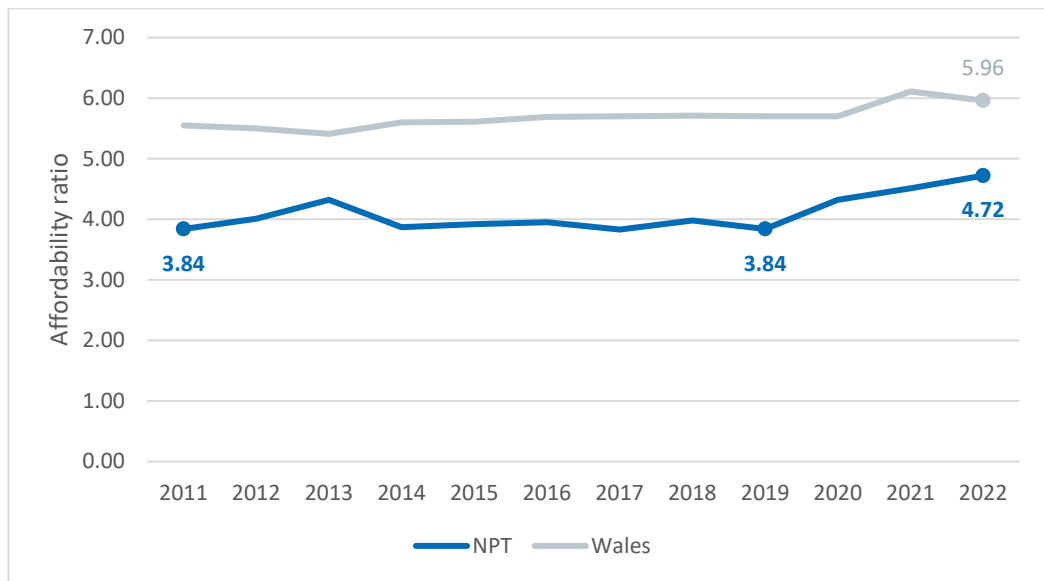


Source: Council monitoring; WG

Worsening relationship between house prices and earnings

- 4.4 The slowing rate of new supply is likely to have been a factor behind the recent worsening of affordability in NPT, as the previously stable ratio between lower quartile house prices and the earnings of those working in the County Borough has increased by some 23% over the past three reported years (2019-22) having effectively not changed in the earlier years of the plan period to that point [ONS (2023) House price to workplace-based earnings ratio, Table 6c]. It is though important to note that even the resultingly higher ratio, in 2022, continues to compare favourably to the Welsh average, indeed being the 20th lowest of the country's 22 local authorities worse only than in Blaenau Gwent (3.87) and Merthyr Tydfil (4.64).

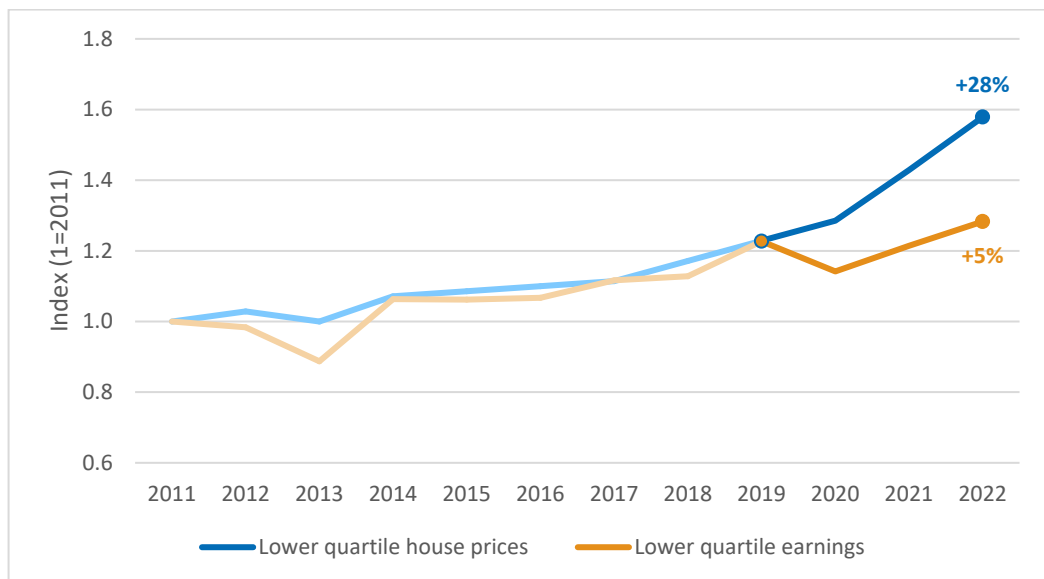
Figure 4.3: Ratio between lower quartile house prices and earnings (2011-22)



Source: ONS; Turley analysis

- 4.5 The background data published with these ratios confirms that the worsening recently seen in NPT has been driven both by rising house prices and a concurrent slowing of pay growth. While lower quartile house prices and earnings both grew by 23% in the initial years of the plan period to 2019 – leaving the affordability ratio unchanged at 3.84 – the growth of the former has since clearly accelerated, rising by some 28% in only three years, whereas earnings have grown by less than a fifth as much over the same period.

Figure 4.4: Change in lower quartile house prices and earnings in NPT (2011-22)

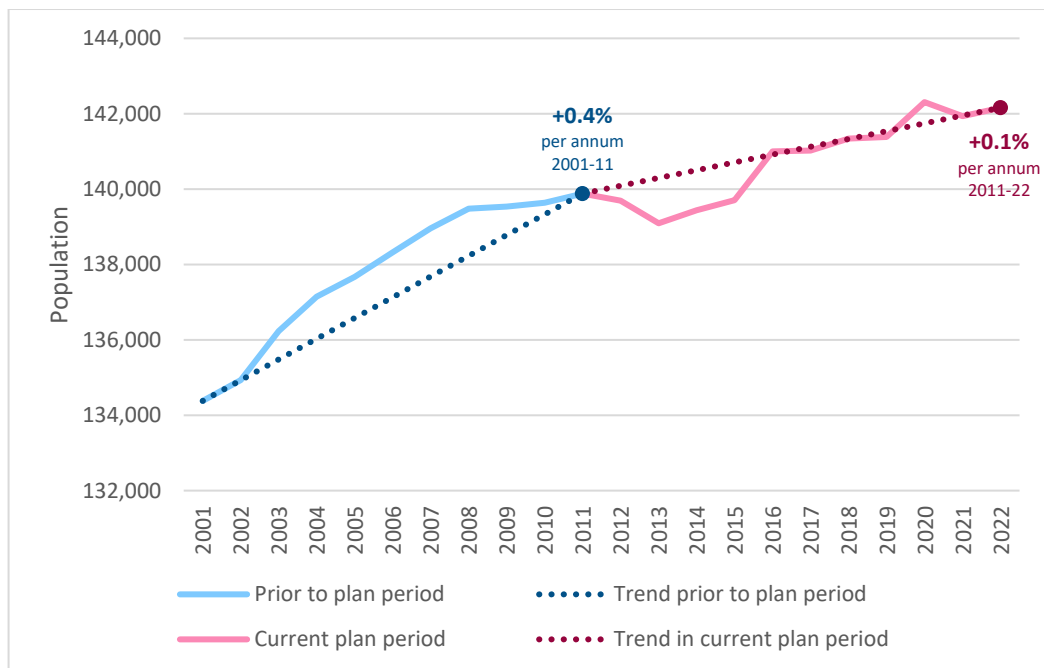


Source: ONS; Turley analysis

Slowing population growth

- 4.6 Beyond contributing to a relative worsening of affordability, delivering fewer homes than planned also appears to have slowed the previous rate of population growth in NPT.
- 4.7 In the decade before the current plan period, NPT’s population grew by an average of 0.4% per annum [ONS (2023) Population estimates]. Since 2011, however, it has grown at only a quarter of this rate (0.1% per annum).

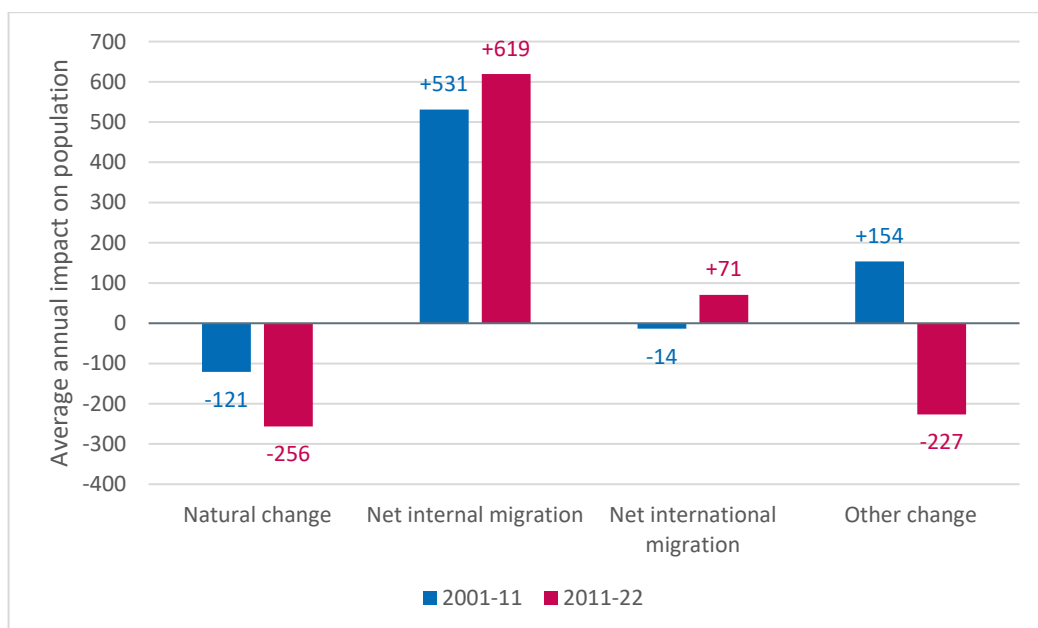
Figure 4.5: Population growth in NPT (2001-22)



Source: ONS; Turley analysis

- 4.8 This slowing is partly due to the shifting balance between births and deaths in NPT, with the latter increasingly outnumbering the former to the extent that natural change is having twice the negative impact on the population as it did prior to 2011. This has been partly offset by a larger net inflow of migrants, both from elsewhere in the UK and beyond, although the international inflow may well have been smaller than reported – with there potentially having even been an *outflow* – given that the ONS has retrospectively reduced its estimates, leaving “unattributable population change” (UPC) that sits within the “other change” category shown at Figure 4.6 [Net migration (internal and international) plus other change – unattributable but likely linked to international migration, as the most challenging for the ONS to estimate – equalled 671 persons per annum prior to 2011, but reduces to 463 persons per annum over the period since].

Figure 4.6: Components of population change in NPT (2001-22)



Source: ONS; Turley analysis

- 4.9 It can also be seen that the population of NPT has rapidly aged during the current plan period. The number of residents aged 65 or above has increased by 17% to account for over one fifth of the total population, albeit with the latter figure being slightly short of the equivalent figure for Wales as a whole (21/22%). The number of working age residents, aged 16 to 64, has contrastingly reduced by circa 2% with this group consequently accounting for a smaller share of the overall population, now aligning with a Welsh average that it previously – if only slightly – surpassed [ONS (2023) Population estimates].

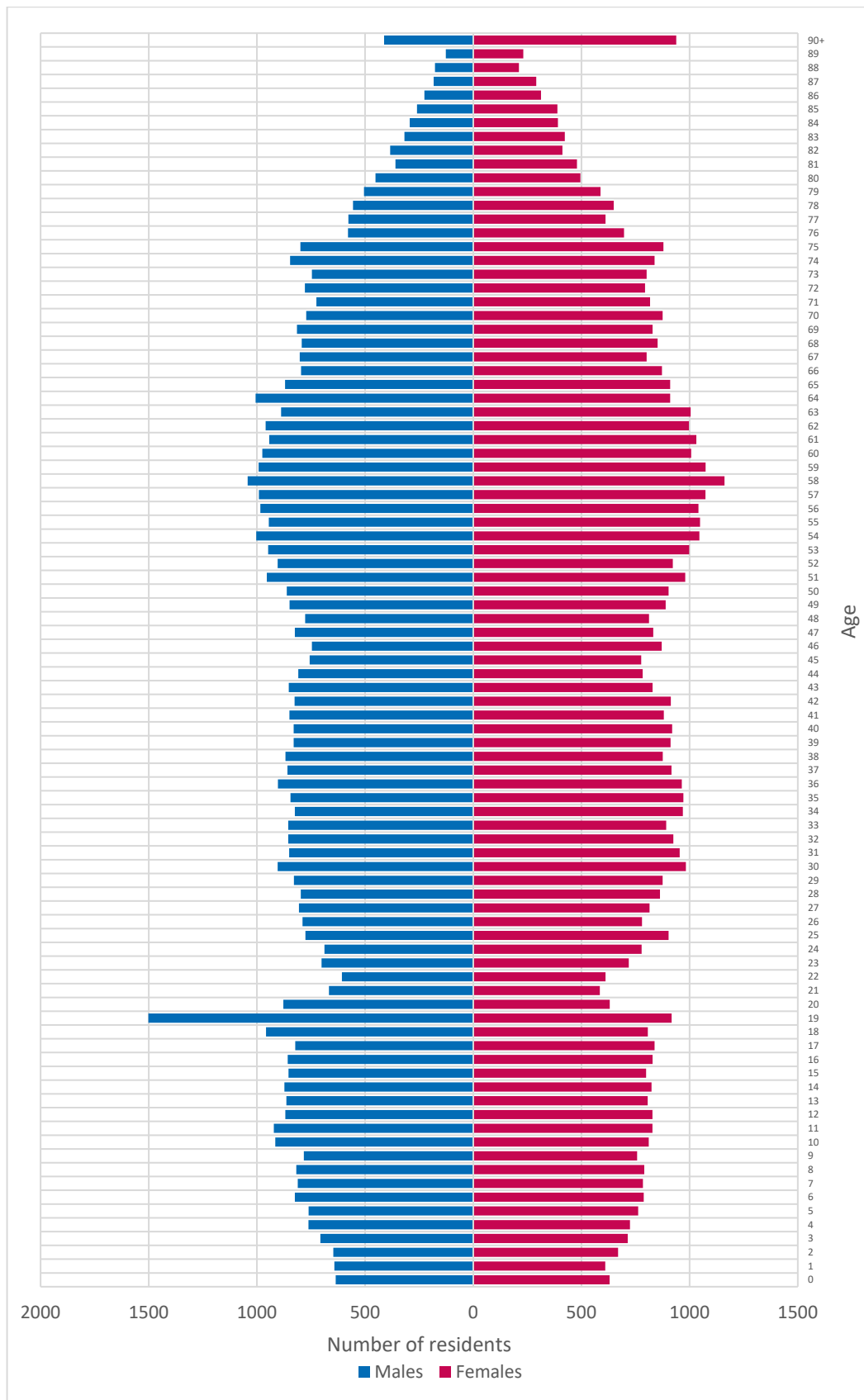
Table 4.1: Change in age profile of NPT (2011-22)

Age cohort	Wales, 2011	NPT, 2011	Change in NPT, 2011-22	NPT, 2022	Wales, 2022
15 and under	18%	24,674 (18%)	+1%	24,813 (17%)	18%
16 to 29	18%	23,562 (17%)	-4%	22,630 (16%)	16%
30 to 44	19%	26,584 (19%)	-1%	26,450 (19%)	18%
45 to 64	27%	38,856 (28%)	-3%	37,726 (27%)	26%
65 and over	18%	26,204 (19%)	+17%	30,539 (21%)	22%
Total	100%	139,880 (100%)	+2%	142,158 (100%)	100%
16 to 64	63%	89,002 (64%)	-2%	86,806 (61%)	61%

Source: ONS; Turley analysis

4.10 Figure 4.7 overleaf uses this same data to further illustrate the age structure of NPT's population in 2022, using a population pyramid. This highlights the particularly large number of young males aged 19, who are likely to be students. It also shows that there are large numbers of women aged 90 or above, surpassing the number of males likely due to longer life expectancy.

Figure 4.7: Population of NPT (2022)

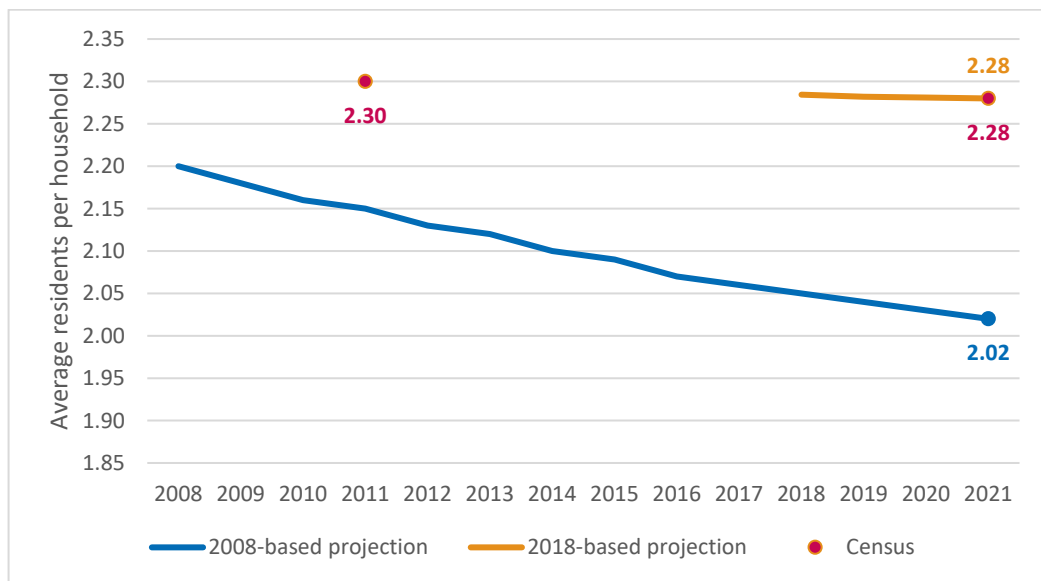


Source: ONS

Larger-than-expected households

- 4.11 Delivering fewer homes than planned may also explain why the average household size in NPT has not reduced at the rate previously anticipated, if individuals have been left with no choice but to stay in the family home or share with other adults for example.
- 4.12 As of the 2011 Census, each household in the County Borough contained an average of 2.30 people. The WG's then-latest 2008-based projections expected this to reduce to 2.02 people by 2021, but the Census of that year confirmed that it fell much more modestly to only around 2.28 people, in line with the WG's more recent 2018-based projection.

Figure 4.8: Average household size in NPT (2008-21)



Source: WG; Census 2011; Census 2021

An apparent fall in economic participation

- 4.13 The proportion of adult residents – aged 16 or above – who were economically active also appears to have reduced between 2011 and 2021, from 56% to 53%. This appears to have been driven by males, particularly in younger age cohorts, with their female counterparts also less likely to be economically active. Older people are though implied to have become more economically active over this period.

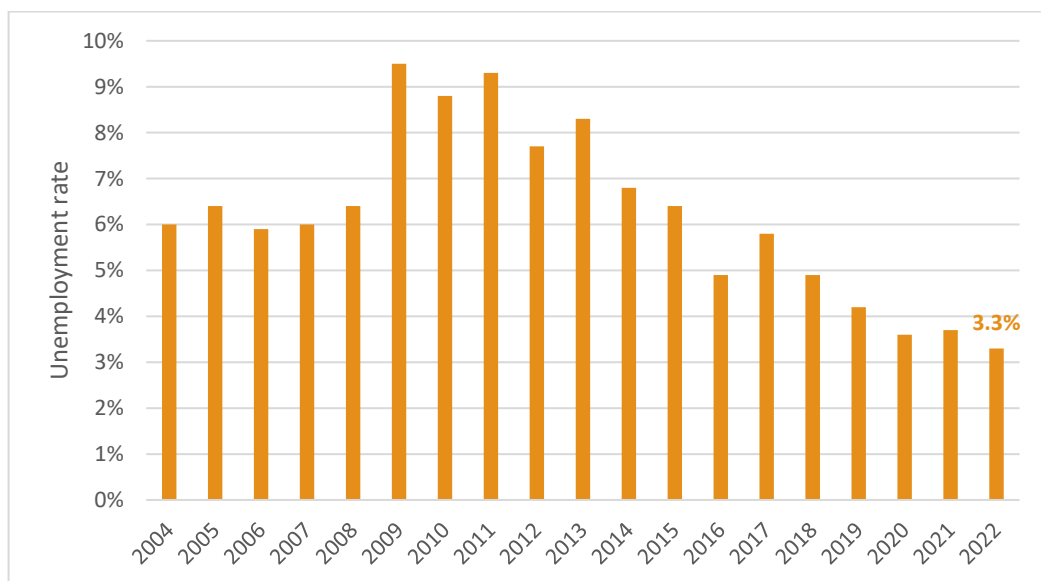
Table 4.2: Change in economic activity rates (2011-21)

Age cohort	Total population in 2011	Total population in 2021	Males in 2011	Males in 2021	Females in 2011	Females in 2021
16 to 24	64%	51%	66%	50%	61%	53%
25 to 34	82%	79%	89%	84%	76%	74%
35 to 49	80%	80%	84%	84%	75%	76%
50 to 64	58%	63%	64%	67%	52%	58%
65 and over	6%	8%	8%	10%	4%	6%
All ages	56%	53%	62%	57%	50%	50%

Source: Census 2011; Census 2021

- 4.14 Reduced economic participation has not led to heightened unemployment, however, as the latter is reported to have stood at an historic low of only 3.3% as of 2022 [ONS (2023) Model-based estimates of unemployment]. This is around two thirds lower than the high of 9.5% recorded during the last recession, in 2009.

Figure 4.9: Unemployment in NPT (2004-22)



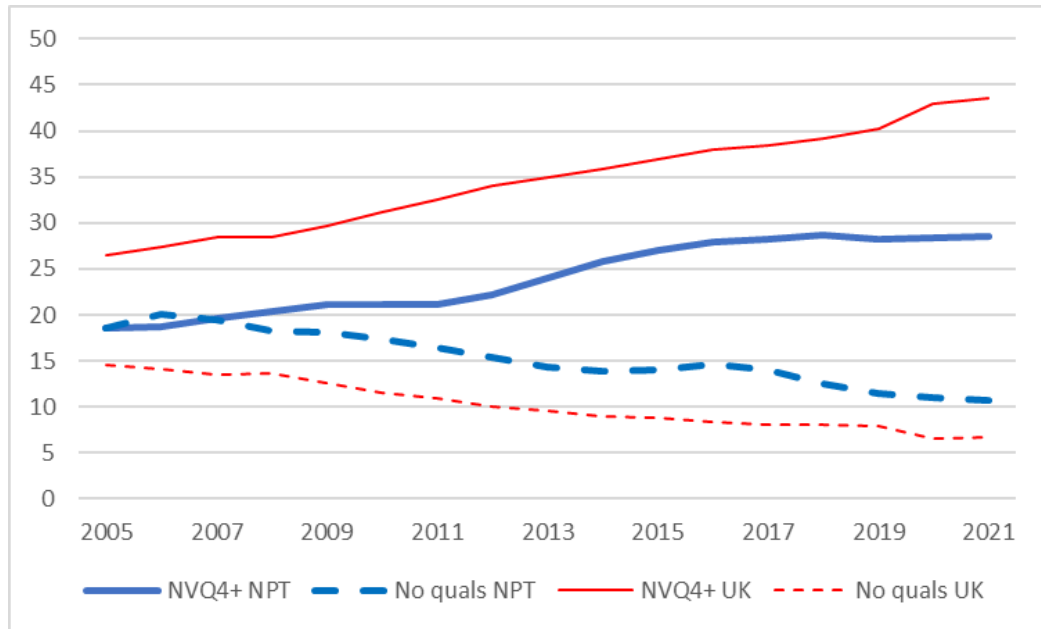
Source: ONS

An increasingly skilled workforce

- 4.15 In general, workforce qualifications in NPT 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. However, the pace of transition has been somewhat slower in NPT 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 4.10: Proportion of population aged 16-64 qualified to NVQ4+ and with no qualifications



Note: Data for NPT is presented as a three-year rolling average to smooth volatility
Source: ONS, APS

- 4.16 Reflecting the workforce skills profile, the occupational profile of NPT’s workforce is somewhat more skewed to ‘lower skilled’ jobs than the UK or Wales averages. In general, there are fewer people working in managerial, professional and associate professional and technical occupations, and relatively more in administrative and secretarial roles and jobs referred to by the ONS as ‘elementary occupations’. However, the trajectory over recent years has been towards increased employment in managerial and professional roles, as well as caring and leisure occupations; with losses in manual and routine occupations, as well as in skilled trades.

Table 4.3: Occupational profile (% of all in employment)

Occupation	NPT	Wales	GB	Change in NPT (pp), 2011-21
Managers & senior officials	8.1	9.4	10.6	2.3
Professional occupations	19.0	20.4	23.8	4.4
Associate prof & tech	12.8	14.9	15.4	1.7
Admin & secretarial	14.8	10.1	10.2	1.6
Skilled trades	10.6	10.3	8.8	-2.8
Caring, leisure & other services	11.8	10.5	9.2	2.1
Sales & customer service	6.5	7.5	7.0	-3.2
Process, plant & machine	7.2	6.5	5.5	-2.4
Elementary occupations	9.2	10.5	9.6	-3.6

Source: ONS; Annual Population Survey

- 4.17 Analysis for the national Working Futures labour market survey anticipates that this trend towards increased employment in managerial and professional occupations, as well as caring and personal service roles, will continue [Department for Education/ Warwick University/ Cambridge Econometrics (2020), Working Futures: Labour market and skills projections, 2017-27]. Looking forward to 2027, Table 4.4 sets out the forecast annual employment growth by occupation for Wales.

Table 4.4: Annual change in employment by occupation, Wales

Occupation	Annual % change in employment, 2022-27
Managers & senior officials	1.1
Professional occupations	1.3
Associate prof & tech	0.8
Admin & secretarial	-1.4
Skilled trades	-0.7
Caring, leisure & other service occupations	1.3
Sales & customer service	-0.3
Process, plant & machine	-0.6
Elementary occupations	0.0

Source: Working Futures

- 4.18 It should be noted however that even in 'declining' occupations, there will still be labour demand, as existing staff are replaced. Working Futures anticipates annual replacement demand in all occupational groups, including in those experiencing a significant net contraction.

Summary and implications

- 4.19 This section has provided an overview of the population, housing stock and labour force of NPT, where all interrelate and influence the future need for housing and employment growth.
- 4.20 It has shown that housing delivery in NPT has fallen short of the level planned since 2011, with provision of only 213 dwellings per annum on average and no more than 314 homes delivered in any one year. The housing stock of NPT has consequently grown at a slower rate than that of Wales or South West Wales, particularly since 2016.
- 4.21 The slowing rate of provision is likely to have contributed towards the relative worsening of housing affordability seen since 2019, with house prices having grown at a far greater rate than earnings over this recent period.
- 4.22 It is likely to have also been a key factor behind the slowing of population growth, with the average annual growth in the current plan period (since 2011) being only a quarter of that recorded over the prior decade. While influenced to an extent by deaths increasingly outnumbering births, net in-migration from elsewhere also appears to have reduced when factoring in the unattributable change arising from revisions to official population estimates. These trends do not appear to have grown the size of the working age population, aged 16 to 64, but the number of older residents aged 65 or above has increased by roughly a sixth since 2011.
- 4.23 Delivering fewer homes than planned may also explain why the average household size in NPT has not reduced at the rate previously anticipated, instead remaining broadly stable between the Censuses of 2011 and 2021.
- 4.24 The proportion of adult residents who were economically active also appears to have reduced over this period, particularly amongst younger people, but this has not led to heightened unemployment as this is contrastingly reported to have fallen to an historic low. Residents are increasingly qualified, with more working in managerial and professional roles, but the pace of transition has been slower than in the rest of Wales or the wider UK with residents more likely to work in “lower skilled” jobs as a result.

5. Recent Economic Trends

- 5.1 This chapter provides an analysis of NPT's recent economic performance. Following a brief overview of the County Borough's economic profile, it considers recent trends in output; the scale, type and sectoral composition of employment; the nature of the local business base (including key companies and indicators of business dynamism); and major recent investments. It also looks at the local commercial property market, including recent completions and evidence of market demand. Supplementing the evidence presented in this chapter, a detailed analysis of the sectoral composition of NPT's economy (including relative strengths, recent growth and key local concentrations and assets) is set out in **Appendix 1**.
- 5.2 As elsewhere in the UK, the Covid-19 pandemic presented a significant economic shock. Where possible, data is presented to show the pre-pandemic trend (up to 2019) and the nature of subsequent recovery.

Overview of the local economy

- 5.3 NPT has a distinctive economic profile, reflecting its substantial industrial base. Historically, the County Borough was a leading industrial centre, built initially around coal and steel, and later petrochemicals and general manufacturing. It remains an important industrial location, especially for metals and high energy uses. Key assets include the UK's largest steel production complex at Port Talbot, extensive industrial development along the M4 Corridor, and opportunities for expansion at strategic sites such as Baglan Energy Park and around Port Talbot docks, one of only three deep water ports in the UK. While manufacturing continues to make a very important contribution to the local economy, the area has also diversified in recent years, with (for example) the expansion of distribution and higher education activity. **Currently, the economy is facing significant structural changes**, especially linked with the decarbonisation of the steel industry and a consequent contraction of employment which, while announced, is not yet visible in the data. These structural changes will have major impacts in NPT over the next few years and are discussed further in section 6.
- 5.4 Beyond the coastal strip and the three major towns of Neath, Port Talbot and Pontardawe, the County Borough is extensively rural, containing several relatively remote, primarily post-industrial communities within the Afan Valley, Neath Valley, the Dulais Valley, and parts of the upper Swansea and upper Amman Valleys. Rural NPT also contains significant natural and heritage assets, such as the Aberdulais Falls and Waterfall Country, which offer potential for the development of the visitor economy.

Key infrastructure

- 5.5 The County Borough benefits from important infrastructure assets, with the earlier Figure 3.3 showing a number of these geographically. These include the **deep-water port** at Port Talbot (currently mostly used for coking coal and ore imports for the steel industry, although there are proposals for significant investment at the Port, discussed further in section 6).

- 5.6 **Road** infrastructure includes the M4 (access to which from key industries and growth sites in Port Talbot has been improved with the completion of Harbour Way) and the A465, which is undergoing extensive redevelopment / upgrading works, providing access to the English Midlands.
- 5.7 **Rail** connections via the South Wales Main Line (SWML) are also good, with the redevelopment of Port Talbot Parkway station completion in 2016 although electrification plans for the SWML have been scaled back [Transport for Wales (<https://tfw.wales/south-wales-mainline>)]. In addition to freight movements on the main railway line, there are a number of freight lines including (1) Vale of Neath – to Cwmgwrach, (2) Dulais Valley – to Onllwyn, and (3) Amman Valley – Ammanford to Tairgwaith. NPT will benefit from the improved connectivity planned through the Swansea Bay and South West Metro, principally through frequency enhancements on the existing network over the next few decades and the potential, subject to business case development, to create additional stations and new routes [Transport for Wales (<https://tfw.wales/projects/metro/swansea-bay-metro>)]. NPT’s rail industry assets will be further advanced by the development of the proposed GCRE at Onllwyn in the Dulais Valley.
- 5.8 **Digital connectivity** is relatively good. Some 98% of premises in NPT can access superfast broadband, with 71% of premises gigabit enabled [Ofcom (February 2024), Connected Nations Report Interim Update]. The County Borough also has substantial **energy** production capacity, including the largest onshore wind farm in England and Wales at Pen y Cymoedd, and a growing presence in hydrogen production and research (discussed further in section 6) linked with opportunities for industrial decarbonisation. Recent investment from the WG has also accelerated improvements to the electricity grid at Baglan Energy Park.

Research and development assets

- 5.9 In addition to the business stock, described below, NPT benefits from some important research assets. These include **Swansea University’s Bay Campus**, on Fabian Way, which incorporates the University’s School of Engineering and a number of STEM-related institutions.
- 5.10 In addition, there is a concentration of other research and development facilities, linked with manufacturing and engineering and energy and with a focus on industrial decarbonisation (discussed further in section 6). These include the University of South Wales’ Hydrogen Centre at Baglan and specialist energy facilities run by Cardiff and Swansea Universities at Margam [These are the Gas Turbine Research Centre (Cardiff University) and the Solar Heat Energy Demonstrator (SHED) (Swansea University)]. These will be augmented by Swansea University’s forthcoming SWITCH centre at Harbourside, focused on the decarbonisation of the metals industry. From the private sector, the Harbourside Innovation Village houses Tata’s Steel Development Centre and Technology Centre Wales, an industrial development facility operated by TWI. There are also several growing technology-intensive businesses located at Baglan Energy Park, benefiting from close links with Swansea University and a premises offer including Baglan Bay Innovation Centre and the new Swansea Bay Technology Centre.

Economic Output

Total output

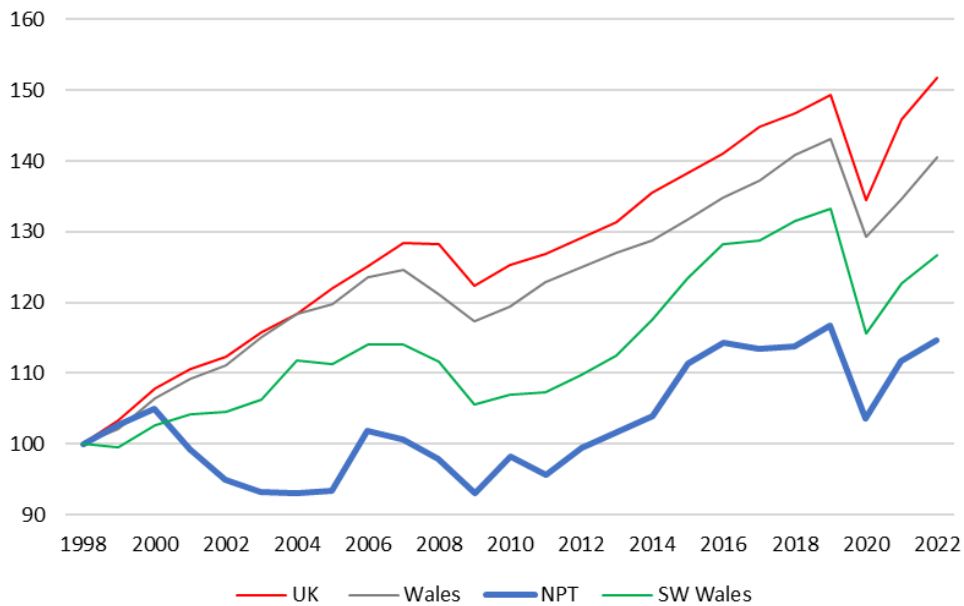
- 5.11 **NPT’s total economic output (measured in gross value added) was around £2.78 billion at current prices in 2022** [ONS (2024), Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLL Wales, current prices]. Manufacturing is highly significant, accounting for around 20% of output (compared with 15% in Wales and 9% in the UK as a whole).
- 5.12 Over time, there has been a significant structural shift in the composition of output. Total output fell in the late 1990s and early 2000s, reflecting a substantial loss of manufacturing activity and the closure of NPT’s petrochemicals industry. In parallel, the manufacturing share of output fell from 37% in 1998, with contraction linked with the steel industry [Output in the metals sub-sector fell by around £352 million (or 56%) between 2015 and 2019, linked with contraction in the steel industry in 2016] and some important closures (such as Crown Packaging at Neath, TRW at Resolven and, more recently, the automotive supply chain firm Hi-Lex at Baglan).
- 5.13 There was some recovery in output in the 2010s, as a comparison of compound annual growth rates (CAGRs) illustrates [ONS (2024), Regional gross value added (balanced) by industry, chained volume measures in 2019 money value]. Recovery from the pandemic was somewhat weaker than in the UK as a whole: by 2022 (the most recent year for which data is available), real terms output had not yet recovered to 2019 levels.

Table 5.1: Output growth (CAGR of gross value added), 1998-2022

Geography	1998-2009	2009-14	2014-19	1998-2019	2019-22
NPT	-0.5	2.4	1.8	0.7	-0.6
South West Wales	0.5	2.3	2.8	1.5	-1.7
Wales	1.4	1.9	2.3	1.7	-0.6
UK	1.8	2.1	2.1	1.9	0.5

Source: ONS

Figure 5.1: Index of GVA growth (1998 = 100)



Source: ONS

- 5.14 This all suggests a continuing process of adjustment within the economy, with the fastest recent growth in transport and storage; administrative and support service activities; health; and (from a much smaller base) information and communications. Up to 2022, manufacturing output stabilised, and it remained an important driver of the local economy.

Productivity

- 5.15 Productivity (measured at GVA per filled job) was £46,002 in NPT in 2021, about 79% of overall UK productivity. The differential between local and national productivity rates has been largely constant over the past decade, with a slight widening of the gap post-pandemic [ONS (July 2023), Current price (smoothed) GVA (B) per filled job by local authority district].

Employment

Pre-pandemic jobs growth

- 5.16 Over the long term, NPT has experienced substantial industrial restructuring. This manifested itself in a major contraction of employment in the 1980s, largely driven by a collapse in manufacturing jobs; a slow recovery from the early 1990s recession and steady growth since [CE long-term analysis. See Appendix 1 for more detail.].
- 5.17 From 2001, we can compare total jobs in NPT and the rest of the UK using official published time series. The most commonly used measure of ‘total jobs’ is the **Jobs Density** dataset published by the ONS, which includes employee jobs (about 87% of the total), self-employed workers and some other smaller categories [Agricultural workers, people in the armed forces and some government-supported trainees. See ONS (2001), Jobs Densities for Local Areas]. Based on ONS data, the WG separately publishes

estimates of **Workplace Employment** to local authority level, disaggregated by high-level industrial group [See StatsWales, Workplace Employment by Local Area and Year (metadata) for detailed methodology].

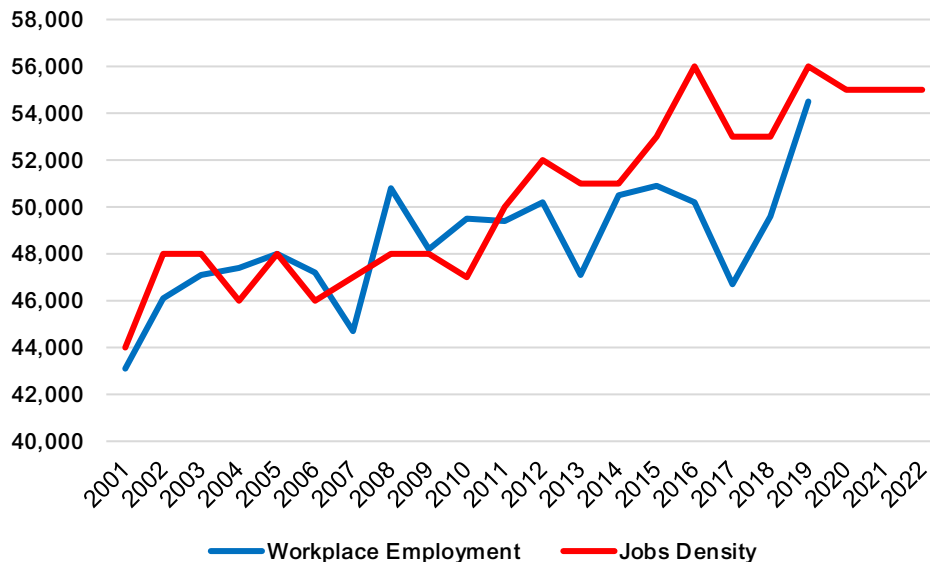
5.18 The two measures do not align entirely. But overall, they indicate growth in job numbers from the start of the millennium to the pandemic: around 12,000 additional jobs according to the ONS Jobs Density dataset in 2001-19, and around 11,400 according to the Workplace Employment estimate. This equates to between 633 and 667 additional jobs per annum over the 18 years from 2001 to 2019. The total jobs stock (on both measures) grew at a compound annual growth rate (CAGR) of 1.3%, with somewhat faster jobs growth in the period following recovery from the 2010 financial crash:

Table 5.2: Jobs growth (compound annual growth rates), NPT, 2001-19 and LDP period 2011-19

Measure	2001-07	2007-13	2013-19	2001-19	2011-19
Workplace Employment	0.6%	0.9%	2.5%	1.3%	1.2%
Jobs Density	1.1%	1.4%	1.6%	1.3%	1.4%

Source: StatsWales; ONS

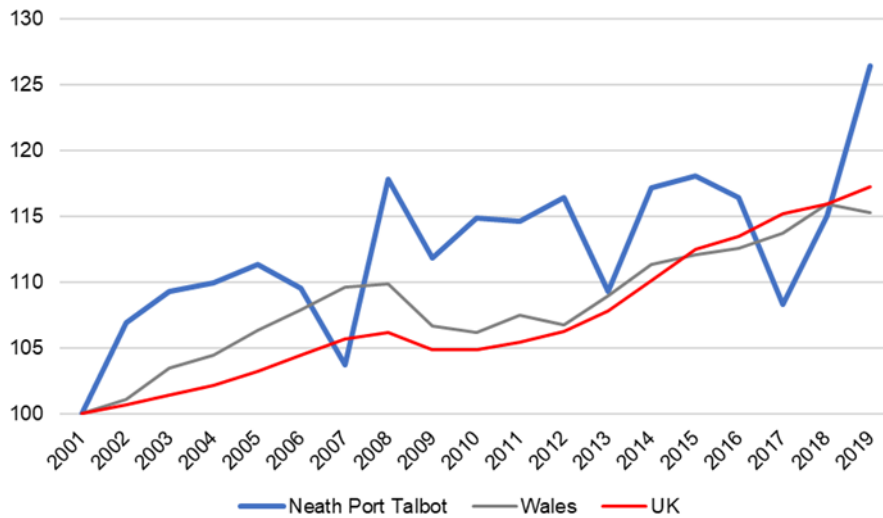
Figure 5.2: Total jobs, NPT, 2001-22



Source: StatsWales, ONS

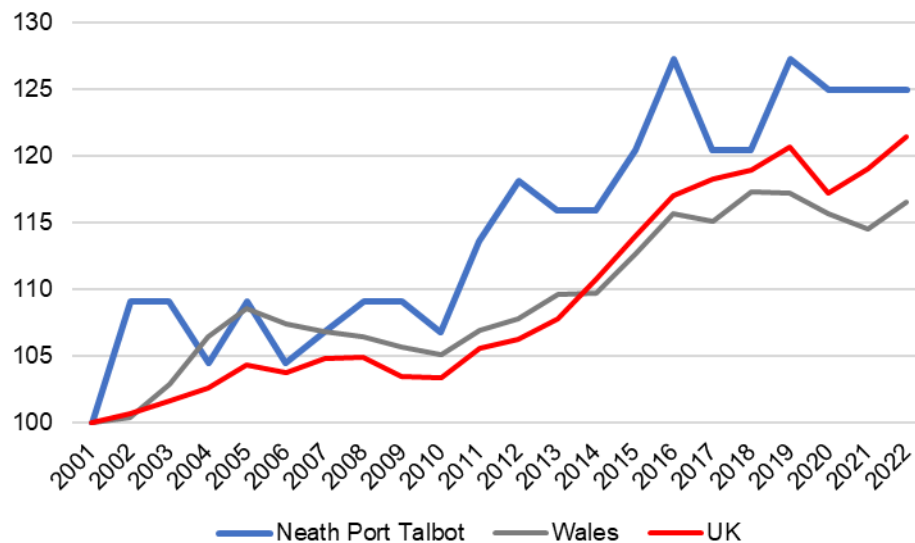
5.19 Jobs growth between 2001 and 2019 was stronger in NPT than in Wales or the UK as a whole. Figures 5.3 and 5.4 overleaf compare NPT’s relative performance against both the Jobs Density and Workplace Employment datasets:

Figure 5.3: Total jobs (2001=100), based on Workplace Employment



Source: StatsWales, ONS

Figure 5.4: Total jobs (2001=100), based on Jobs Density dataset



Source: ONS

5.20 This corresponded to a compound annual growth rate in workplace jobs between 2001-19 that was higher in NPT (1.3%) than Wales (0.8%) and the UK (0.9%), and was the second fastest rate of growth of any local authority in Wales, after Cardiff (2.1%) [The equivalent CAGRs for total jobs on the Jobs Density dataset (2001-19) are: NPT: 1.3%; Wales: 0.9%; UK: 1.1%]. Taking the more recent six-year period from 2013-19, NPT's CAGR (2.5%) was also higher than that of Wales (0.9%) and the UK (1.4%), and the third highest in Wales, after Cardiff and Wrexham [The equivalent CAGRs on the Jobs Density dataset over the same period (2013-19) are: NPT: 1.6%; Wales: 1.1%; UK: 1.9%].

Post-pandemic jobs growth

- 5.21 Despite the sharp fall in output during the Covid crisis in 2020, total job numbers have been broadly stable since the pandemic, reflecting the success of temporary Government support measures and the relatively limited exposure in NPT to vulnerable activities such as hospitality. In 2022 (the most recent year for which data is available), there were around 55,000 jobs in NPT [ONS (2022), Jobs Density].
- 5.22 On the whole, there has been a positive record of job creation in recent years, albeit with some volatility in the data [Note that this volatility is not unique to NPT: it is common at local authority level and reflects the effects of rounding and high confidence intervals on relatively small numbers.]. This contrasts with significant decline in employment over the preceding decades. A consequence of this growth in job numbers has been a steady increase in the 'jobs density' (the number of jobs per person aged between 16 and 64) over time, from 0.55 in 2005 to 0.64 in 2022. However, this is still lower than the Wales and UK average (0.78 and 0.87 respectively), reflecting the importance of the wider sub-region as a source of employment for NPT.

Sectoral analysis

- 5.23 The WG's Workplace Employment analysis provides a sectoral breakdown of employment at local authority level for the period to 2019, using high-level sector groups. Taking these groups, Table 5.3 overleaf indicates the size of each sector within the local economy and the contribution that each has made to overall jobs growth between 2001-19 and across three six-year periods within that timeframe:

Table 5.3: High-level sectoral composition and growth, 2001-19

Sector	Jobs, 2019	% share, 2019	Net change in total jobs, 2001-07	Net change in total jobs, 2007-13	Net change in total jobs, 2013-19	Net change in total jobs, 2001-19	Net change in total jobs, 2011-19
Agriculture, forestry, etc	400	0.7	-100	100	100	100	-100
Production	10,300	18.9	-600	800	-200	0	-900
Construction	4,100	7.5	-700	200	400	-100	800
Wholesale, retail, transport, hotels, food	13,800	25.3	200	-300	3,400	3,300	2,600
Information & communications	1,400	2.6	0	-200	1,200	1,000	900
Finance & insurance	300	0.6	0	0	-100	-100	-100
Real estate	700	1.3	0	300	100	400	-200
Professional, scientific & technical; business support	4,800	8.8	-100	200	800	900	300
Public admin, defence, education & health	16,600	30.5	2,200	700	2,400	5,300	1,900
Other services	2,100	3.9	600	500	-600	500	-200
Total, all industries	54,500	100.0	1,600	2,400	7,400	11,400	5,100

Source: StatsWales

- 5.24 As Table 5.3 demonstrates, of the 11,400 increase in workplace employment in 2001-19, around 46% was accounted for by public service-related jobs, and a further 29% by 'wholesale, retail, transport, hotels and food'. 'Production' (mostly manufacturing), the third high-level sector accounting for over 10,000 jobs, was stable over the period.
- 5.25 More granular, and more recent sectoral analysis is provided by the **Business Register and Employment Survey (BRES)**, produced by the ONS. BRES estimates *employment* and excludes some categories of worker (so the total number of employee jobs is always somewhat lower than the 'total jobs' on the Jobs Density or Workplace Employment datasets). The timeseries is also shorter. However, it does enable us take a more detailed view at sub-sectoral level. Table 5.4 overleaf sets out NPT's current employment profile by main sector group, comparing it with the wider region, Wales and Great Britain.

Table 5.4: Employment by main sector group, NPT and comparators (2022)

Industry	NPT	NPT	Share of all jobs	Share of all jobs	Share of all jobs	Share of all jobs
Industry by sector	Jobs	Location Quotient	NPT	SW Wales	Wales	Great Britain
Agriculture, forestry & fishing	800	1.0	1.5	3.2	2.8	1.5
Mining & quarrying	300	3.0	0.6	0.2	0.2	0.2
Manufacturing	9,000	2.3	17.3	8.5	10.4	7.4
Electricity, gas, steam & air con	150	0.8	0.3	0.3	0.4	0.4
Water supply, sewerage, etc.	600	1.7	1.2	0.8	1.0	0.7
Construction	2,500	1.0	4.8	5.3	5.1	5.0
Wholesale & retail; motor vehicles	6,000	0.8	11.5	13.7	13.2	13.9
Transportation & storage	5,000	1.9	9.6	4.9	4.2	5.0
Accommodation & food service	3,000	0.7	5.8	9.2	8.7	7.9
Information & communications	600	0.3	1.2	1.4	2.2	4.4
Financial & insurance	400	0.2	0.8	2.1	2.8	3.3
Real estate activities	800	0.8	1.5	1.4	1.5	2.0
Professional, scientific & technical	1,500	0.3	2.9	4.2	5.1	9.1
Admin & support service activities	3,000	0.7	5.8	6.3	6.5	8.8
Public admin & defence	5,000	2.1	9.6	8.8	7.7	4.5
Education [Including higher education, which accounts for about 18% of the total]	4,500	1.0	8.7	8.8	8.6	8.3
Human health & social work	6,000	0.9	11.5	16.2	14.7	13.2
Arts, entertainment & recreation	1,250	1.0	2.4	2.8	2.6	2.4
Other service activities	800	0.8	1.5	1.8	2.1	2.0
Total, all industries	51,200					

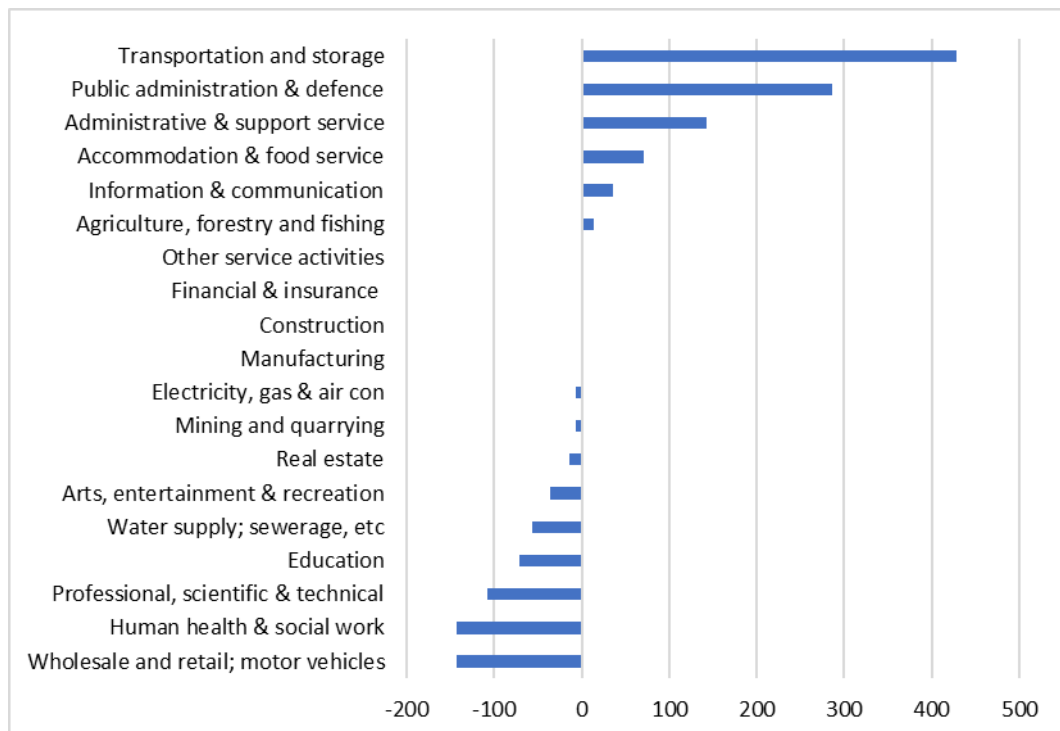
Source: ONS, BRES. [The 'location quotient' (LQ) is a measure of relative industry concentration. An LQ of greater than 1 means that the industry accounts for a greater share of total jobs in NPT than it does in Great Britain as a whole. An LQ of less than 1 means that it accounts for a smaller share]

5.26 Table 5.4 illustrates NPT's distinctiveness: in 2022, manufacturing was the largest single employment sector, accounting for around 17% of all jobs (much higher than in Wales as a whole, and more than double the level of representation within the UK economy).

Reflecting the significance of Tata Steel at Port Talbot, ‘manufacture of basic metals’ accounted for around 4,000 jobs (or some 8% of total employment), with a further 1,000 jobs in the manufacture of fabricated metal products.

- 5.27 Beyond manufacturing, human health and social work, retail and wholesale, and public administration are the next largest sectors in absolute terms. Transportation and storage is strongly represented compared with Wales and the wider region, reflecting NPT’s strategic location on the M4 Corridor and the presence of some large logistics operators (such as Amazon on Fabian Way and on Kenfig Industrial estate). On the other hand, non-public sector administrative and support services and professional and scientific activities are relatively under-represented in employment terms.
- 5.28 BRES data also allows us to look in more detail at recent sectoral change. Reflecting the longer-term picture outlined above, manufacturing employment was stable between 2015 and 2022. Within the rest of the economy, the period saw employment growth in transport and storage, public and business administration, accommodation and food service, and (from a smaller employment base) information and communications. This was partly offset by substantial losses in wholesale and retail activities, reflecting the general trend across Wales and the UK. The data below also shows apparent declines in health and social work, professional, scientific and technical services and education. These are all somewhat surprising given recent investments and wider trends, although are explained by losses in single years, rather than a consistent trend. A fuller analysis is set out in **Appendix 1** [Note that actual changes may be smaller than reported changes, due to the effect of rounding.].

Figure 5.5: Average annual change in job numbers, NPT, 2015-22

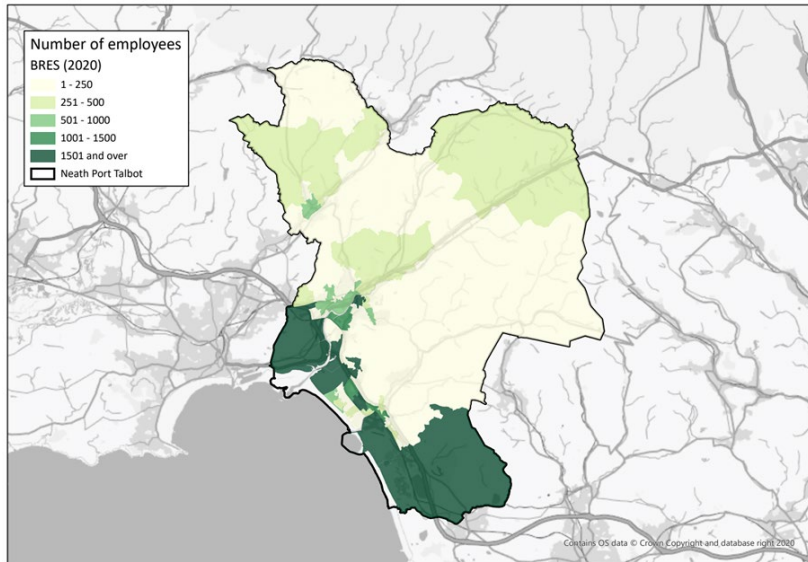


Source: BRES

Concentrations of employment

- 5.29 NPT's employment base is concentrated along the M4 Corridor and the chain of major industrial locations extending from Margam in the east, through Harbourside and Baglan to Fabian Way. Employment concentrations are smaller and more dispersed in the post-industrial and rural parts of the county, including a number of smaller industrial estates, for example the Vale of Neath Supplier Park.

Figure 5.6: Key concentrations of employment



Source: ONS; BRES; SQW analysis

Business base

Overall business stock

- 5.30 **In 2023, there were around 4,000 businesses in NPT.** These are measured as 'local units' (an individual unit of activity, such as a factory) that may be associated with an enterprise, according to the UK Business Count, and include public as well as private sector organisations. As in the rest of the UK, the great majority of businesses were 'micro' enterprises, with around 80% of all businesses in the County Borough employing nine or fewer people. However, the business stock is slightly more skewed to larger firms than the UK or Wales averages.

Table 5.5: Business stock by employee size, 2023

Businesses by sizeband	Number	%	%	%	%
Businesses by sizeband	NPT	NPT	SW Wales	Wales	UK
Micro (0 to 9)	3,190	80	84	83	84
Small (10-49)	655	16	14	14	13
Medium-sized (50 to 249)	140	3	2	3	3
Large (250+)	15	<1	<1	<1	<1
Total	4,005	100	100	100	100

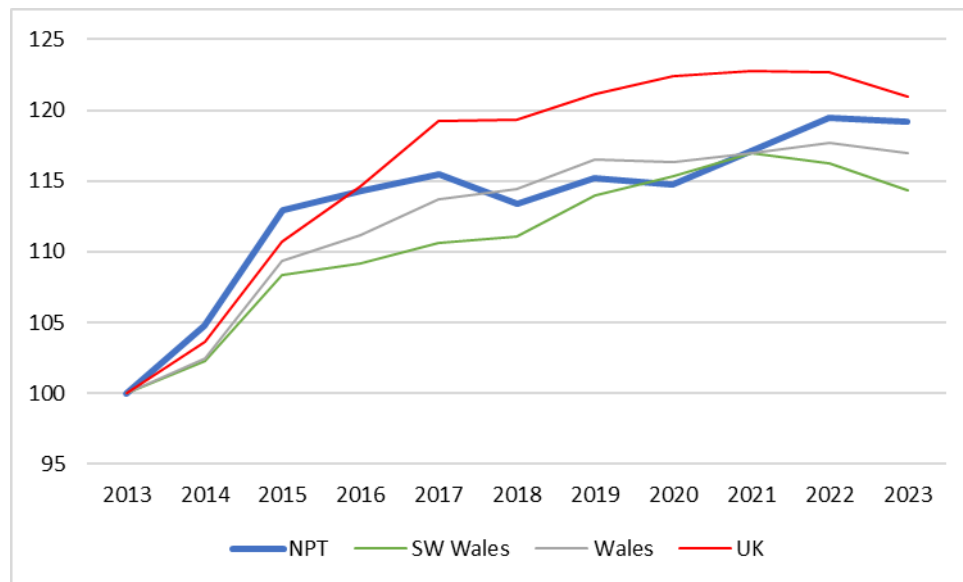
Source: ONS; UK Business Count

- 5.31 This slightly greater orientation to larger firms reflects NPT’s industrial profile and the greater tendency for manufacturing and public service activities to occupy larger units. In the manufacturing sector (for example), around 69% of businesses are ‘micro’ enterprises; and only 56% meet this definition in human health and social work.

Business stock growth and density

- 5.32 The business stock grew over the decade to 2023, albeit at a somewhat slower rate than the UK as a whole.

Figure 5.7: Index of business stock growth, 2013-23 (2013=100)



Source: ONS; UK Business Count

- 5.33 Given the size structure of the overall business stock (in every geography), most of the increase is accounted for by micro enterprises. However, there was somewhat stronger growth in medium-sized businesses in the decade to 2023 than elsewhere.

Table 5.6: Ten-year compound annual growth rate of enterprise stock, 2013-23

Business size band	NPT	SW Wales	Wales	UK
Micro (0 to 9)	2.0	1.4	1.7	2.1
Small (10-49)	0.6	1.0	0.9	1.0
Medium-sized (50-249)	2.0	0.4	0.4	0.8
Large (250+)	0.0	0.0	0.5	0.7
All businesses	1.8	1.3	1.6	1.9

Source: ONS; UK Business Count

- 5.34 'Enterprise density' is relatively low in NPT. In 2021, there were 462 local enterprise units to every 10,000 people aged between 16 and 64 (compared with 753 in the UK, and 683 in both Wales and South West Wales). This reflects NPT's industrial structure, with relatively more workers employed in sectors dominated by larger organisations [Note that in general, industrial economies tend to have lower enterprise densities than rural and service-based economies.]

New businesses and survival rates

- 5.35 In the five years to 2022, there was an average of 417 new business starts per year in NPT. Historically, business start-up rates have been somewhat lower than the UK and Wales averages, although start-up numbers increased after 2020. Between 2018 and 2022, the number of business starts was equivalent to an average of 12.6% of the total business stock in NPT, compared with 11.9% in Wales and 12.1% in the UK.
- 5.36 Survival rates in NPT compare positively with the Wales and UK averages: of the 345 businesses started in NPT in 2017, 42% were still in existence five years later (compared with 37.3% in Wales and 39.6% in the UK) [ONS, Business Demography dataset].

Large employers

- 5.37 NPT has a substantial stock of major firms, principally in the manufacturing sector. Some of the County Borough's larger private sector companies are highlighted in the table below. It is worth noting the extent to which these are substantially internationalised: all but two of the manufacturing firms listed below have parent companies based overseas. In addition, larger employers in NPT include public sector organisations providing local services, such as Swansea Bay University Health Board and NPTC.

Table 5.7: Major private sector businesses in NPT [Based on Western Mail/ Business Live Wales 300 companies, and discussions with NPTC on the development of the NPT Economic Recovery Plan]

Sector	Firm	Description	Location
Manufacturing	British Rototherm	Manufacturer of precision instruments for the energy, healthcare, defence and other sectors	Margam
Manufacturing	Cultech	Manufacturer of nutritional supplements	Baglan Industrial Park
Manufacturing	Envases	Manufacturer of aluminium cans. Approx. 130 jobs	Baglan Industrial Park
Manufacturing	Freudenberg Oil & Gas Technologies	Producer of sealing products for the energy industry. Approx. 220 jobs	Baglan Industrial Park
Manufacturing	Hanson Cement	Cement manufacturer	Port Talbot
Manufacturing	Linde BOC	Industrial gas production (including UK's largest oxygen production plant)	Margam
Manufacturing	Sandvik Osprey	Manufacturers of specialist metal powders. Approx. 160 jobs	Neath
Manufacturing	Sofidel UK	Manufacturer of paper tissues and hygiene products. Approx. 670 jobs	Baglan Energy Park
Manufacturing	Tata Steel	UK's largest integrated steelworks, producing slab steel and finished steel products. Approx. 4,000 jobs	Margam
Other	Andrew Scott Ltd	Civil engineering and construction. Approx. 180 jobs	Margam
Other	Associated British Ports	Operator of the Port of Port Talbot (and currently promoting substantial investment at the Port)	Port Talbot
Other	Deloitte	Business software solutions, via Deloitte's acquisition of Keytree in 2021	Port Talbot
Other	Trade Centre Wales	Used car retailer, operating from several sites across Wales. Approx. 500 jobs	Neath

Source: Western Mail/ Business Live Top 300; NPTC; SQW. Jobs data drawn from Wales Top 300 2020 (apart from Tata Steel – estimated total based on BBC (2020)).

High growth and innovation

- 5.38 The ONS identifies 'high growth' businesses as those that demonstrate average annualised growth greater than 20% per annum, over a three year period, measured through employment [Growth is also often measured using turnover, although the ONS Business Demography dataset uses employment as the metric.]. In 2021 and 2022, 15

businesses in NPT were classed as 'high growth (i.e., around 0.5% of the total business stock). This rate of high growth businesses within the overall stock was slightly higher than the Wales and UK averages.

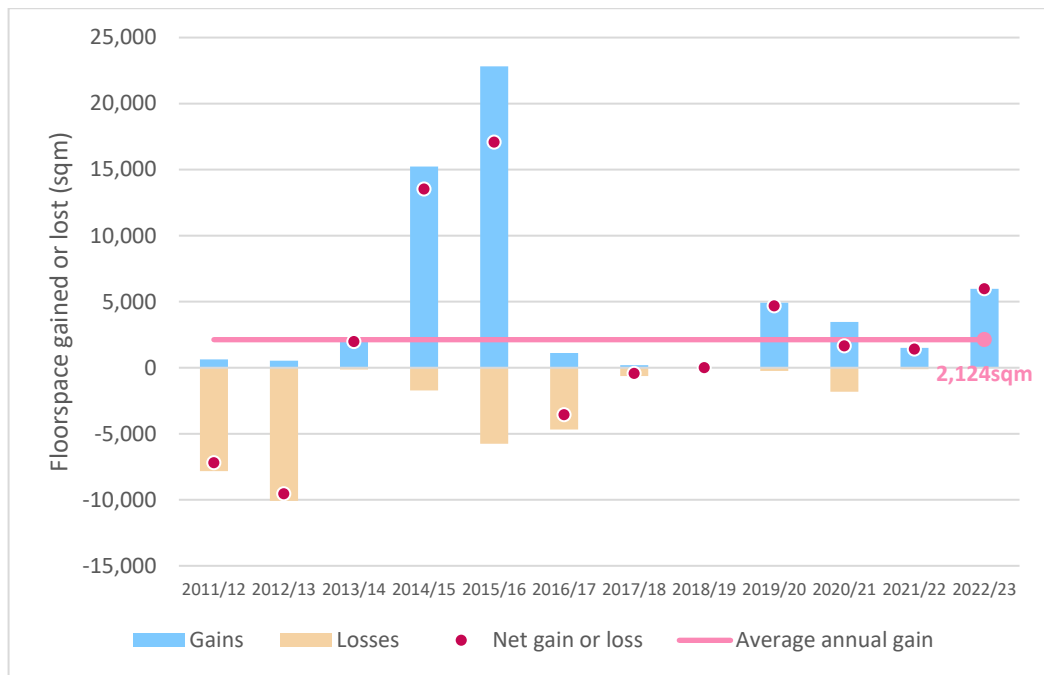
- 5.39 Separately, the business data service Beauhurst tracks businesses that meet a series of growth or innovation thresholds (for example, turnover growth, investment secured or public sector fundraising through Innovate UK or similar bodies). In 2021, Beauhurst tracked 27 firms in NPT. These included some of the businesses cited above (British Rototherm, Cultech, Andrew Scott and Trade Centre Wales), although sectorally, the list is quite diverse, with eight principally operating in the manufacturing sector and the remainder engaged in a wide range of activities [Beauhurst; SQW analysis 2021]. There has recently been an emphasis on investment in infrastructure to support innovative businesses through, for example, the development of the Baglan Bay Innovation Centre and Bay Studios, and more recently the Swansea Bay Technology Centre at Baglan.

Premises

Recent completions

- 5.40 The Council has shared monitoring data which indicates that its **overall supply of employment space – in Use Classes B1, B2 and B8 – has increased by circa 25,490sqm** since the start of the current plan period (2011-23). This represents a **net increase of circa 2,124sqm per annum on average**, with the average loss of around 2,750sqm per annum more than offset by the provision of circa 4,874sqm each year.
- 5.41 Figure 5.8 overleaf shows that the rate of provision and loss has, however, varied throughout the decade. Some 22,824sqm of new space was developed in 2015/16, for example, this being largely attributable to the Energy Safety Research Institute on Fabian Way. While the loss of 5,753sqm also exceeded the long-term average in that year, the size of the gain meant that some 17,070sqm of net additional space was provided. This was some 26% more than even the relatively large gain recorded in the year before, but evidently was not sustained with none of the subsequent three years seeing a net increase in the supply of employment space. Net gains were though recorded in the following four years, the last for which data is currently available.

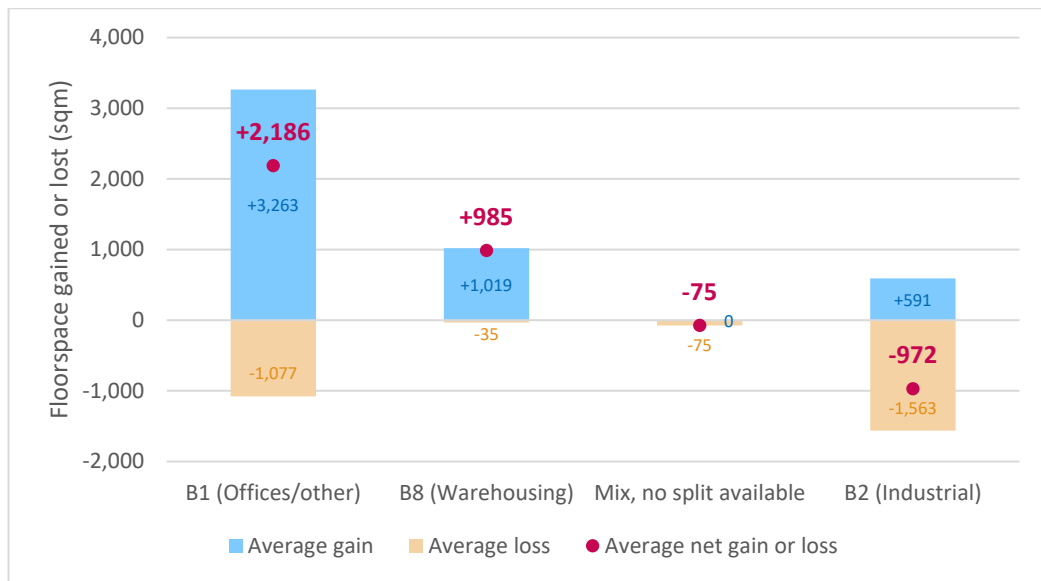
Figure 5.8: Net change in employment floorspace in NPT (2011-23)



Source: Council monitoring; Turley analysis

5.42 This is also broken down by Use Class, revealing – when averaged – that there has been an overall net gain in the supply of offices and other B1 space in NPT since the start of the current plan period. There has also been a net increase in the supply of B8 space, little of which has been lost to other uses. In contrast, c.1,563sqm of B2 industrial space has been lost on average every year, almost three times the amount developed, meaning that there has been a net loss of such space over the plan period to date.

Figure 5.9: Average net change in employment floorspace by Use Class (2011-23)



Source: Council monitoring; Turley analysis

Current properties

- 5.43 CoStar, the commercial property database, provides an indication of the number and size of offices, industrial premises and warehouses within NPT and South West Wales. This information is understood to be researched and verified by the industry's largest professional research team, which collates and independently verifies data from over 9,500 commercial property agents throughout the UK and also takes account of third-party data from providers such as the Land Registry and the Valuation Office Agency (VOA).
- 5.44 CoStar data suggests that there are currently a total of **146 office spaces in NPT**, each with an average net internal area (NIA) of 58sqm. This is **around 30% smaller than the average office space in South West Wales** (82sqm). Figure 5.10 overleaf indicates that the recorded postcodes of these offices are dispersed throughout NPT, but are particularly concentrated along the M4 Corridor and in both Neath and Port Talbot. It should be noted that some properties share postcodes and consequently are not distinguishable in the plan. The use of postcodes, rather than the exact location of each building, may also cause slight but unavoidable discrepancies.

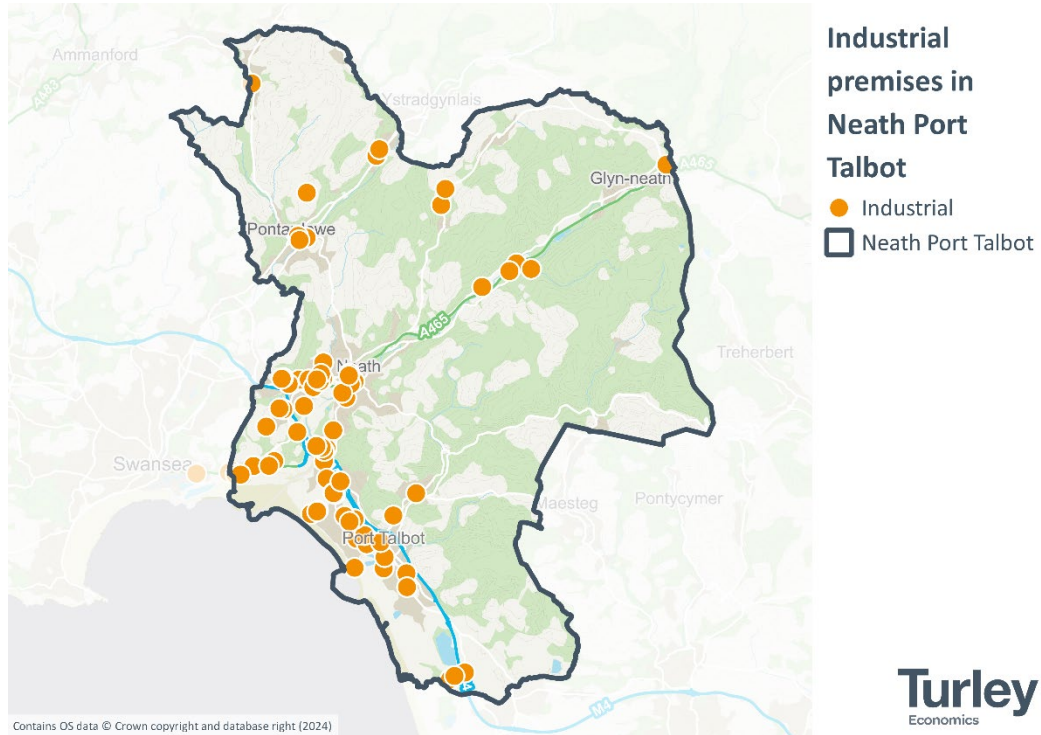
Figure 5.10: Location of office premises in NPT (January 2024)



Source: CoStar; Turley analysis

- 5.45 There are reportedly **164 industrial spaces throughout NPT**, with an average NIA of 500 sqm that is **some 78% larger than the average for South West Wales (287 sqm)**. These totals unavoidably include warehouses, there being 73 such units in NPT each offering an average of 245 sqm, comparable to the average for South West Wales as a whole (252 sqm). Figure 5.11 shows that these premises were slightly more dispersed, albeit as with offices there is clearly a concentration of properties in Neath and Port Talbot.

Figure 5.11: Location of industrial premises in NPT (January 2024)



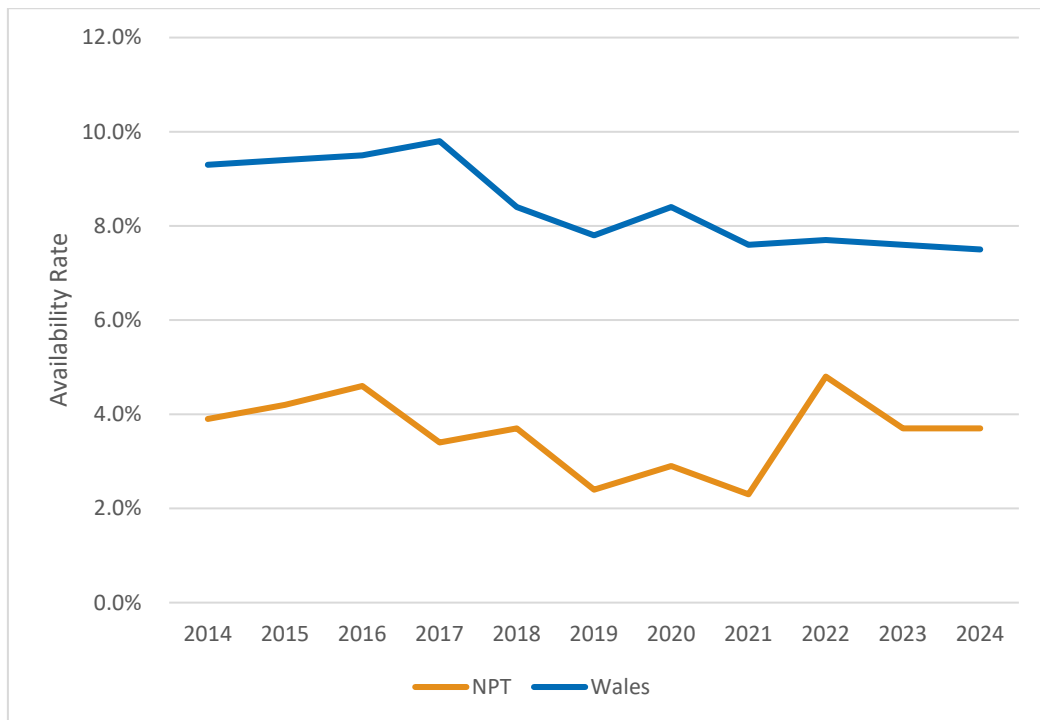
Source: CoStar; Turley analysis

Turley
Economics

Availability

5.46 Availability rates [Measuring the amount of space that is on the market, even if it is still occupied and thus not “vacant”] in **office spaces** across NPT and Wales are also reported by CoStar and are shown in Figure 5.12. This suggests that there has been a decline over up to 2021, with a more recent uplift in the availability increasing the availability rate back to 2014 levels **where only c. 4% of space is available in 2024**. Office availability has also been consistently lower than the Welsh average throughout the period shown, with the country experiencing a general reduction over the decade.

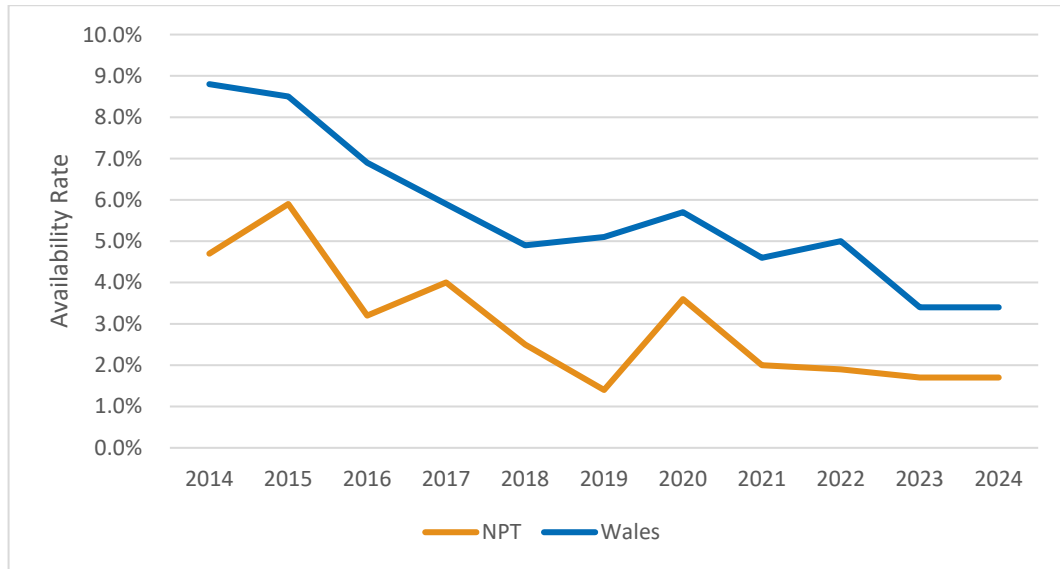
Figure 5.12: Availability of Office Space



Source: CoStar

- 5.47 Figure 5.13 overleaf also uses CoStar data to illustrate the availability rate for **industrial spaces** in NPT and Wales from 2014-2024. It can be seen that availability has been **consistently lower in NPT than in Wales as a whole**. The general trend over the decade is a period of declining availability rates both within NPT and Wales as a whole. There were small increases in the availability rate in NPT in 2015, 2017 and 2020 with the rate decreasing between these years. Since 2021, the rate as remained relatively constantly at 2%, lower than the rate in Wales as a whole which stood at 3%.

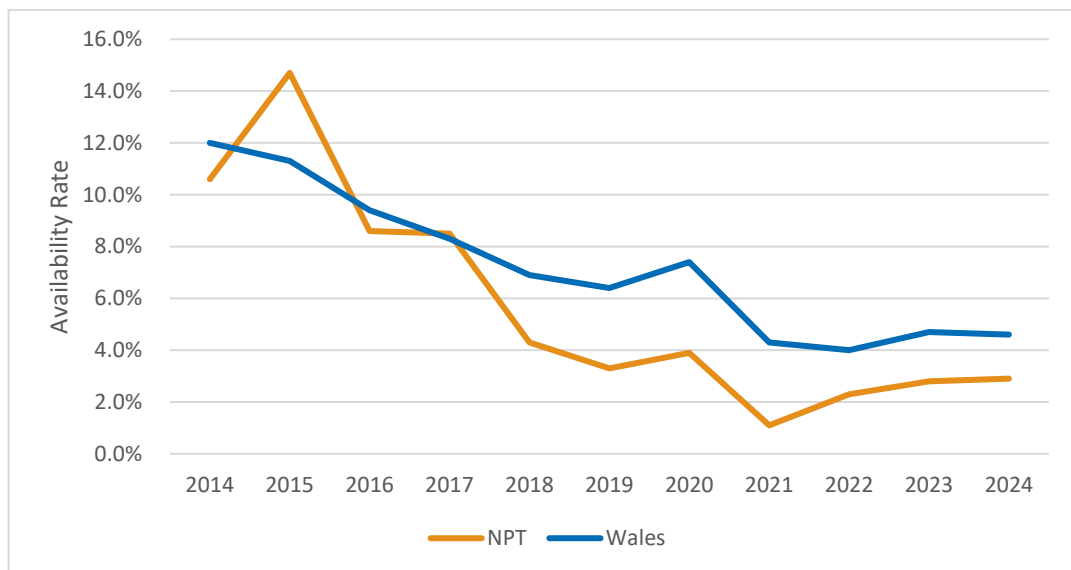
Figure 5.13: Availability Rate of Industrial Space



Source: CoStar

5.48 Figure 5.14 shows the availability rate for warehouses in NPT and Wales, according to CoStar. Similar to the availability rate for industrial spaces and office space, there appears to have been a decline in the availability of warehouses between 2014 and 2024 within NPT and across Wales as a whole. In 2015 across NPT, warehouse availability peaked at 15% but this has declined to 3% in 2024. The decline in Wales has been steady, with some periods of increase, but in NPT, the availability rate sharply fell between 2015-2016 and 2017-2018, **levelling off at c. 3% in 2024**. This is lower than the corresponding proportion in 2024 in Wales (c. 5%).

Figure 5.14: Availability Rate of Warehouses

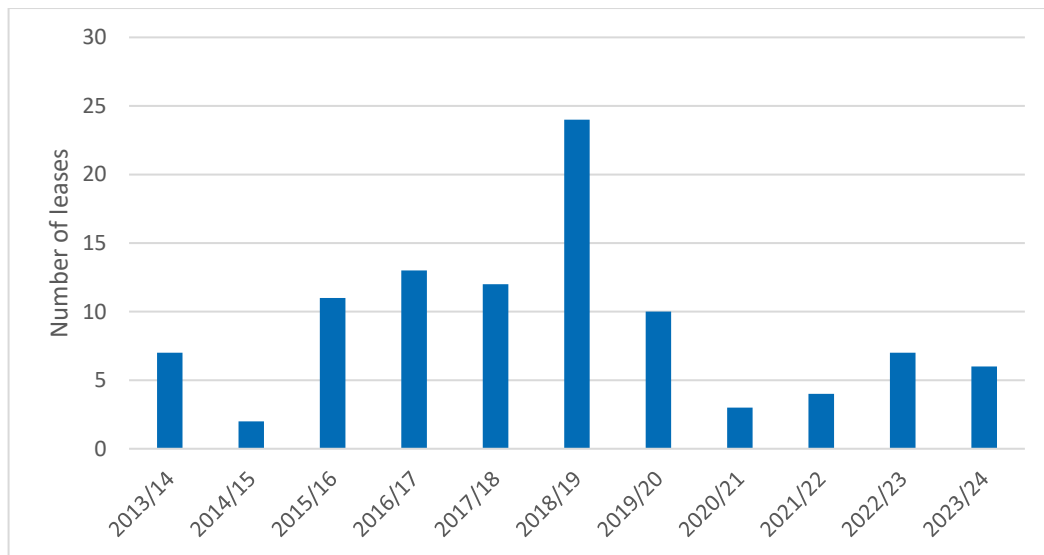


Source: CoStar

Market demand

- 5.49 Aside from providing an indication of the number of commercial properties in NPT, CoStar also reports on leasing activity, thus providing insight into the scale and nature of market demand over time. This will, however, be naturally influenced by the amount of space available, which – if limited – could reduce the number of transactions and thus suppress take-up.
- 5.50 CoStar data suggests that **c.100 office spaces have been leased throughout NPT over the past decade, to January 2024**. This equates to 10 deals per annum on average, albeit it can be seen from Figure 5.15 that there have generally been fewer outside of a concentrated period from 2015/16 to 2019/20, in which the average actually rose to 14 per annum, peaking at 24 leases in 2018/19.

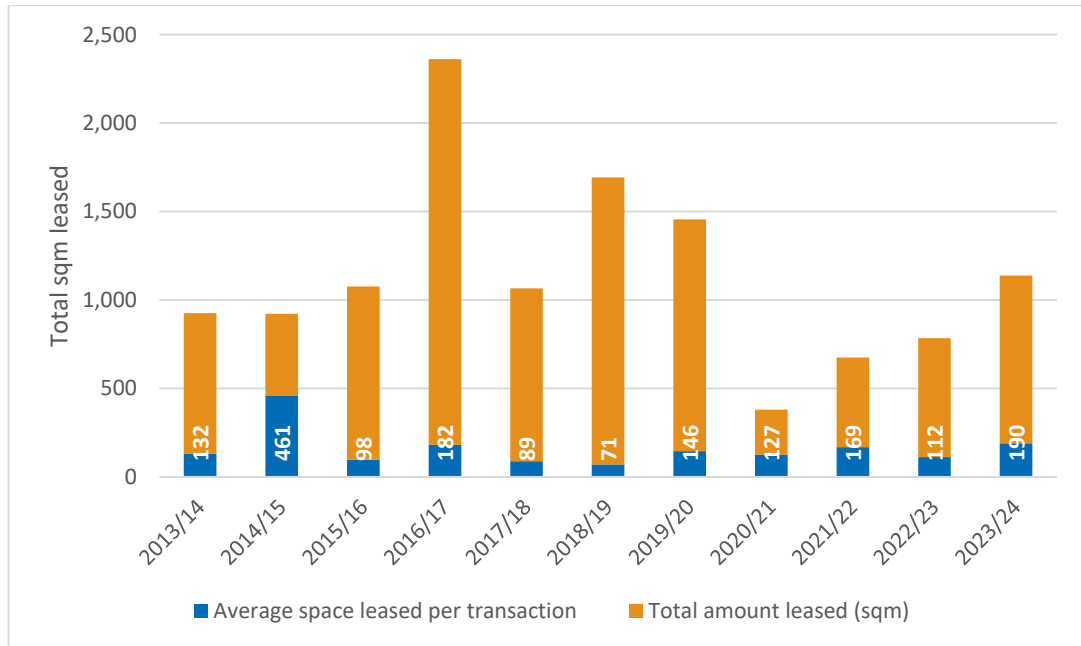
Figure 5.15: Number of office spaces leased in NPT (2013/14-2023/24)



Source: CoStar

- 5.51 These five years unsurprisingly saw the most office space taken up in total, more than doubling the average rate seen in the other years of the decade. It is nonetheless of note that the average amount of space actually taken in each lease was relatively low in these years, falling as low as 71sqm per transaction in 2018/19 having been over six times larger only four years prior (2014/15). While fewer deals have been completed over the last four years, the amount of space taken up in each transaction has generally risen.

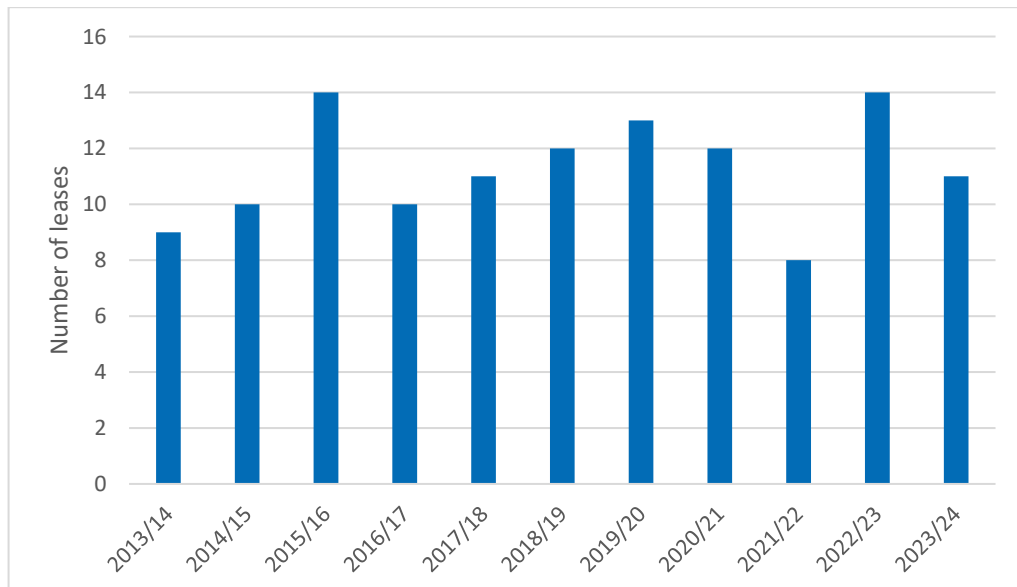
Figure 5.16: Amount of office space leased in NPT (total and per transaction)



Source: CoStar

5.52 Leases involving industrial premises or warehouses have been more steady over the past decade, averaging c.11 per annum but notably dropping in 2021/22 but increasing again in 2022/23 as shown at Figure 5.17.

Figure 5.17: Number of industrial spaces or warehouses leased in NPT (2013/14-23/24)

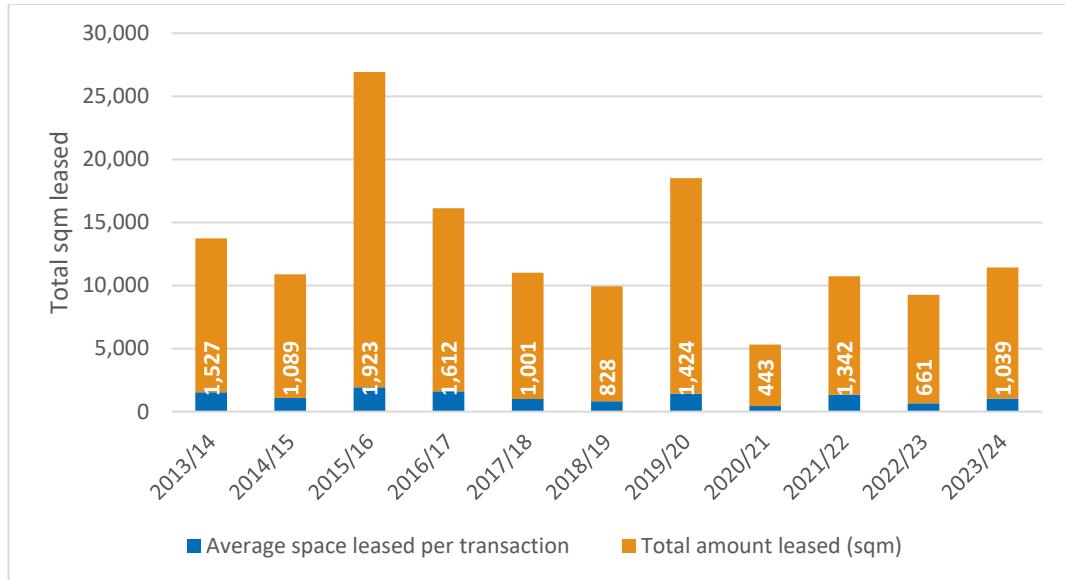


Source: CoStar

5.53 The amount of space leased per transaction has been more volatile over the decade, peaking at over 1,920sqm in 2015/16, with the amount of space leased per transaction being some 60% lower only three years later. The average amount leased generally fluctuated, generally between 800sqm or 1,500sqm in all but one of the last six years.

In overall terms, an average of circa 12,000sqm has been leased per annum, with this again varying considerably over the period shown.

Figure 5.18: Amount of industrial space leased in NPT (total and per transaction)



Source: CoStar

Summary and implications

- 5.54 While GVA growth has been slower in NPT in recent years than in Wales and the UK as a whole, and productivity is relatively low, the County Borough has performed strongly in generating additional employment. Between 2001 and 2019, the local economy created between 633 and 667 additional jobs per year on average, and the jobs density has steadily risen.
- 5.55 Manufacturing remains a very important source of employment, and within this, the steel industry is significant, with manufacturing of basic metals and fabricated metal products accounting for some 5,000 jobs in 2022. NPT also has several major manufacturing firms across a more diverse sub-sectoral base, and this is reinforced by an established presence in applied engineering research.
- 5.56 The economy has been steadily diversifying for many years. Manufacturing employment has been relatively resilient over the past decade, although this follows sharp earlier decline and is in the context of severe restructuring pressures, as discussed further in the next chapter. The largest recent growth in employment is in transport and storage, public service activities, and accommodation and food service. A key challenge (returning to the population analysis in the previous chapter) will be in ensuring higher rates of pay and productivity across the economy.
- 5.57 The business stock has grown over time. Reflecting the industrial profile of NPT, the business base is slightly more oriented to larger employers than in comparator geographies, and enterprise density is relatively low. However, recent business growth rates have been positive, survival rates are in line with the Welsh and UK averages, and

investment has been made in recent years in innovation infrastructure to support business growth.

- 5.58 The Council's monitoring indicates that NPT has seen a net increase in its stock of employment space during the current plan period to date (2011-23) with the average annual loss of circa 2,750sqm more than offset by the provision of c.4,874sqm each year. This has fluctuated, however, with the peak year (2015/16) followed by three years that saw no net gains, albeit these have returned in each of the last four years reported (2019-23).
- 5.59 As of 2024, the CoStar commercial property database suggests that offices in NPT tend to be around 30% smaller than the average in South West Wales. The County Borough's industrial spaces in contrast tend to be larger, with the exception of warehouses which are included in this total but are reportedly smaller than the average in South West Wales. These premises are generally clustered in Neath and Port Talbot, with particular concentrations along the M4 Coastal Corridor.
- 5.60 CoStar data suggests that there is little office space available in NPT over the past decade, with the rate more now standing at only 4% which is lower than the corresponding rate within Wales (c. 8%). Availability in industrial premises has similarly fallen from some 5% in 2014 to only 2% in 2024, while a similarly stark fall has been recorded for warehouses from 11% to 3%.
- 5.61 CoStar also reports on leases, confirming that a particularly large number of office transactions were recorded over five years to 2019/20 but that this was not sustained (possibly due to falling availability). This period notably saw relatively little space taken in each transaction, compared to other years in the decade. The number of industrial properties leased had been more steady until 2021/22 where there was a drop, with the amount of space taken up in each deal also fluctuating in possible response to falling availability.

6. An Assessment of Likely Economic Growth

- 6.1 This chapter considers the potential for employment growth in NPT, looking ahead to 2038.
- First, it briefly considers the national and global outlook for growth.
 - Second, it sets out a likely ‘baseline’ scenario. This draws on independent econometric forecasts, supplemented by analysis of the known employment impacts of significant forthcoming job losses at Tata Steel UK (TSUK) in Port Talbot.
 - Third, it sets out two ‘adjusted growth scenarios’. These consider the scope for additional employment over and above the baseline, taking account of existing local strategies, the views of local stakeholders and the potential impact of the planned Celtic Freeport and other major planned investments.
- 6.2 At the time of writing, NPT’s future employment potential is subject to significant structural change, linked with industrial decarbonisation. This presents a major challenge, given the scale of recently-announced job losses in the steel industry, as well as some important opportunities. This chapter takes account of substantial recent analysis, including that prepared by the Transition Board established to help mitigate the impact of TSUK’s restructuring, although recognises that further information may emerge over the coming months.

National and international outlook

- 6.3 The UK made a strong economic recovery from the Covid-19 pandemic. By the end of 2023, real UK GDP was around 1.8% larger than pre-pandemic levels [PwC, UK Economic Outlook (November 2023)]. Nationally, 2022/23 saw relatively strong output growth in hospitality-related services, manufacturing and administrative services, offset by some contraction in transport and storage, public administration and wholesale and retail.
- 6.4 Looking to the future, the immediate outlook is challenging. The Office for Budget Responsibility’s (OBR) most recent Economic and Fiscal Outlook anticipates weak real-terms GDP growth in 2023 and 2024 of 0.3% and 0.8% respectively, linked with ongoing international instability, slow productivity growth and the continuing impact of relatively high inflation following the Covid pandemic and the energy crisis [OBR (March 2024), Economic and Fiscal Outlook].
- 6.5 Over the longer term, real-terms output is expected to rise to 2%, by 2027, although the growth trajectory is still expected to be weaker than the pre-pandemic trend. Employment in the UK is expected to rise by around 4.2% between 2022 and 2028, to some 34.3 million, although the OBR notes the challenge of higher economic inactivity levels, despite a relatively strong jobs market.

Developing a baseline scenario

Independent econometric forecast

- 6.6 As a starting point for analysis, three up-to-date econometric forecasts were obtained from the main providers: Experian (released in March 2022), CE (March 2022) and Oxford Economics (May 2022). These all took a long-term view of future employment growth, based on assumptions derived from global and national data, and taking account of the potential for 'peaks and troughs' over the economic cycle. The three forecasts varied, although the CE forecast was the closest to the historic trend, and was consequently used as the baseline for a set of initial projections.
- 6.7 Subsequently, an updated econometric forecast was purchased from CE to account for more recent changes in the global and national outlook. The forecast was prepared in April 2023, so takes account of the ongoing war in Ukraine, recovery from Covid-19 and the energy crisis (although not the more recent and current crisis in the Middle East). However, the forecast does not take account of local circumstances in NPT: it simply provides a nationally-derived benchmark with which local data and perspectives can be triangulated.
- 6.8 The CE forecast estimates 56,789 jobs in NPT in 2023. This is used as the 'starting point' (noting that there is at present no official estimate of job numbers in 2023 and (as set out in section 5) no perfect alignment of data sources). The CE forecast anticipates steady jobs growth in NPT. Between 2023 and 2038, CE anticipates 1,956 additional jobs (equivalent to **130 jobs per annum**). This is a slower rate of job creation than has been achieved in the recent past: in the previous 15 years to 2022, CE estimate that some 8,000 additional jobs were created, equivalent to 535 per annum. This slower anticipated growth relative to the recent historic trend is to be expected, given the contrast between high rates of job creation in the 2010s and the longer terms trend: a similar disparity is observed in other South Wales authorities. The forecast also reflects the dampened UK outlook highlighted above.

Accounting for transition at Tata Steel UK

- 6.9 As outlined in section 5, Port Talbot steelworks accounts for a large share of NPT's economic output and is a significant employer. There were approximately 4,000 on-site roles at the start of 2024.
- 6.10 The steel industry is energy-intensive, and across Europe, steel producers are seeking to reduce their carbon footprints. In September 2023, TSUK announced a £1.25 billion investment in a new electric arc furnace (EAF) for its Port Talbot site, which included a £500 million grant contribution from the UK Government. The new EAF will replace the site's two existing coal-powered blast furnaces, reducing the UK's total carbon emissions by around 1.6%.
- 6.11 Once operational, it is anticipated that the site will have the capacity to produce around 3 million tonnes of steel per annum. This is similar to current levels of production, although recycled steel produced through the electric arc process can have different properties to virgin steel, so may be used in different products. The transition will secure the future of the Port Talbot site and, by extension, Tata's wider presence in the UK and could support further innovation-led growth in the longer term. However,

EAF production is less labour-intensive than existing methods, and the transition will result in significant short-to-medium term job losses.

6.12 As these future losses are 'known', the independent econometric forecast has been adjusted to account for them. Building on analysis carried out within the Local Economic Action Plan (LEAP) report for the Transition Board (the 'task force' established to mitigate the impacts of the transition process), the following employment impacts are assumed:

- **Direct employment impacts:** In the long term, TSUK expects a 2,800 reduction in headcount across the UK, of which almost 2,000 are at Port Talbot.

In the long term, it is anticipated that there may be some new recruitment (perhaps linked with different skillsets) as the transition to EAF is completed.

All direct losses are assumed to be in the manufacturing sector and occur in 2024 and 2025.

- **Indirect impacts:** There will be further impacts in the supply chain, including contractors working on site. TSUK is in discussion with supply chain companies regarding opportunities following the transition to EAF. Until this process is completed, it will not be possible to fully quantify the supply chain impact. However, analysis of comparator restructuring programmes saw supply chain job losses equivalent to 1.34 and 1.25 times the direct losses.

Indirect job losses are predicted across all sectors (except public services, agriculture and extractive industry) pro rata to the employment share of each sector within the local economy overall, with losses in 2024, 2025 and 2026.

- **Induced effects:** In addition to direct and supply chain impacts, there will be wider impacts on the local economy as a result of the loss of local spend through the wages of TSUK and supplier employees. This would generally be calculated using data relating to employees' place of residence and salary levels, and then making assumptions for expenditure across different items, linked with estimates for leakage beyond NPT. This has not been calculated at the time of writing; however, for a rough estimate, based on economic impact assessments of other major employment sites, we assume induced impacts of around 10% of the direct impact (i.e., in the region of an additional 200 jobs).

Induced effects are assumed to mostly impact retail, accommodation and food service and other services (i.e., those sectors that are most relevant to consumer spend) and are split across these sectors pro rata to sector share), with losses in 2024, 2025 and 2026.

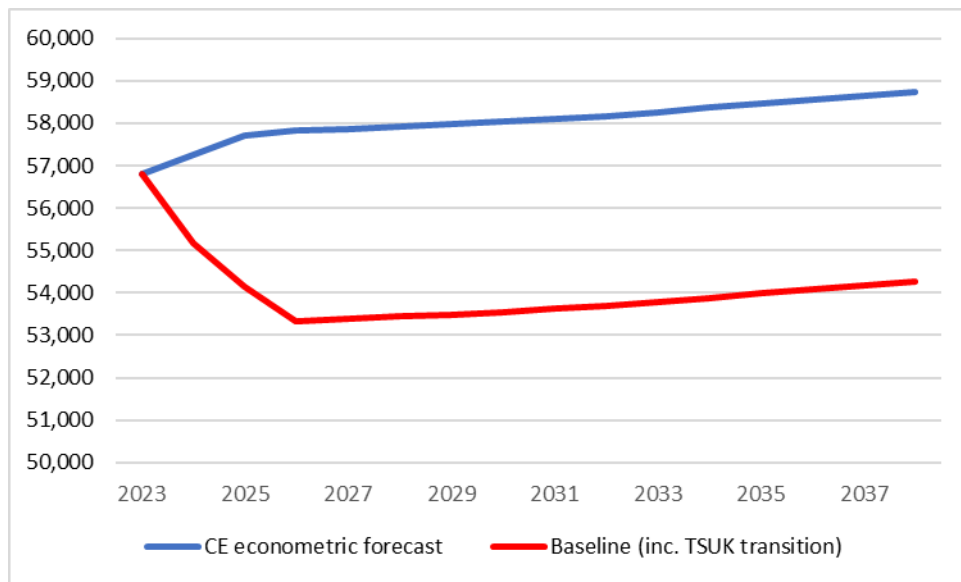
6.13 It should be noted that employment numbers only represent part of the total short-to-medium term impact. For example, earnings in the steel industry are much higher than the all-industries average and finding alternatives at equivalent rates of pay will be challenging [Max Munday and Karen Turner (2020), Steel manufacturing in Wales: Ensuring a prosperous future (University of Strathclyde Energy Policy Centre)]. The LEAP report also highlights a range of negative health and wellbeing impacts associated

with job losses. So while for the purposes of this report, the focus is on employment numbers, the wider community impact is broader.

The baseline scenario

- 6.14 The baseline scenario adjusts the independent econometric forecast to take account of the TSUK transition process. This anticipates a **net loss of 2,521 jobs** between 2023 and 2038 (or **-168 jobs per annum**), compared with growth of 1,956 jobs on CE’s econometric forecast. Following a sharp contraction in 2024-26, there is modest growth thereafter, linked with the underlying growth assumptions within the independent forecast take effect. But these are very slow to take effect, with the consequence that total baseline employment in NPT is substantially below 2023 levels at the end of the plan period:

Figure 6.1: Baseline scenario



Source: CE; SQW analysis, drawing on LEAP report

- 6.15 Sectorally, the largest loss in the baseline scenario is manufacturing, which is anticipated to contract by 3,250 jobs between 2023 and 2038, with the TSUK transition compounding expectations of decline within the CE econometric forecast. Consequently, the manufacturing share of total jobs falls from 16.3% in 2023 to 11.1% in 2038. The largest growth over the period is anticipated to be in public services. The sectoral breakdown of the CE econometric forecast and the baseline including the TSUK transition adjustment is set out below:

Table 6.1: Annual forecast jobs growth, by sector

Sector	CE baseline econometric forecast	Revised Baseline scenario, inc. Tata transition
Agriculture etc	15	15
Mining & quarrying	-7	-7
Manufacturing	-54	-217
Electricity, gas & water	3	-1
Construction	-2	-14
Distribution	28	-4
Transport & storage	13	-5
Accommodation & food service	13	-3
Information & communications	10	5
Financial & business services	16	-17
Government services	89	89
Other services	7	-9
Total	130	-168

Source: CE; SQW analysis

Accounting for investment and ambition

- 6.16 While the baseline scenario indicates a net loss of jobs to 2038, opportunities for significant growth are being explored. The following paragraphs consider NPT’s established economic strategy base; emerging proposals to mitigate the impact of the steel industry transition; the nationally significant Freeport opportunity and associated scope for industrial decarbonisation; other potential investments; and business sentiment.

Economic growth strategies

- 6.17 NPT’s key published economic growth strategies pre-date the announcement of TSUK’s transition plan. In 2022, the Council approved a new **Corporate Plan, Recover, Reset, Renew**. This contains four themes within a ‘Strategic Change Programme’, which includes a focus on ‘Jobs and Skills’, with the aim of “*creating the conditions for more secure, well paid and green work in the area*” [NPTC (2022), *Recover, Reset, Renew: Corporate Plan 2022-27*, p.45]. Among other priority actions, the Corporate Plan seeks to progress this theme through expanding the availability of sites and premises for business, and targeting businesses looking to expand in the decarbonisation and renewable energy sectors.
- 6.18 Alongside the Corporate Plan, the Council has also developed an **Economic Recovery Plan**, which seeks to build on the recovery from the Covid-19 pandemic to “*grow our business community, support sustained employment and progression in work, and*

increase productivity and pay over the long term”[NPTC [SQW] (2022), *Economic Recovery Plan*]. The Plan notes the strength of the existing industrial base and the potential for leadership in the transition to a low-carbon economy, and highlights the scale and employment potential of NPT’s major sites. The Plan aims to “*create the conditions for practical, meaningful and relatable [employment] opportunities*”, and contains four key action areas, which include developing an “*entrepreneurial and resilient economy*” and supporting “*transformational investment and change*” at NPT’s key development locations. The Economic Recovery Plan also highlights the need to promote economic opportunity throughout NPT, including within the Valleys.

- 6.19 Regionally, NPT benefits from the £1.3 billion **Swansea Bay City Deal**, which is supporting economic growth in South West Wales through investment in nine ‘transformational’ projects. Of particular relevance to NPT is the ‘Supporting Innovation and Low Carbon Growth’ project, which has supported the delivery of Swansea Bay Technology Centre at Baglan and which include further investment in research and development, decarbonisation and business space at Port Talbot Harbourside [Swansea Bay City Deal (<https://www.swanseabaycitydeal.wales/projects/supporting-innovation-and-low-carbon-growth/>)].
- 6.20 Building on the City Deal, partners in South West Wales (including NPTC) approved a new **South West Wales** Regional Economic Delivery Plan (REDP) in early 2022. The REDP sets out three ‘missions’ to guide regional strategy, focused on “becoming a UK leader in renewable energy and the net zero economy” (including through the exploitation of NPT’s energy generation and industrial decarbonisation opportunities); “*building a strong, resilient and embedded business base*” and “*growing and sustaining the South West Wales experience offer*”, including the opportunities presented by the visitor economy [South West Wales local authorities (2022), South West Wales REDP].
- 6.21 There is also a series of strategies relevant to the opportunities associated with decarbonisation in NPT. These include:
- The **South Wales Industrial Cluster (SWIC) programme**, formed in 2019 with support from UK Research and Innovation to help plan a route to net zero for South Wales’ substantial industrial and energy base [See SWIC]. SWIC incorporates two programmes, focused on deployment (specific projects that will reduce emissions) and cluster development (feasibility studies to support the development of a lower-carbon, circular economy). Key partners include several businesses with a substantial presence in NPT, including Associated British Ports (ABP), Tata Steel and the carbon recycling and sustainable fuels company Lanzatech.
 - NPT’s **Decarbonisation and Renewable Energy (DARE) Strategy**, adopted by the Council in 2020 [NPTC (2020), Decarbonisation and Renewable Energy Strategy]. As well as setting out the Council’s direct role in reducing carbon emissions (through investment in the building stock, transport fleet, etc.), the DARE Strategy highlights the opportunities associated with the adoption of low carbon technologies by industry and the potential for NPT to play a leading role [See for example the delivery of the FLEXIS project in Port Talbot has also delivered a

demonstrator project in Port Talbot, linked with the town's combination of energy generation potential, industry and residential demand]. Working with the Carbon Trust, the Council is also developing a Net Zero Strategy and Costed Implementation Plan.

- Opportunities associated low carbon energy set out in greater detail in the **South West Wales Energy Strategy**, prepared in 2021, which presents the net job opportunities that could be supported through a shift in the energy mix [WG Energy Service (2021), South West Wales RES. A Local Area Energy Plan (LAEP) is also being developed for NPT.].

Mitigating the impact of the transition at TSUK

6.22 £100 million has been made available to the Transition Board to mitigate the impacts of the job losses at Tata. This is to be funded with £80 million from the UK Government and £20 million from TSUK and a **Local Economic Action Plan (LEAP)** is being developed to guide the transition fund investment.

6.23 Potentially, investment of £100 million, alongside private and other public funds, could make a significant contribution to reducing the scale of the contraction estimated in the baseline. At the time of writing, it is too early to make an assumption about the total impact of the transition fund, given the early stage of many of the proposed projects.

Celtic Freeport and industrial decarbonisation

6.24 In 2023, the UK and Welsh Governments announced the designation of a Celtic Freeport. Focused on sites in Pembrokeshire and NPT, the Celtic Freeport is intended to create a “green investment and innovation corridor” [<https://www.celticfreeport.wales/>]. Key opportunities associated with the Freeport include:

- **Floating Offshore Wind (FLOW):** The UK Government is committed to developing 50GW of offshore wind by 2030, including up to 5GW of FLOW. Plans are well advanced for the first three commercial FLOW farms in the Celtic Sea (with a combined capacity of up to 4.5GW). The UK Government has also announced the intention to unlock additional capacity, which will bring the Celtic Sea FLOW pipeline to around 16GW by the end of the 2030s.

The UK Government seeks to ensure 60% UK content in offshore wind infrastructure. In that context, the Offshore Renewable Energy Catapult concluded that Port Talbot, with its proximity to large steelmaking facilities and waterside laydown space, is the “optimal Welsh port for floating substructure production” and turbine manufacturing.. To deliver this, there is an opportunity to develop a FLOW and sustainable energy development hub at Port Talbot. These proposals are also closely aligned with ABP's *Future Ports Vision*, which sets out an ambition to develop the Port at Port Talbot to support “low carbon, port-centric manufacturing facilities”, and the development of the renewable energy industry [ABP (2021), *Future Ports: Port Talbot*].

- **Hydrogen:** As part of ABP's Future Ports vision, it is envisaged that Port Talbot could evolve into a hydrogen import and distribution hub for the UK. In NPT, the

key opportunity is to develop a hydrogen cluster building on existing R&D assets, such as the University of South Wales' Hydrogen Centre at Baglan and the FLEXIS demonstrator project in Port Talbot. Wales and West Utilities also has plans for a major hydrogen pipeline, 'Hy-Line Cymru' which will connect production sites with industrial demand across South Wales.

- **Carbon capture and storage**, recognising the carbon intensity of much of South Wales' industrial production and contributing to SWIC's industrial decarbonisation goals.
- **Innovative fuels**: The key opportunity is the potential to develop sustainable aviation fuels, linked with Lanzatech at Port Talbot.

- 6.25 Across all these technologies, there is an emphasis on attracting investment in R&D, advanced manufacturing and innovation. Within NPT, key areas of focus include the development of Baglan Energy Park (including Swansea Bay Technology Centre and Baglan Bay Innovation Centre) and investment in SWITCH, a purpose-built facility at Harbourside to support the decarbonisation of the steel and metals industries.
- 6.26 While these opportunities are significant, some of them are at a relatively early stage of development, and will require public support as well as commercial investment to bring them forward – especially in an internationally competitive environment. Consequently, the Freeport comprises a series of 'tax sites' to attract private investment and move near-market propositions to viability, alongside seed capital to address early infrastructure needs and investment in workforce skills.
- 6.27 At the time of writing, the tax sites that will comprise the NPT part of the Celtic Freeport have not been fully determined, since they will to some extent depend on the physical requirements of TSUK following the transition process.

Global Centre for Rail Excellence

- 6.28 The GCRE is a planned testing centre for rail infrastructure and rolling stock, located on a 1,000ha site which incorporates the former Onllwyn coal washery site (in NPT) and the adjacent Nant Helen opencast coal mine (just inside Powys). The proposition is that it will be a nationally-significant facility, benefiting from a large, remote, but well-connected site. £50 million was secured from the UK Government in 2021 to bring it forward. Agreements have been reached with a number of manufacturers to use the facility when it is operational, including CAF and Thales.
- 6.29 The project will include electrified testing tracks, overhead line equipment and station infrastructure and space for research and development, education and training. GCRE currently quote around 250 jobs when it is fully operational, with the potential to accommodate a further 750 on a new technology park (although this has not been granted permission at the time of writing). The Council has also identified that a number of sites surrounding the proposed development have been promoted as having development potential through the RLDP Candidate Site process

Opportunities in the visitor economy

6.30 The accommodation and food service sector has seen strong employment growth in recent years. Supported by the quality of NPT's natural and historic environment, the growing demand for active leisure (itself strongly promoted as part of Wales' visitor economy offer) and proximity to transport connections, there are opportunities for investment in the visitor economy. In 2023, the Council adopted a new **Destination Management Plan 2023-28**, which highlights:

- Development of the **Wildfox Adventure Resort** in the Afan Valley. This is a commercially-led proposal, incorporating leisure, lodges, hotel and a food and beverage offer, which the promoters anticipate will create around 1,000 jobs in the operational phase [Discussion with Salamanca Group].
- The **Vale of Neath Heritage Corridor Framework**, which includes a Waterfall Country Gateway Visitor Infrastructure scheme at Pontneddfechan and enhancement to the visitor experience at Gnoll Estate Country Park, for which UK Government Levelling Up Funding has been secured.
- The future development of **Afan Forest Park**, and further investment at **Aberavon Seafront** and **Margam Castle and Country Park**. There is also potential future development at Parc Pelenna between Tonna and Resolven (subject to planning consent being granted).

In addition, Candidate Sites for active tourism have come forward at Tairgwaith, near Gwaun Cae Gurwen, and at Rheola near Resolven, highlighting the commercial interest in the development of NPT's outdoor leisure and sustainable tourism offer.

Considering local intelligence

6.31 Views were also sought from a selection of local businesses on the prospects for growth in NPT. An online survey gathered 26 responses (all of which were from small and micro businesses, with 65% employing nine or fewer people), while a series of depth interviews were carried out with 13 businesses, drawn from NPT's larger private sector employers, some 'high growth' and/or innovative businesses drawn from the Beauhurst and Wales FastGrowth 50 databases, and survey respondents who offered to provide further insights. On relatively small numbers, these business views should not be seen as statistically robust, but they do provide some additional qualitative views. It should be noted that these consultations took place before the announcement of TSUK's transition plan.

6.32 In general, **businesses were positive about their prospects for growth**. Of survey respondents, 46% expected to expand in employment terms over the next two to three years, with 15% expecting to grow their staff by 30% or more. Only 4% anticipated contraction. This was borne out in consultation, with several manufacturers commenting on the reversal of the historic decline in manufacturing and the stronger recent trajectory. Good connectivity was seen as a strength of the area, as was the strength of the local supply chain, with some commenting on the value to their business of having resilient and reliable suppliers in close proximity.

6.33 There was a widespread perception that **access to premises is challenging**. 29% of survey respondents considered that their current premises did not meet their current

or likely future needs. In consultation, businesses described a lack of suitable stock to enable expansion (both for offices and industrial), and set out various strategies that they had employed to manage this, including measures to increase the efficiency of floorspace use, and operation across several small sites, including one that was outside the county (this was seen by the business as sub-optimal, although the only current viable option). One respondent also noted the challenges that his business had faced in developing on its own land, given the costs of developing on reclaimed land and the lack of an accessible grant product to offset this. These challenges in accessing 'grow-on' space are well-known, and are reflected in several previous studies [See for example, WG [SQW] (2020), Commercial Property: Market Analysis and Potential Interventions].

- 6.34 Beyond access to premises, **staff recruitment and retention** was seen as a significant challenge, cited by 40% of survey respondents as a barrier to growth. There are several dimensions to this: most interviewees commented on general labour shortages that have been exacerbated in the aftermath of Brexit and Covid-19. Others noted more specifically the challenges in recruiting new entrants into engineering (in the context of an ageing workforce and the need to ensure succession) and difficulties in recruiting to senior and technical roles. However, one consultee commented on the quality of technical recruits since the pandemic, reflecting on a greater interest in working closer to home and the opportunity that NPT may have to 'capture back' workers that may previously have located elsewhere. **Digital connectivity** was widely cited as a key factor in location decisions (35% of survey respondents cited it as a key factor in seeking accommodation), although no businesses in discussion found digital connectivity a current problem, with many previous issues appearing to have been resolved.

Developing adjusted scenarios

- 6.35 Drawing on the narrative above, two adjusted scenarios have been developed, building on the baseline scenario discussed earlier. These are based on policy-led investments and are referred to as the '**core adjusted scenario**' and the '**supplementary adjusted scenario**'.

Core adjusted scenario

- 6.36 The core adjusted scenario is the main alternative scenario to the baseline, taking into account reasonable expectations of growth which will not have been 'known' in the independent econometric forecast. This assumes additional job creation as a result of potential Freeport investment and, on a smaller scale, the development of Wildfox and GCRE.

- 6.37 The core adjusted scenario shows a slow recovery from the contraction included in the baseline, with **121 net additional jobs per annum** over the plan period.

Supplementary adjusted scenario

- 6.38 The supplementary adjusted scenario assumes additional longer-term job creation associated with the Freeport This yields **237 jobs per annum**.

Sectoral distribution

- 6.39 A comparison of the sectoral distribution of jobs growth is set out in Table 6.2. While there is still an anticipated net loss in manufacturing (-156 jobs per annum in the core

adjusted scenario), this is substantially reduced from the revised baseline scenario (-217, as set out in Table 6.1).

Table 6.2: Core and supplementary adjusted scenarios, jobs per annum

Sector	Core adjusted scenario	Supplementary adjusted scenario
Agriculture etc	18	20
Mining & quarrying	-7	-7
Manufacturing	-156	-130
Electricity, gas & water	8	12
Construction	0	7
Distribution	21	29
Transport & storage	17	26
Accommodation & food service	20	27
Information & communications	14	19
Financial & business services	15	28
Government services	154	181
Other services	16	25
Total	121	237

Source: SQW analysis

Bringing the scenarios together

6.40 Table 6.3 and Figure 6.2 illustrates the baseline, core adjusted and supplementary adjusted scenarios, alongside CE's independent econometric forecast.

Table 6.3: Summary of scenarios (jobs per annum, 2023-38)

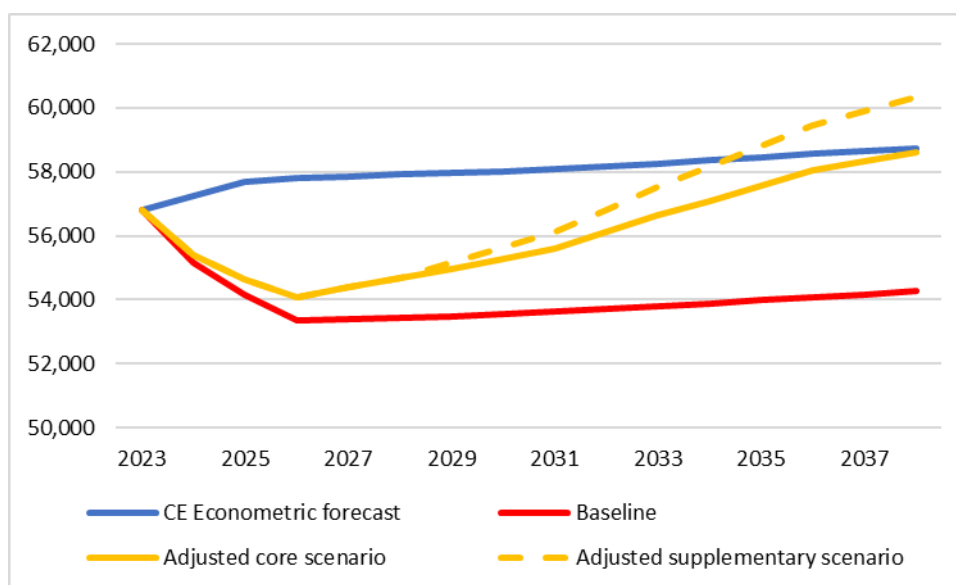
Scenario	Jobs per annum
CE independent baseline economic forecast	130
Revised baseline scenario	-168
Core adjusted scenario	121
Supplementary adjusted scenario	237

6.41 In summary:

- The **CE independent baseline econometric forecast** anticipates **130** additional jobs per annum, with a steady trajectory and slower growth than has been seen in the recent past.

- The **baseline scenario**, taking into account the Tata transition, anticipates a **loss of 168 jobs per annum**, with sharp contraction in 2024 and 2025 then minimal and very slow growth thereafter.
- The **core adjusted scenario** takes account of the Freeport investment and other major projects. It anticipates **121 jobs per annum**, with a return to growth after 2026 enabling recovery to the original econometric forecast position, but only at the end of the plan period.
- The **supplementary adjusted scenario**, which should be regarded as indicative, anticipates **237 jobs per annum**.

Figure 6.2: Comparison of scenarios and the independent econometric forecast



Source: CE, SQW analysis

6.42 In thinking about these alternative scenarios, two further caveats should be taken into consideration:

- Firstly, **the scale of uncertainty**. The upside and downside elements of the scenarios are both associated with long-term structural change, with the County Borough being especially vulnerable to the consequences of decarbonisation, as well as having nationally-distinctive opportunities in relation to it. While forecasts of future employment growth are always inexact, there is perhaps more scope for uncertainty than would usually be the case.
- Secondly, jobs growth may be limited by **labour supply constraints**, especially in the light of falling net migration. Notwithstanding the intercensus trend introduced in section 4, NPT has been highly successful in recent decades at bringing more people into the labour market: in 2004, 66.8% of 'working age' people in NPT were economically active, some 9.3 percentage point lower than the UK average. By 2023, the economic activity rate had risen to 76.6%, reducing the deficit with the rest of the UK to 2.1 percentage points. While economic

activity rates have risen across most of Wales, the scale of the change between 2004 and 2023 was the third highest of any local authority in Wales. In part, this is likely to reflect the long-term demographic consequences of deindustrialisation, as those exiting the labour market for health and other reasons in the 1980s and 1990s reach retirement age. But the scope for increasing the available workforce through downwards pressure on economic inactivity will be reduced over time as the gap with the national average narrows.

Summary and implications

- 6.43 An independent econometric forecast sourced from CE anticipated 130 jobs per annum between 2023 and 2038, a slower rate of growth than in the recent past. However, this does not take account of the significant loss of jobs as a result of TSUK's transition to low carbon steel production. Using current estimates of the scale of contraction associated with this, a revised baseline scenario has been developed. This anticipates a loss of 168 jobs per annum, with a sharp fall in employment in 2024/25.
- 6.44 This chapter also presents future scenarios based on potential growth associated with the Celtic Freeport proposition and other likely investments. The core adjusted scenario anticipates 121 jobs per annum in 2023-38, leading to a slow recovery to the original econometric forecast position by the end of the plan period. A less certain supplementary adjusted scenario anticipates more optimistic growth potentially resulting in 237 jobs per annum.
- 6.45 The adjusted scenarios still anticipate lower growth than the historical trend. SQW note considerable uncertainty, given the structural changes that are taking place in the economy, and also note the potential constraints on labour market supply, given the reduced capacity to further increase economic activity rates. This issue is reflected on further in section 8 in the consideration of the alignment between forecast job growth and housing need.

7. Related Need for Employment Land

7.1 Having introduced a range of economic growth scenarios for NPT, consideration is given in this section to the amount of employment land that could be needed to accommodate newly created jobs over the plan period. This requires the assignment of different sectors to B use classes before jobs are converted into floorspace, although the WG recommends ‘a dual approach’ which complements such ‘labour demand forecasting’ with analysis based on ‘past building completions’ [WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, p34]. Its guidance also importantly notes that ‘the decision about what method or methods to use lies with the LPA’, and indeed that ‘neither past completions nor forecasting methodology is perfect’ because ‘both can yield inaccurate results depending on the extent to which future uncertainty influences actual demand and supply’ [Ibid, p34]. This section therefore uses both methods to provide the Council with an indication of the amount of employment land that may need to be provided in NPT over the new plan period.

Translating employment forecasts into floorspace

7.2 The WG describes the following three steps when translating employment forecasts into land:

- **Convert jobs by sector into jobs by land use (Use Class)** to estimate the numbers of jobs that will be based in industrial property, warehouses and offices;
- **Translate jobs into floorspace** using employment densities, which measure the average amount of space per worker; and
- **Translate floorspace into land** using plot ratios, which it accepts as being ‘highly variable’ for offices in particular.

7.3 These steps are illustrated diagrammatically at Figure 7.1 below.

Figure 7.1: Process of Estimating Employment Land Requirements



Source: Turley

7.4 The first two steps are considered below to arrive at estimates regarding the amount of floorspace that could be required in each of the economic growth scenarios introduced in the previous section. These estimates are then compared to past

development rates, which the Council principally measures in terms of floorspace rather than land, as it also does for losses which are subsequently considered before floorspace is converted into land as a final step.

Sectors to use classes

- 7.5 While the previous section considered employment growth across all sectors, it is widely recognised – not least by the WG – that only certain sectors generate a need for the “employment land” covered by the B use classes as opposed to other premises like shops, schools and hotels. It is therefore necessary to isolate jobs in sectors that are unlikely to require employment land of this nature, before removing them from the forecast.
- 7.6 Translating economic sectors (normally classified according to Standard Industrial Classification “SIC”) to planning use classes is an inexact science and there is no standardised set of assumptions. Estimates of the type of space that various economic operations occupy must be made through observation of the sectors themselves, both generally and at the local level. Manufacturing type sectors and operations are fairly easy to categorise since they will primarily occupy light or general industrial premises. However, sectors such as ‘administration and support services’ and ‘construction’ are far more difficult to classify in terms of use of space due to the diversity of operations that fall within these categories, some of which will be of no fixed workplace (e.g. on-site construction and cleaning).
- 7.7 Various studies have taken different approaches over the years, reflecting the fact that the type of space occupied by different sectors in different locations will vary in different locations. The WG’s guidance provides an example of how different sectors can be assigned to property types, but this requires a much more detailed breakdown than has been produced through the analysis in the previous section. It has therefore been necessary to make alternative assumptions, which are outlined at Table 7.1 and have been based on available local data, best practice and experience of similar studies.

Table 7.1: Sector to Use Class Matrix

Sector	Offices B1	Industrial B2	Warehouse B8	Non-B
Agriculture etc.	0%	0%	0%	100%
Mining and quarrying	0%	0%	0%	100%
Manufacturing	0%	90%	10%	0%
Electricity, gas and water	0%	0%	0%	100%
Construction	0%	0%	5%	95%
Retail and distribution [Distribution includes retail employees working in shops, who account for the vast majority of those working in this broad sector in NPT]	0%	0%	20%	80%
Transport and storage	0%	0%	75%	25%
Accommodation and food services	0%	0%	0%	100%
Information and communications [Within NPT, the majority of jobs in this broad sector involve computer programming, consultancy or information services, and are therefore assumed to require offices]	80%	0%	0%	20%
Financial and business services	80%	0%	0%	20%
Government services [Around 30% of these jobs in NPT relate to public administration, which are assumed to require offices, with the rest relating to education, health and residential care and therefore assumed to require other types of premises]	30%	0%	0%	70%
Other services [This sector appears to be broadly comprised of sport and personal services in NPT, none of which are considered likely to require employment land]	0%	0%	0%	100%

Source: Turley analysis

7.8 Table 7.2 overleaf shows the impact of applying these assumptions to the four employment growth scenarios developed by SQW.

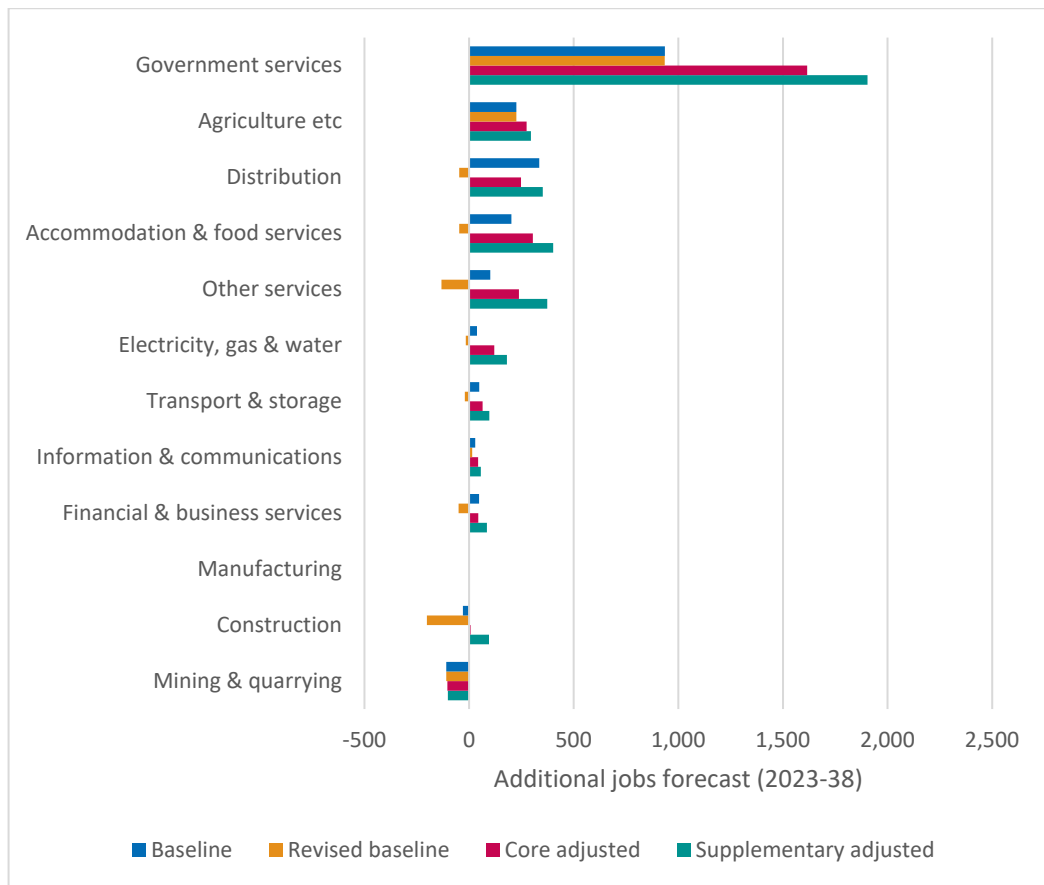
Table 7.2: Total job growth when assigning sectors to use classes (2023 to 2038)

Scenario	Additional jobs	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total B uses	Non-B
CE Baseline	1,957	710	-725	147	132	1,825
Revised baseline	-2,521	258	-2,925	-407	-3,074	554
Core adjusted	1,813	1,043	-2,110	22	-1,045	2,858
Supplementary adjusted	3,560	1,382	-1,751	189	-180	3,740

Source: CE; SQW; Turley analysis

- 7.9 There is evidently some variability across the four scenarios. Under the baseline, there is likely to be some growth in the jobs that require office space and to a lesser extent warehouses, but there would in contrast be decline in the number of jobs requiring industrial premises.
- 7.10 This changes as a result of the adjustments made by SQW in developing the other scenarios. The revised baseline would see a sharper reduction in industrial jobs, which remains – albeit is slightly moderated – in both of the adjusted scenarios. Warehousing jobs would also be lost in the revised baseline scenario, but would contrastingly be created in each of the adjusted scenarios. Office jobs would be created in all four scenarios, but the most would be created in the supplementary adjusted scenario.
- 7.11 Table 7.2 also shows that, in every scenario, there will likely be growth in sectors that do not – or will not only – require B-use space, ranging from 554 additional jobs in the revised baseline to 3,740 jobs in the supplementary adjusted scenario. Figure 7.2 shows that this is predominantly driven by jobs in Government services, only some of which are assumed to need offices rather than schools and surgeries, for example. The Council is advised to broadly consider how forecast growth could be accommodated through the RLDP, where it simply is not possible to use the methods applied in this section to estimate the space and land needed by these occupiers.

Figure 7.2: Additional jobs assumed to require non-B premises (2023 to 2038)



Source: CE; SQW; Turley analysis

Employment to floorspace

7.12 Having established the anticipated level of job growth within B use sectors, the next stage is to translate this into need for additional employment space. The next step therefore considers the amount of floorspace needed to accommodate each additional employee, also known as employment density. The key factor here is the density at which different types of employment space are occupied by workers. This will vary according to type of space, quality of space, location and will even vary within business sectors.

7.13 While the WG guidance references a study carried out in 2010 for Yorkshire and the Humber, this has arguably been superseded by a 2015 update to the Employment Density Guide that is widely used in England and is understood to have actually been based on research into commercial properties throughout the whole of the UK [HCA (2015) Employment Density Guide, 3rd Ed.]. This update sought to reflect the ‘latest industry ‘norms’ of how space is planned, developed and utilised’ up to 2015, particularly considering the implications of recent technological improvements, the evolution of new forms of workspace and sectoral activity [Ibid, paragraphs 1.3 and 1.5]. While there has undoubtedly been a further evolution, accelerated in places by the pandemic, there is as yet no similarly comprehensive or reliable analysis of how this has affected employment density, with the Council therefore advised to monitor the availability of any updates that show how post-pandemic working trends – and the

WG’s ambition for 30% of people to work remotely – are affecting employment densities. The Council may also wish to monitor prevailing employment densities in NPT specifically, refining its initial research – introduced later in this section – which is not yet detailed enough to replace this study from 2015.

7.14 In order to convert the job growth summarised at Table 7.3 into floorspace, the various densities published for different types of offices, industrial premises and warehouses have been respectively aggregated and averaged as follows:

- **Office** – general office (corporate; professional services; public sector; technology; media and telecoms; finance and insurance) and call centres;
- **Industrial** – light industrial, industrial and manufacturing; and
- **Warehouse** – regional distribution and “final mile” distribution centre.

7.15 The published densities notably measure floorspace in different ways, so have been converted to consistently reflect the gross external area (GEA) which is considered the most appropriate basis for calculating employment land requirements.

Table 7.3: Employment densities (sqm GEA per full time equivalent employee)

Office	Industrial	Warehouse
13.3sqm	44.8sqm	73.5sqm

Source: Homes and Communities Agency; Turley analysis

7.16 It is important to note that employment densities are applied on the basis of full time equivalent (FTE) jobs, rather than *all* jobs as has been the focus to this point. This requires a further process of conversion, taking account of the reported split between full- and part-time employment in each sector in NPT as of 2022 and assuming that two part-time jobs are equivalent to one FTE job [ONS (2023) BRES, 2022].

7.17 Applying employment densities to these estimates of future change in FTE employment, at Table 7.4, provides an indication of the amount of additional employment floorspace that could be required to support future job growth in NPT. It suggests that there would be a requirement for additional offices under every scenario, albeit the scale of that requirement ranges from 2,558sqm under the revised baseline to 14,986sqm in the supplementary adjusted scenario. A need for warehousing space is implied in only the CE baseline and supplementary adjusted scenarios. In contrast, there is implied to be a *negative* requirement for industrial space in every scenario.

Table 7.4: Employment space needed to accommodate forecast growth (2023 to 2038)

CE Baseline	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Additional jobs	710	-725	147	132
Additional FTE jobs	581	-705	117	-7
Floorspace (GEA)	7,715sqm	-31,600sqm	8,601sqm	-15,284sqm
Revised baseline	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Additional jobs	258	-2,925	-407	-3,074
Additional FTE jobs	193	-2,847	-391	-3,045
Floorspace (GEA)	2,558sqm	-127,569sqm	-28,706sqm	-153,716sqm
Core adjusted	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Additional jobs	1,043	-2,110	22	-1,045
Additional FTE jobs	846	-2,054	-2	-1,210
Floorspace (GEA)	11,234sqm	-92,030sqm	-121sqm	-80,916sqm
Supplementary adjusted	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Additional jobs	1,382	-1,751	189	-180
Additional FTE jobs	1,128	-1,704	150	-426
Floorspace (GEA)	14,986sqm	-76,355sqm	11,008sqm	-50,361sqm

Source: HCA; CE; SQW; Turley analysis

Past take-up scenario

- 7.18 As introduced at the start of this section, the WG recommends that any analysis based on ‘labour demand forecasting’ is complemented by an approach linked to ‘past building completions’, also known as past take-up [WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, p34].
- 7.19 The Council’s monitoring, introduced at Figure 5.8, indicates that – before accounting for losses – an average of **4,874sqm** of employment space has been completed throughout NPT since the start of the current plan period, capturing the recovery from the last recession and the pandemic (2011-23). Around two thirds of this was office space, with less warehousing and industrial space developed over this period.
- 7.20 Table 7.5 shows that some 73,095sqm of space could be needed in total over the new plan period if delivery continues at this long-term rate. This is more than is suggested by any of the four previously-introduced scenarios, none of which at this stage imply a positive overall requirement for employment space. This also applies for individual types of premises.

Table 7.5: Extrapolating past take-up (sqm; 2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Past take-up (2011-23)	48,945	8,865	15,285	73,095
CE Baseline	7,715	-31,600	8,601	-15,284
Supplementary adjusted	14,986	-76,355	11,008	-50,361
Core adjusted	11,234	-92,030	-121	-80,916
Revised baseline	2,558	-127,569	-28,706	-153,716

Source: Council monitoring; Turley analysis

- 7.21 It is important to recognise that an approach based on past take-up is necessarily backward-looking and will have also been affected by the increasingly limited availability described in section 5. Within this context, the Council has requested advice on how an allowance can be made for the additional space that would be needed to increase availability to a healthier rate.
- 7.22 While there is no official guidance on how this can be done, one approach could be to calculate how much additional space would have been needed in 2023 to move towards the healthier rates recorded in NPT over the previous decade. Benchmarks can be reasonably based on the upper quartile rates recorded in this time for offices (4.1%), industrial premises (3.9%) and warehouses (8.9%). Reaching these benchmarks would represent an improvement from the current position, in which 3.7% of office space, 1.7% of industrial space and 2.8% of warehousing space is available.
- 7.23 These rates can be reasonably applied to the inventory recorded by CoStar in 2023, with the differential between existing and targeted availability added on to the projection of past take-up to allow for space that could have been taken up had it been available. This would considerably elevate the past take-up scenario, pushing it even further beyond the baseline and adjusted scenarios.

Table 7.6: Allowing for improved availability (sqm; 2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Improved availability	49,318	28,214	28,256	105,788
Past take-up (2011-23)	48,945	8,865	15,285	73,095
CE Baseline	7,715	-31,600	8,601	-15,284
Supplementary adjusted	14,986	-76,355	11,008	-50,361
Core adjusted	11,234	-92,030	-121	-80,916
Revised baseline	2,558	-127,569	-28,706	-153,716

Source: Council monitoring; Turley analysis

Allowing for losses

- 7.24 The Council's monitoring also highlights how existing employment space has been lost to other uses over the current plan period, with Figure 5.9 indicating that an average of **2,675sqm** of offices, industrial space and – to a much lesser extent – warehouses has been collectively lost per annum between 2011 and 2023 [Excluding the small element that cannot be assigned to a specific use class, shown at the earlier Figure 5.9]. Some 40,125sqm of employment space could be lost over the new plan period if this continues.
- 7.25 A judgement needs to be made by the Council on how much lost space needs to be replaced in the future, and indeed on how much space is likely to be lost. Some recent losses will have been attributable to stock which was long-term redundant, for example, or functionally obsolescent and therefore underutilised/underoccupied by modern standards. It may be the case that there is now less such space to be lost, which could cause the rate of loss to slow.
- 7.26 While it is ultimately a judgement to be made by the Council, it may wish to plan for additional provision, beyond the level suggested to this point by the various scenarios, in order to wholly or partially replace space that could be lost. Table 7.7 shows how such an allowance impacts upon the floorspace requirements estimated above.

Table 7.7: Impact of replacing all losses or half (sqm; 2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Replacing all losses	+16,155	+23,445	+525	+40,125
Improved availability	65,473	51,659	28,781	145,913
Past take-up	65,100	32,310	15,810	113,220
CE Baseline	23,870	-8,155	9,126	24,841
Supplementary adjusted	31,141	-52,910	11,533	-10,236
Core adjusted	27,389	-68,585	404	-40,791
Revised baseline	18,713	-104,124	-28,181	-113,591
Replacing half of all losses	+8,076	+11,723	+263	+20,063
Improved availability	57,396	39,937	28,519	125,851
Past take-up	57,023	20,588	15,548	93,158
CE Baseline	15,792	-19,877	8,863	4,778
Supplementary adjusted	23,064	-64,633	11,270	-30,299
Core adjusted	19,312	-80,308	142	-60,854
Revised baseline	10,636	-115,846	-28,443	-133,654

Source: Council monitoring; Turley analysis

Allowing for choice and flexibility

- 7.27 In order to plan positively for future employment growth, it is widely considered best practice to add a margin of choice and flexibility. This additional land provides businesses and developers with a reasonable choice of sites and also allows for delays in sites coming forward. Without a buffer, any delay of this nature risks constraining job growth due to a shortage of available space, particularly where vacancy rates are already low as section 5 showed to currently be the case in NPT.
- 7.28 Establishing such a margin is not an exact science, and requires a degree of judgement. While it is often considered reasonable to apply an allowance equivalent to five years' take-up, the aforementioned prospect of this having been suppressed in NPT by a lack of availability arguably justifies a larger allowance of 7.5 years (i.e. 50% larger than the standard five). This would add a buffer of circa 36,550sqm to each of the previously calculated estimates, as shown at Table 7.8.

Table 7.8: Allowing for choice and flexibility (sqm; 2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Buffer (7.5 years' historic take-up)	+24,473	+4,433	+7,643	+36,548
Improved availability replacing all losses	89,946	56,092	36,424	182,461
Improved availability replacing some losses	81,868	44,369	36,161	162,398
Past take-up replacing all losses	89,573	36,743	23,453	149,768
Past take-up replacing some losses	81,495	25,020	23,190	129,705
CE Baseline replacing all losses	48,342	-3,722	16,768	61,388
CE Baseline replacing some losses	40,265	-15,445	16,506	41,326
Supplementary adjusted replacing all losses	55,614	-48,478	19,175	26,311
Supplementary adjusted replacing some losses	47,536	-60,200	18,913	6,249
Core adjusted replacing all losses	51,862	-64,153	8,047	-4,244
Core adjusted replacing some losses	43,784	-75,875	7,784	-24,306
Revised baseline replacing all losses	43,186	-99,691	-20,538	-77,044
Revised baseline replacing some losses	35,108	-111,414	-20,801	-97,106

Source: Council monitoring; Turley analysis

Converting into land requirements

- 7.29 When planning for employment land, it is clearly necessary to estimate the amount of *land* that could be needed to accommodate the required floorspace, using plot ratios. Plot ratios will be heavily influenced by where and in what form the employment needs are delivered, which will be driven by a combination of land availability and the type of space best matched to the needs of individual sectors. For example, office provision in

town centre locations will enable higher density, more efficient use of land and lower overall land requirements whereas office provision in a business park environment will achieve less efficient use. Given this, the land requirements below can only ever represent a broad indication of land requirements rather than providing a specific target for the amount of land which should be allocated.

- 7.30 The WG guidance acknowledges that plot ratios can ‘vary widely’, particularly for offices, but it endorses a default plot ratio of 40% for industry, warehousing and out-of-town offices [WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, p.6.6.2]. The Council did undertake research in 2014 which suggested that plot ratios of 25% were more common in NPT, and this forms the basis for a sensitivity presented later in this section.
- 7.31 Applying the default plot ratio of 40% suggests that up to 45.6ha of land could be needed to support a continuation of past take-up rates, when adjusted to improve availability while replacing all losses and allowing a margin of choice and flexibility. This is higher than the unadjusted past take-up scenario and is even further above the other four scenarios, none of which suggest a need for more than 15.3ha of employment land in total.

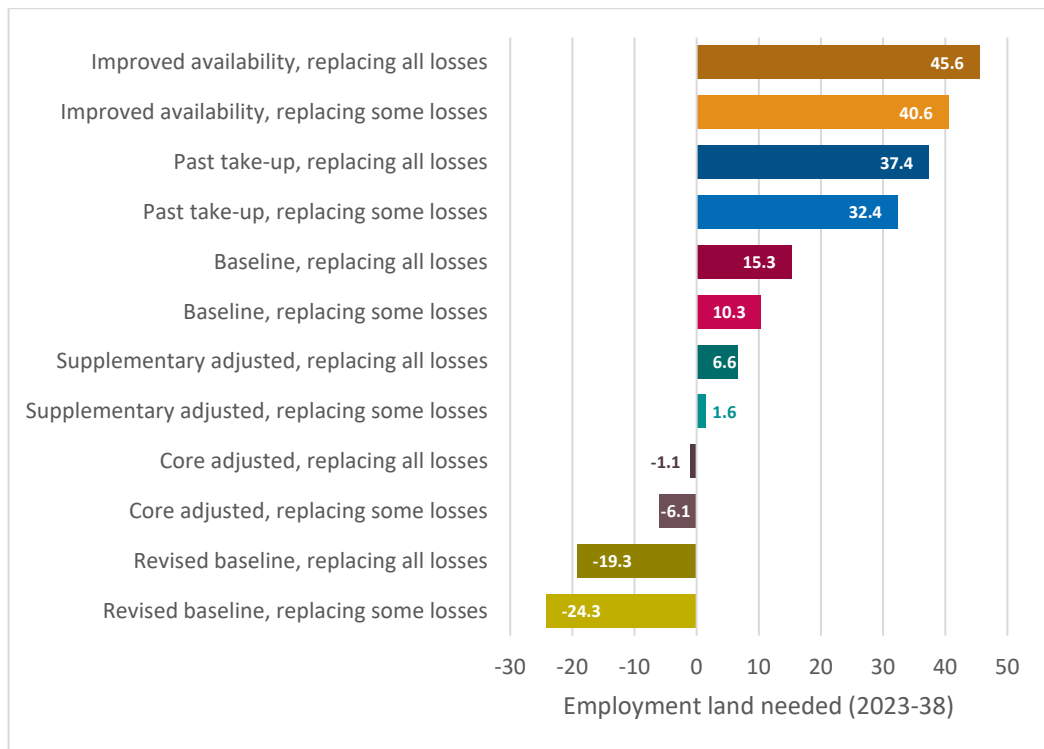
Table 7.9: Land needed to accommodate forecast job growth (2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Improved availability replacing all losses	22.5	14.0	9.1	45.6
Improved availability replacing some losses	20.5	11.1	9.0	40.6
Past take-up replacing all losses	22.4	9.2	5.9	37.4
Past take-up replacing some losses	20.4	6.3	5.8	32.4
CE Baseline replacing all losses	12.1	-0.9	4.2	15.3
CE Baseline replacing some losses	10.1	-3.9	4.1	10.3
Supplementary adjusted replacing all losses	13.9	-12.1	4.8	6.6
Supplementary adjusted replacing some losses	11.9	-15.1	4.7	1.6
Core adjusted replacing all losses	13.0	-16.0	2.0	-1.1
Core adjusted replacing some losses	10.9	-19.0	1.9	-6.1
Revised baseline replacing all losses	10.8	-24.9	-5.1	-19.3
Revised baseline replacing some losses	8.8	-27.9	-5.2	-24.3

Source: Turley analysis

- 7.32 Figure 7.3 further illustrates how the overall need for employment land varies between the scenarios.

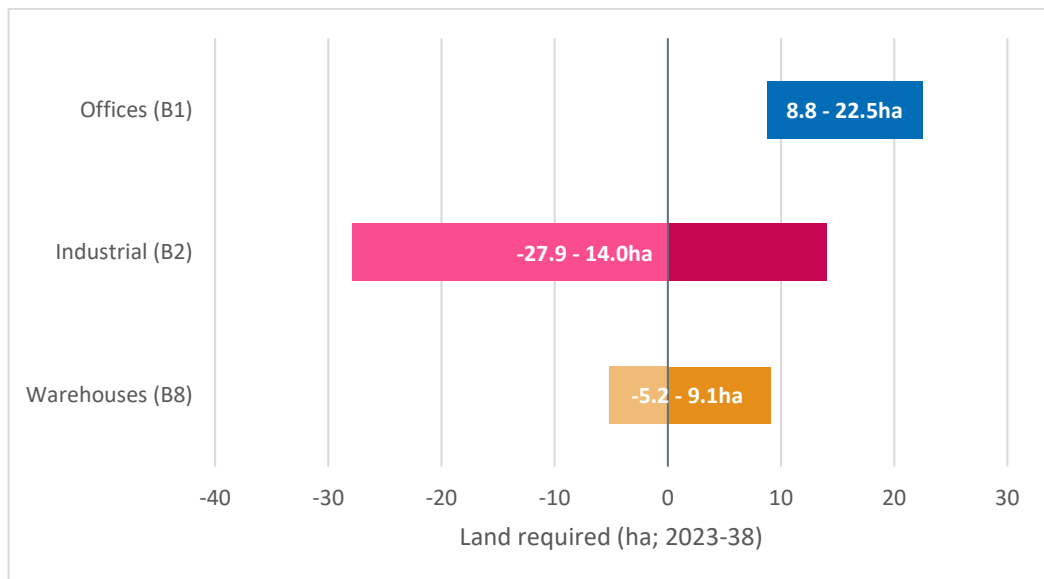
Figure 7.3: Total employment need needed in each scenario (2023 to 2038)



Source: Turley analysis

7.33 Figure 7.4 provides a split by use class, showing the range of requirements for offices, industrial premises and warehouses suggested by the various scenarios.

Figure 7.4: Range of employment land requirements (2023 to 2038)



Source: Turley analysis

Allowing for the prospect of higher density office development

- 7.34 While endorsing a plot ratio of 40% for out-of-town offices, the WG – which describes a “Town Centre First” principle in Future Wales [WG (2021) Future Wales, p71] – importantly highlights that:

“The plot ratio for city or town centre offices, places where land supply is particularly constrained, sites close to public transport nodes and certain new settlements without car parking or landscaping can be many times above that of a traditional out-of-town business park. If [a] study uses fixed plot ratios, it will not be able to take account of these variations and it will not properly estimate the potential impact of intensification on the demand for land” [WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, paragraph 6.6.1]

- 7.35 It should therefore be recognised that substantially less land could be required to accommodate the office space implied to be needed by this assessment. As little as 2.3ha could be required to support the revised baseline for example if land is developed with a plot ratio of 150%, allowing for a two-storey office filling three quarters of its plot or a three-storey office occupying half of its plot for example [This would implicitly require the right type of undeveloped land, which may not be available in NPT]. This would almost treble to 6.0ha in the scenario that allows for improved availability, but even this figure – which also allows for the replacement of all losses – falls below the range implied when using a lower plot ratio, shown at Figure 7.4 above.

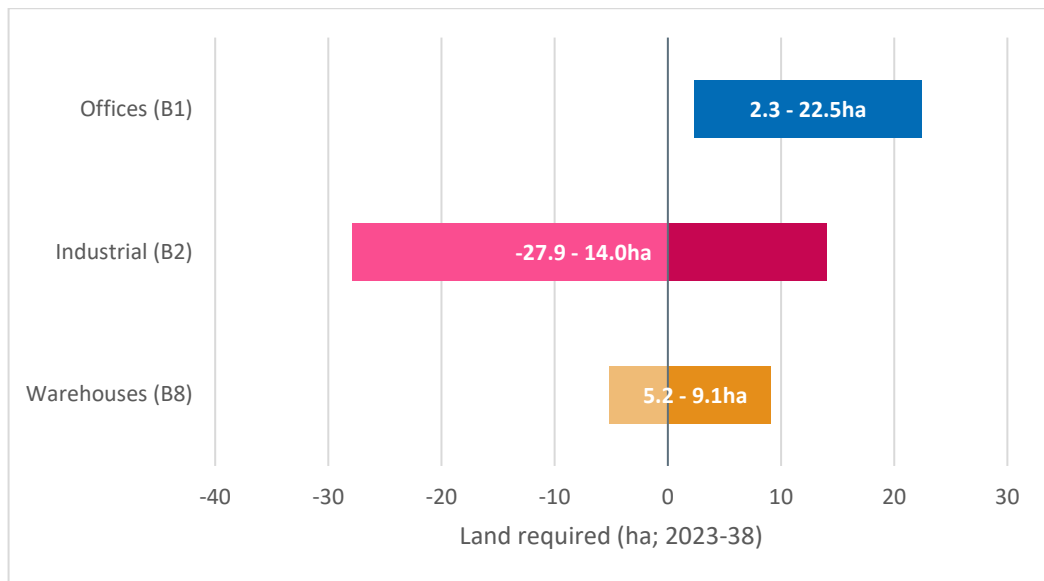
Table 7.10: Impact of higher plot ratio for offices (ha; 2023 to 2038)

Scenario	Plot ratio for offices	Implied need for office land	Total B
Improved availability, all losses and buffer	40%	22.5	45.6
Improved availability, all losses and buffer	150%	6.0	29.1
Past take-up, all losses and buffer	40%	22.4	37.4
Past take-up, all losses and buffer	150%	6.0	21.0
CE Baseline, all losses and buffer	40%	12.1	15.3
CE Baseline, all losses and buffer	150%	3.2	6.5
Supplementary adjusted, all losses and buffer	40%	13.9	6.6
Supplementary adjusted, all losses and buffer	150%	3.7	-3.6
Core adjusted, all losses and buffer	40%	13.0	-1.1
Core adjusted, all losses and buffer	150%	3.5	-10.6
Revised baseline, all losses and buffer	40%	10.8	-19.3
Revised baseline, all losses and buffer	150%	2.9	-27.2
Improved availability, some losses and buffer	40%	20.5	40.6
Improved availability, some losses and buffer	150%	5.5	25.6
Past take-up, some losses and buffer	40%	20.4	32.4
Past take-up, some losses and buffer	150%	5.4	17.5
CE Baseline, some losses and buffer	40%	10.1	10.3
CE Baseline, some losses and buffer	150%	2.7	2.9
Supplementary adjusted, some losses and buffer	40%	11.9	1.6
Supplementary adjusted, some losses and buffer	150%	3.2	-7.2
Core adjusted, some losses and buffer	40%	10.9	-6.1
Core adjusted, some losses and buffer	150%	2.9	14.1
Revised baseline, some losses and buffer	40%	8.8	-24.3
Revised baseline, some losses and buffer	150%	2.3	-30.7

Source: Turley analysis

- 7.36 Allowing for higher density office development effectively serves to widen the range of requirements associated with this sector, as shown at Figure 7.5 overleaf.

Figure 7.5: Impact of higher plot ratio for offices (ha; 2023 to 2038)



Source: Turley analysis

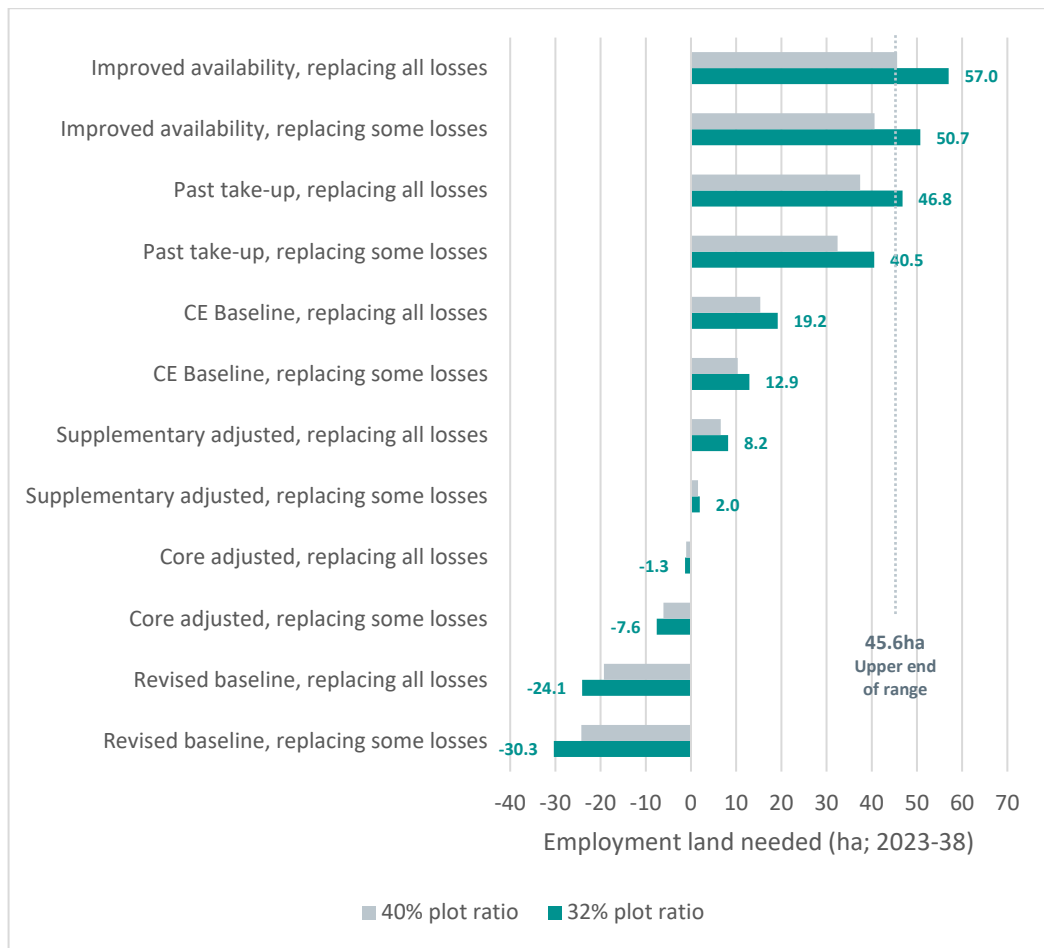
Interpreting the analysis

- 7.37 The Council can use the evidence-based scenarios presented in this section as valuable reference points in developing its approach to employment land provision for the RLDP. Each one is considered to be representative of future need in a certain scenario, and has been robustly calculated, albeit it has evidently been necessary to make a series of assumptions that will need to be monitored over time.

Locally specific plot ratios

- 7.38 Standard assumptions have been made on plot ratios, for example, but the Council is known to have previously undertaken its own research in 2014 which found that commercial developments in NPT often covered only 25% of their plots. Its updated monitoring of recent schemes, shared to inform the production of this report, suggests however that there has recently been a move towards higher density development with a sample of 62 schemes granted planning permission over the last decade on average filling 43% of their plots, closely aligning with the default assumption endorsed by the WG (40%). The median figure was slightly lower at 32% and as such it can be noted that development at this rate would increase the amount of land needed to accommodate new floorspace in every scenario. It would increase the upper end of the range presented at Figure 7.3 – linked to the improved availability scenario – by one quarter to 57.0ha, and similarly elevate need in the past take-up scenario to 46.8ha, slightly beyond the top of the previously reported range.

Figure 7.6: Impact of 32% plot ratio assumption for land needed (2023 to 2038)



Source: Council monitoring; Turley analysis

7.39 Table 7.11 overleaf confirms how these higher estimates are split between different types of premises, for completeness.

Table 7.11: Impact of 32% plot ratio assumption for land needed (ha; 2023 to 2038)

Scenario	Offices (B1)	Industrial (B2)	Warehouses (B8)	Total (B)
Improved availability, replacing all losses	28.1	17.5	11.4	57.0
Improved availability, replacing some losses	25.6	13.9	11.3	50.7
Past take-up, replacing all losses	28.0	11.5	7.3	46.8
Past take-up, replacing some losses	25.5	7.8	7.2	40.5
CE Baseline, replacing all losses	15.1	-1.2	5.2	19.2
CE Baseline, replacing some losses	12.6	-4.8	5.2	12.9
Supplementary adjusted, replacing all losses	17.4	-15.1	6.0	8.2
Supplementary adjusted, replacing some losses	14.9	-18.8	5.9	2.0
Core adjusted, replacing all losses	16.2	-20.0	2.5	-1.3
Core adjusted, replacing some losses	13.7	-23.7	2.4	-7.6
Revised baseline, replacing all losses	13.5	-31.2	-6.4	-24.1
Revised baseline, replacing some losses	11.0	-34.8	-6.5	-30.3

Source: Council monitoring; Turley analysis

Employment densities

- 7.40 Standard assumptions have also been made in relation to employment densities, but the Council's monitoring does provide some indication of trends in NPT specifically. It is understood to have not been possible to establish the number of FTE employees working in the sample of schemes granted planning permission, but this detail was available for 37 developments which on average had one employee per 117sqm of space. This was, however, skewed by a number of schemes with very low employment densities, as shown by the fact that the median figure was 47sqm. While this cannot be robustly split between use classes, it can be observed to align closely with the standard assumption for industrial premises (44.8sqm) which itself sits roughly midway between the average employment density in offices (13.3sqm) and warehouses (73.5sqm). These standard assumptions, introduced at the earlier Table 7.3, are therefore considered to be appropriate in the local context of NPT. The Council may nonetheless wish to continue monitoring employment densities so that these core assumptions can be adjusted as necessary.

Summary and implications

- 7.41 With the previous section having introduced a range of economic growth scenarios for NPT, this section has considered the amount and type of employment land that could be needed to accommodate newly created jobs, complementing an approach based on such '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.

- 7.42 Jobs requiring employment space other than offices, industrial premises and warehouses have first been deducted, before the latest available employment densities – nationally derived but appearing reasonable in the specific context of NPT – are applied to estimate the floorspace needed by each additional worker. This initially produces a *negative* requirement in each of the economic growth scenarios, with the positive requirement for offices – and occasionally warehouses – offset by the negative requirement for industrial space, reflecting an assumed reduction in the number of jobs accommodated in it.
- 7.43 A continuation of the take-up recorded in the current plan period would though be expected to generate a requirement for additional space, of each type. This may even need uplifting, having likely been affected by the increasingly limited availability of recent years.
- 7.44 None of these scenarios account for losses, which could generate an additional need if they continue at the recent rate and the Council wishes to replace either half or all of them. It is also considered best practice to provide added flexibility by incorporating a margin of choice, here based on past take-up rates with acknowledgement of the potential influence of reduced availability.
- 7.45 After making these allowances, and converting floorspace into land using standard assumptions, it has been estimated that **up to 45.6ha of employment land could be needed** to support a continuation of recent take-up trends, adjusted to account for limited availability while also replacing losses and adding a margin of choice and flexibility. This could though rise **as high as 57.0ha** if land is developed at a lower density, as the Council’s monitoring suggests is often the case in NPT.
- 7.46 There is considerable variation between the scenarios, with some – namely the revised baseline and core adjusted scenario – continuing to suggest a negative land requirement even when replacing all losses and adding a flexibility margin. There is also variation in terms of the *type* of land required, with there only being a consistently positive requirement for offices (8.8 – 22.5ha) albeit the lower end of this range would drop if higher density office development was to prevail. Up to 9.1ha of warehousing land is implied to be needed but another scenario suggests that there is an *oversupply* of 5.2ha, while the range for industrial land is even wider (-27.9 – 14.0ha).
- 7.47 The Council can use these scenarios as reference points in developing its approach to employment land provision, and importantly does have the option of providing more employment land than the scenarios presented in this section have suggested, as this would simply provide greater choice and flexibility to businesses beyond the allowances that have been indicatively made in this section. It could also be viewed as a policy intervention to improve the quality of employment space available in NPT, by enabling the delivery of more modern premises to replace older stock.
- 7.48 In addition to identifying the broad quantum of space required to support business growth over the plan period, consideration needs to be given to ensuring that the type of space provided matches the needs and requirements of businesses, particularly those in high growth sectors.

- 7.49 Particularly within the industrial/ warehouse sector, a variety of types of premises exist, each with different characteristics and more suited to different businesses, for example:
- Flexible industrial/ business units: typically capable of supporting a range of light industrial, research and development and even small warehouse activities within a single unit. Often incorporate a relatively high office component and favoured by smaller businesses.
 - Factory/ production units: larger scale industrial facilities designed to house extensive equipment, plant and machinery associated with manufacturing activities.
 - Advanced manufacturing/ research and development facilities: similar to flexible business units supporting a hybrid of offices and lighter manufacturing space supported in a single location. Campus-like locations often preferred.
 - Warehousing and logistics hubs: large - though occasionally, when local depots, smaller – commonly single storey units with high ceiling heights to accommodate racking and storage systems and including loading docks/ bays and surface parking areas. Often limited to office component.
 - Trade counters: combine large areas of on-site storage and warehousing – both internal and external (e.g. timber yard) often with a smaller component of retail/ showroom space for the display of goods to trade and the public.
- 7.50 Over the plan period, the forecasts above indicate that growth in the industrial sector in NPT is likely to be driven by manufacturing industries, who can be expected to predominantly require factory/production units (B2 uses). Growth in the storage and distribution sectors can be reasonably expected to generate demand for warehousing and logistics hubs (B8 uses). Demand for offices (B1 uses) is expected to be generated by Government, financial and business services, as well as IT firms.

8. Related Need for Housing

8.1 In accordance with the Manual, this section presents a range of scenarios to explore the level of unconstrained housing need that could arise in NPT over the plan period.

8.2 In doing so, it responds to the Manual's statement that:

*"The level of **unconstrained need** is based on current levels of need/demand at a point in time, i.e. the current/baseline situation (homes and jobs). Evidence will be required to demonstrate the baseline position of the plan" [Development Plans Manual, Edition 3 (March 2020), WG, p. 103]*

8.3 Table 13 of the Manual presents a number of different considerations which could influence both need and supply factors. The former are broadly categorised based on:

- Demographics and need [While the Manual suggests that comparison should be made with the affordable housing need calculated in the LHMA, the subsequent introduction of a Tool that can directly feed in the scenarios presented in this section is considered to make such comparisons redundant];
- Trend-based considerations, including past build rates; and
- Policy based considerations, including alternative assumptions on household size and migration as well as economic investment.

8.4 Where the Manual – as noted in section 1 – emphasises the important relationship between jobs as homes, this section uses modelling which integrates both aspects and thus allows for consistent reporting on how the two align when considering the need components introduced above.

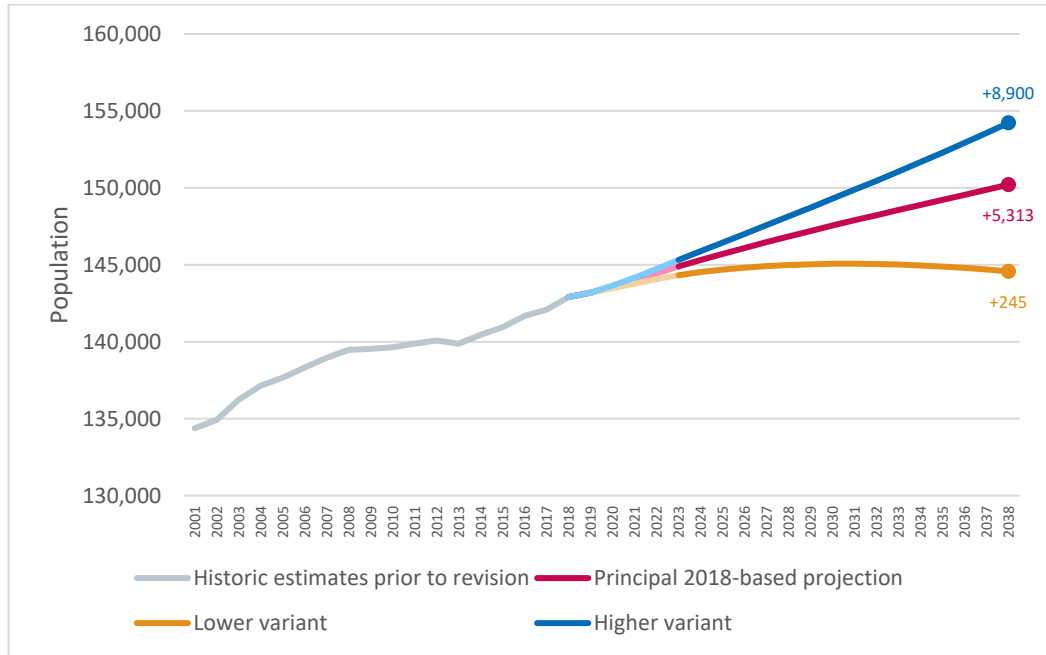
Official demographic projections

8.5 At the time of writing, the latest official projections available from the WG are based to 2018. These 2018-based projections were initially released in February 2020 but were subsequently revised in August 2020 to correct an error that had been discovered by the ONS. WG is believed to be aiming to release its next set of projections in the first half of 2025.

8.6 The principal 2018-based projection largely based its assumptions on the demographic trends that were then believed to be occurring over the preceding five years (2013-18), providing an indication of how the population of NPT could change if these trends – inevitably influenced to some extent by the relative lack of new housing supply discussed in section 4 – were to continue. A series of variants are also available, including "high" and "low" variants that respectively make more optimistic and pessimistic assumptions on fertility, life expectancy and migration from other parts of the UK [Other variants are also available but have not been considered, due to their datedness, with it having been deemed of greater value to develop more up-to-date projections instead]

8.7 These official projections suggest that the population of NPT could grow by as many as 8,900 people over the plan period, from 2023 to 2038, or by as little as 245. The principal projection suggests that the population could grow by around 5,313 persons over this period.

Figure 8.1: Official 2018-based population projections for NPT (2023-38)

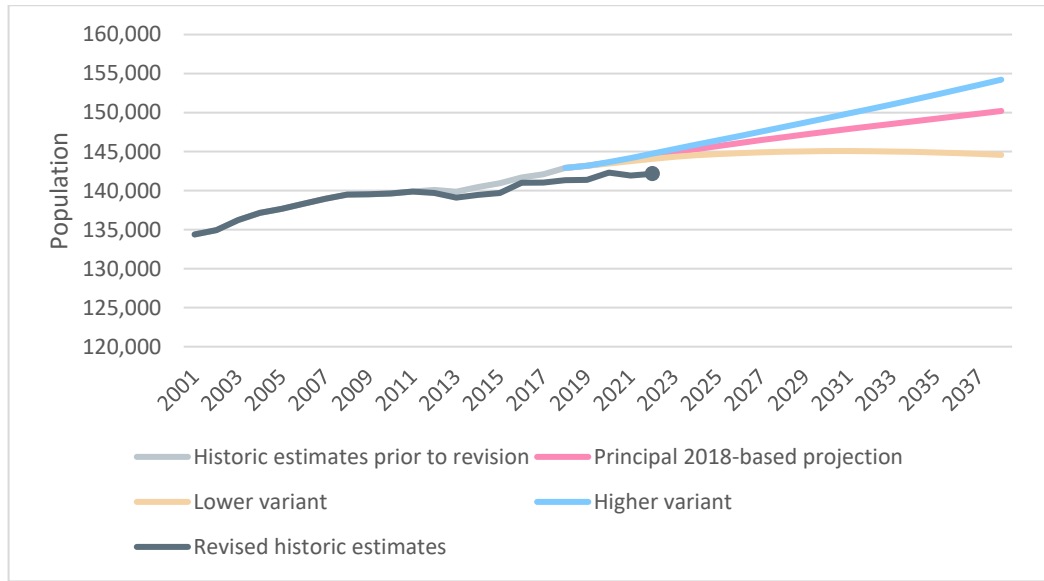


Source: WG; ONS

Taking newer demographic evidence into account

8.8 All three scenarios are though based to 2018, and they also use an official population estimate for that year – and indeed the years prior – which has since been revised following the 2021 Census. The ONS now believes that the population of NPT in 2018 was roughly 1,565 persons (or 1.1%) lower than it did when these latest official projections were developed. It has also continued to estimate the population in subsequent years, with its latest estimate suggesting that the population in mid-2022 was at least 1.3% below that envisaged by the three projections.

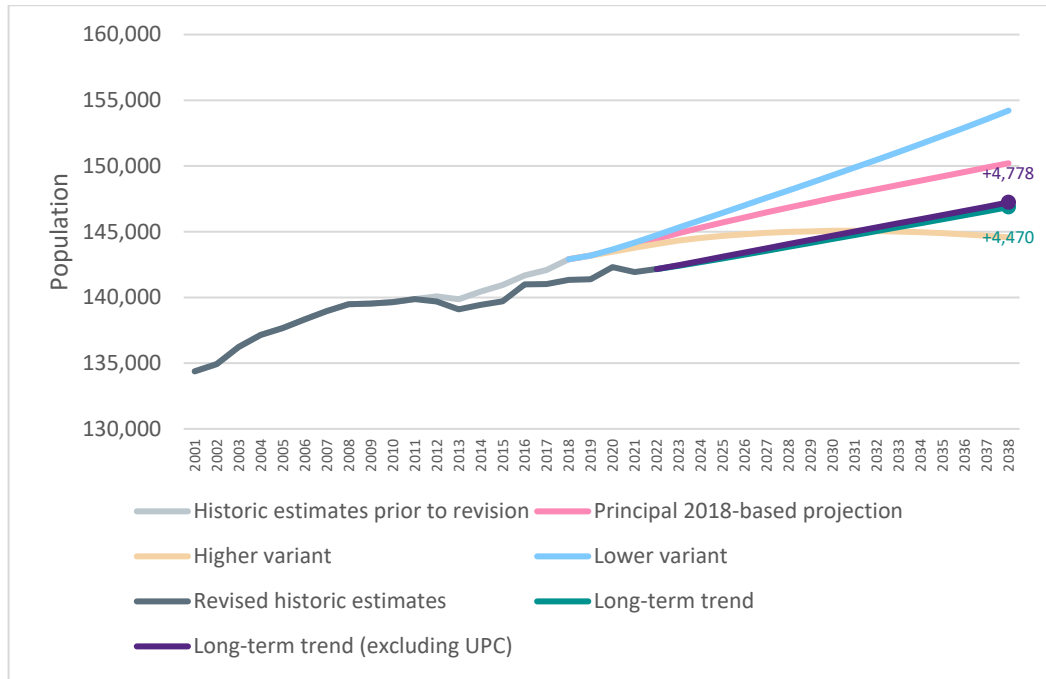
Figure 8.2: Revision of historic population estimates



Source: WG; ONS

- 8.9 This latest evidence can be taken into account by developing an alternative demographic projection, which – as explained in **Appendix 2** – can also extrapolate the trends recorded over a longer-term period (2001-22) less influenced by the recent rate of housing provision, which was shown in section 4 to have had an impact on population growth. The PG Long-Term scenario introduced in Appendix 1 draws upon this long-term trend and suggests that the population of NPT could grow by circa 4,470 persons over the plan period, falling within the range created by the official projections – and ending up between the lower variant and the principal projection – but beginning from a lower base. While this projection allows for the unattributable “other change” identified at the earlier Figure 4.6 – caused by revisions to official population estimates – excluding it for illustration, in Edge Analytics’ PG Long-Term-X scenario, produces a virtually identical outcome (c.4,778 persons).

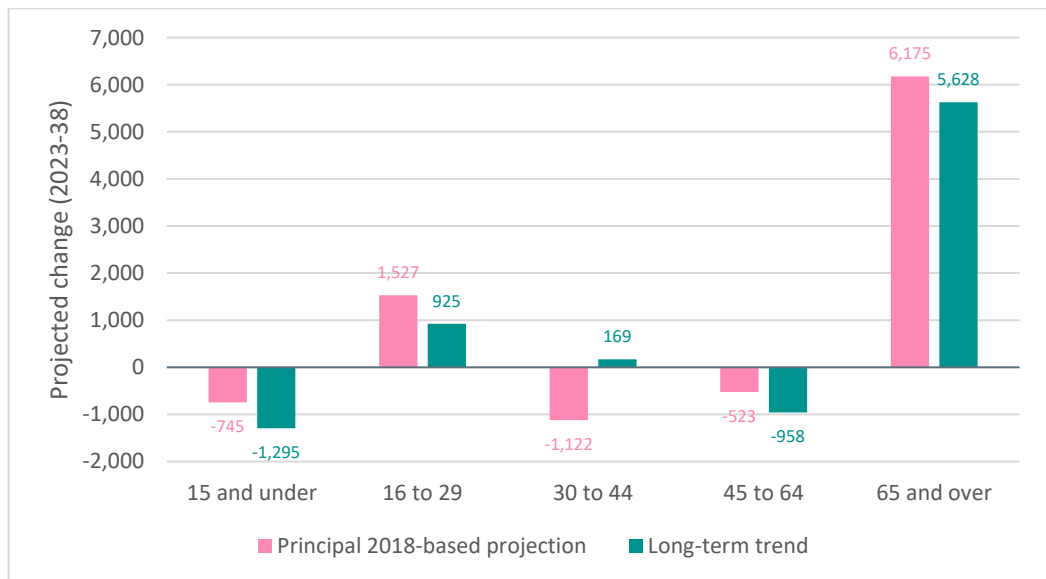
Figure 8.3: Impact of rebasing the official projections



Source: WG; ONS; Edge Analytics

8.10 While these additional scenarios compare to the official projections, in terms of overall growth, their age profiles do slightly differ. The principal 2018-based projection envisages a reduction in the number of residents aged 30 to 44, for example, but Edge Analytics’ long-term trend scenario allows for this cohort to modestly grow. It does though envisage less growth, or more pronounced declines, for all of the other cohorts shown at Figure 8.4.

Figure 8.4: Variation in the age profile of projected population growth in NPT (2023-38)

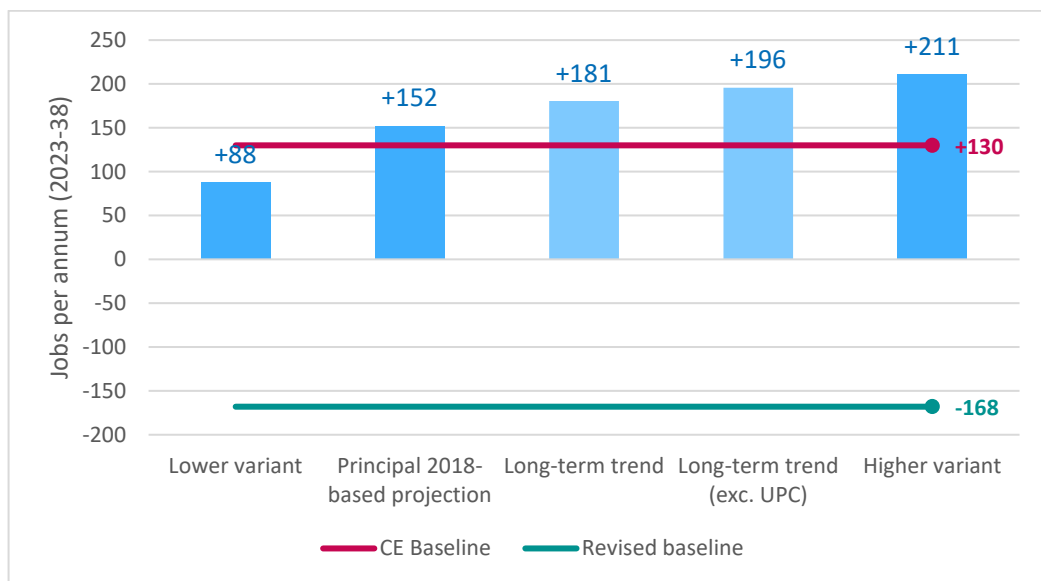


Source: WG; Edge Analytics

Considering baseline employment growth

- 8.11 SQW introduce a baseline forecast from CE, in section 6 of this report, in which **130 jobs per annum** would be created in NPT between 2023 and 2038. This has though also been adjusted to account for losses at Tata, with a revised baseline scenario having also been developed alongside others introduced later in this section. Some **168 jobs would be lost** every year in this revised baseline scenario.
- 8.12 According to Edge Analytics' modelling, it is likely that the labour force would grow to support either scenario if the population of NPT grows in line with the long-term trend. It suggests that the creation of around 181 jobs per annum could be supported in such a scenario, rising even higher to 196 jobs when UPC is excluded. Each would also provide greater capacity to support job growth than the principal 2018-based projection – which, while expecting more population growth overall, has a different age profile as shown at Figure 8.4 above – but even this would enable the creation of more jobs than are forecast as a baseline position. The same is true of its higher variant but not the lower variant, which could support the creation of only 88 jobs per annum.

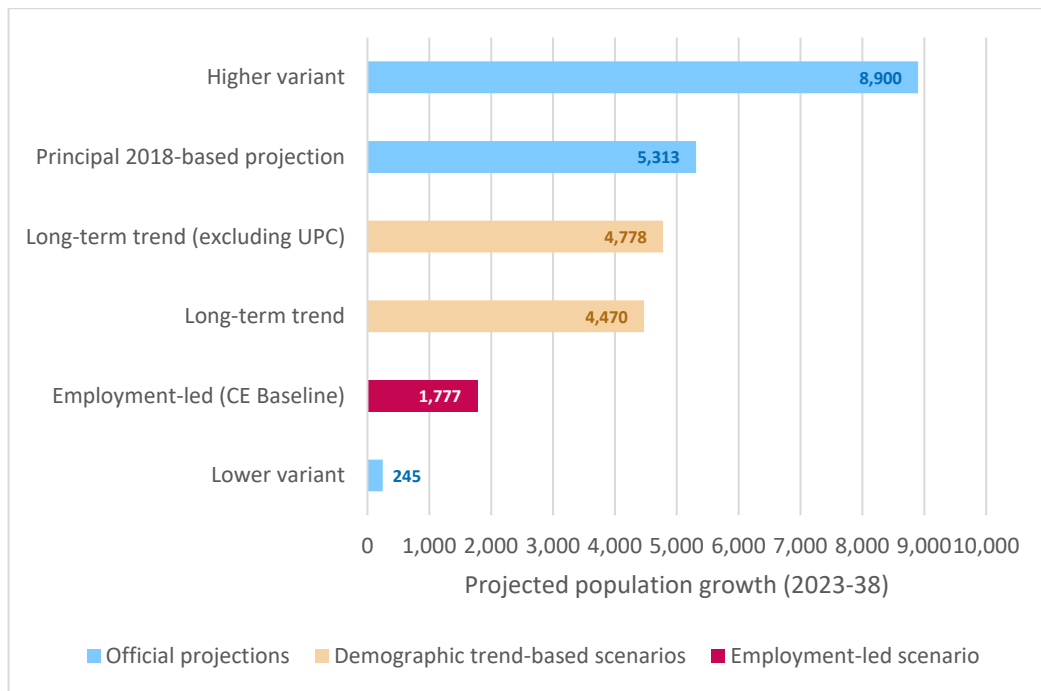
Figure 8.5: Comparing jobs supported to baseline scenarios (2023-38)



Source: Edge Analytics; SQW; CE

- 8.13 This is reinforced when developing an employment-led scenario, which takes the reverse approach and estimates the population growth needed to support a specified level of job growth, allowing only for the in-migration necessary to do so. While this has not been developed for the revised baseline, which envisages job losses, further modelling by Edge Analytics – introduced at Figure 8.6 – suggests that the population would need to grow by only 1,777 persons in total to align with the unadjusted baseline and enable the creation of 130 jobs per annum. This would be far less growth than has been projected by Edge Analytics, based on long-term trends.

Figure 8.6: Benchmarking CE baseline employment-led scenario (2023-38)



Source: WG; Edge Analytics

8.14 All of the above modelling reasonably assumes, as further explained at **Appendix 2**, that:

- **Unemployment** aligns with the average recorded over the most recently reported five-year period (2018-22) where this provides a more stable position than individual years which can be more volatile. Using the official data introduced at the earlier Figure 4.9, an average of 3.9% has been calculated and applied for the purposes of this modelling, which implicitly avoids assuming that unemployment will fall from what is already an historically low level;
- **Economic activity rates** amongst males and females aged 16 to 89 will continue to evolve from the position recorded by the Census of 2011, setting aside the equivalent data from the 2021 Census – introduced at the earlier Table 4.2 – due to concerns that it has been skewed by the COVID-19 pandemic. The rates recorded in 2011 are assumed to change in line with the trend of the latest national forecasts produced by the OBR, to accompany its 2018 Fiscal Sustainability Report. These forecasts are relied upon by the UK Government to inform its long-term budgetary planning, and are widely used to provide a robust and consistent basis for understanding long-term changes in labour force behaviour;
- Circa 2.89% of residents hold more than one job, aligning with the long-term average rate of **double jobbing** recorded in NPT by the APS; and
- **Commuting** continues at the rate implied by the latest available WG data, for 2022, with an assumed 1.16 resident workers per job in NPT and thus a net out-

commute [WG (2023) Commuting patterns by Welsh local authority and measure, 2022]. This notably continues to align closely with the ratio of 1.15 that was recorded by the Census in both 2011 and 2001, suggesting a longstanding trend that can be reasonably assumed to persist.

Converting the population into households and dwellings

- 8.15 While the above analysis has initially focused on population, when considering housing needs it is also important to understand how residents will form households.
- 8.16 The official 2018-based household projections from the WG make a series of assumptions on the size of households lived in by individuals of different genders and ages, referred to as household membership rates. These are then applied to its own principal projection and the variants to suggest that there could be an additional 69 to 285 households per annum in NPT over the emerging plan period.
- 8.17 **Appendix 2** notes that these same assumptions can also be applied to the other scenarios developed by Edge Analytics, to provide an indication of the associated household growth. This can then be converted into dwellings, with the Manual endorsing the use of a ‘vacancy rate’ that allows for the churn of stock. A fixed vacancy rate of 2.5% has been applied based on the latest available Council Tax data, aligning with best practice by allowing for the current proportion of empty homes (1.7%) and second homes (0.8%) [WG (2023) Council tax dwellings by local authority (number of dwellings)].

Table 8.1: Applying official 2018-based assumptions on household membership

Scenario	Extra residents 2023 to 2038	Extra households 2023 to 2038	Extra households per annum	Homes needed 2023 to 2038	Homes needed per annum
High 2018-based	8,900	4,280	285	4,389	293
Principal 2018-based	5,313	2,883	192	2,956	197
Long-term trend (exc. UPC)	4,778	2,706	180	2,774	185
Long-term trend	4,470	2,501	167	2,565	171
Employment-led (CE Baseline)	1,777	1,167	78	1,196	80
Low 2018-based	245	1,032	69	1,058	69

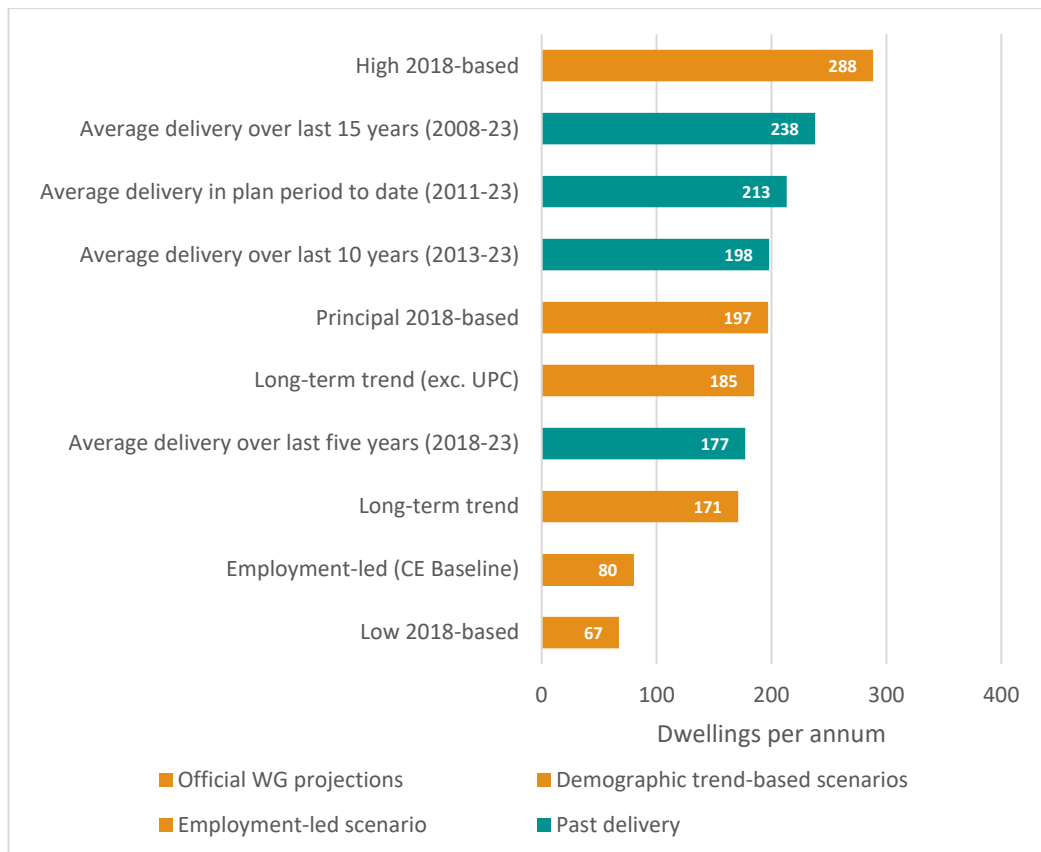
Source: WG; Edge Analytics

- 8.18 With the exception of the low variant of the official 2018-based projections and the employment-led projection, the other four scenarios suggest a relatively narrow range of housing need, from **171 to 293 dwellings per annum**. Three form an even narrower range, from **171 to 197 dwellings per annum**, taking in the principal WG projection and the two developed by Edge Analytics to take account of the latest available demographic evidence.

Comparing to past build rates

- 8.19 On average, around 213 homes have been completed annually in NPT since the start of the current plan period, albeit this has reduced to 177 dwellings per annum over the last five reported years (2018-23). Circa 198 dwellings per annum have been completed over the last ten years and 238 dwellings per annum have been completed over a longer-term period of 15 years.
- 8.20 Each of these figures sits within the broader range identified above, when excluding the lowest two scenarios (171-293dpa) with the five-year average also sitting within the narrower range resulting when excluding the higher variant of the 2018-based projections. This suggests that the remaining three scenarios – and particularly those based on long-term trends – would broadly continue the recent rate of delivery in NPT, but would reduce the average rate of provision seen both over the longer-term and in the current plan period to date.

Figure 8.7: Benchmarking scenarios against past delivery



Source: Edge Analytics; Council monitoring

- 8.21 Dwelling-led scenarios have been provisionally modelled by Edge Analytics during the production of this report, to extrapolate recent delivery, but these aligned very closely to the demographic scenarios that have already been introduced. These are considered to provide a more consistent assessment of the population and employment growth likely to result from continuing rates of development based on these historical trends,

and as such it has not been considered necessary to present the detailed outputs of the dwelling-led scenarios.

- 8.22 It is acknowledged that the level of housing provision in the current plan period has consistently fallen well short of the targets set through existing policy, resulting in a much lower rate of growth in the housing stock than other parts of South West Wales or indeed the rest of Wales. The impact that this has had on younger household formation in particular is further considered later in this section.

LHMA – affordable housing led scenario

- 8.23 The Manual suggests that the need for affordable housing, calculated separately through an LHMA, can provide a basis for a demographic-led scenario which estimates the overall level of housing growth required to deliver the number of affordable homes identified as being needed, in full.
- 8.24 This is complicated by the LHMA itself incorporating the official 2018-based projections introduced in this section, while also having the ability to incorporate others. This creates a circularity that the Manual does not appear to acknowledge, potentially due to it having been issued almost a year before the LHMA guidance was itself updated with the introduction of the LHMA Tool.
- 8.25 The LHMA Tool has been, or in future can be, directly linked to each of the demographic projections introduced in this section, creating an inherent consistency that arguably removes the need to develop further affordable housing led scenarios (particularly where it also reports on the need for market housing). It is considered that further scenarios could only be justified to take account of the existing need for affordable housing, which is initially added on to the newly arising need – generated by projections – and assumed to be cleared within five years. This cannot necessarily justify a higher rate of overall housing provision, however, because the households who are generating this existing need are largely already housed and would actually *vacate* housing if affordable homes were to be provided [Only 6% of the households on Tai Tarian’s housing register in July 2022 were homeless, with the majority assumed to therefore be currently living in properties].
- 8.26 As such, while the merits of affordable housing led scenarios have been considered – in accordance with the Manual – they have not been taken forward due to the complex interrelationship between the overall need for housing and the need for affordable housing specifically, which the Council can choose to calculate based on any of the demographic scenarios introduced in this section.

Policy-led scenarios

- 8.27 The above scenarios form an important part of the evidence, as recognised within the Manual, but this critically does proceed to identify the potential for policy decisions to affect the unconstrained need for housing. In the context of the evidence assembled in the earlier sections of this report for NPT, this includes the potential for a higher level of job growth, beyond the revised and CE baseline, to account for economic growth opportunities (Core and Supplementary adjusted scenarios). It also includes the

potential consequences of the historic under-supply on the formation of households. These are considered below.

Supporting the job growth arising from planned investment

- 8.28 SQW’s analysis suggests that NPT could create jobs in a baseline scenario, albeit with a risk – illustrated in the *revised* baseline – that these could be offset by losses at Tata resulting in an overall loss of jobs.
- 8.29 SQW have though proceeded to explore how job growth could potentially recover close to the baseline position, creating an average of **121 jobs per annum**, based on Freeport and other major projects. This could rise even higher, to **237 jobs per annum**, when accounting for Freeport investment that is beyond the scope of the current business case, albeit with the caveat that this is very uncertain and thus presented only for illustration.
- 8.30 With the demographic scenarios introduced in this section largely able to support the CE baseline forecast, in which 130 jobs would be created annually, it is also the case that they could support the first of these additional scenarios developed by SQW – the “core adjusted scenario” – where this anticipates slightly fewer jobs being created. An employment-led scenario based upon it consequently suggests a much lower level of population growth and housing need, compared to the three core demographic scenarios which notably use more dated demographic evidence [This explains why the ratio between jobs, people and homes differs in these employment-led scenarios, as a result of the different age profile that is assumed based on more up-to-date evidence].
- 8.31 Figure 8.5 suggested that these scenarios could support the creation of up to 196 jobs per annum, implying that they are unlikely to support the highest level of job growth suggested by SQW in the “supplementary adjusted scenario” which envisages 237 new jobs per annum. The *trajectory* of this job growth is though important to note, as it leads Edge Analytics’ further employment-led modelling to suggest that a broadly comparable level of population growth – with circa 4,424 extra residents in total, close to the long-term trend – could indeed support such a rate of job creation.

Table 8.2: Population growth and homes needed to support investment-led scenarios

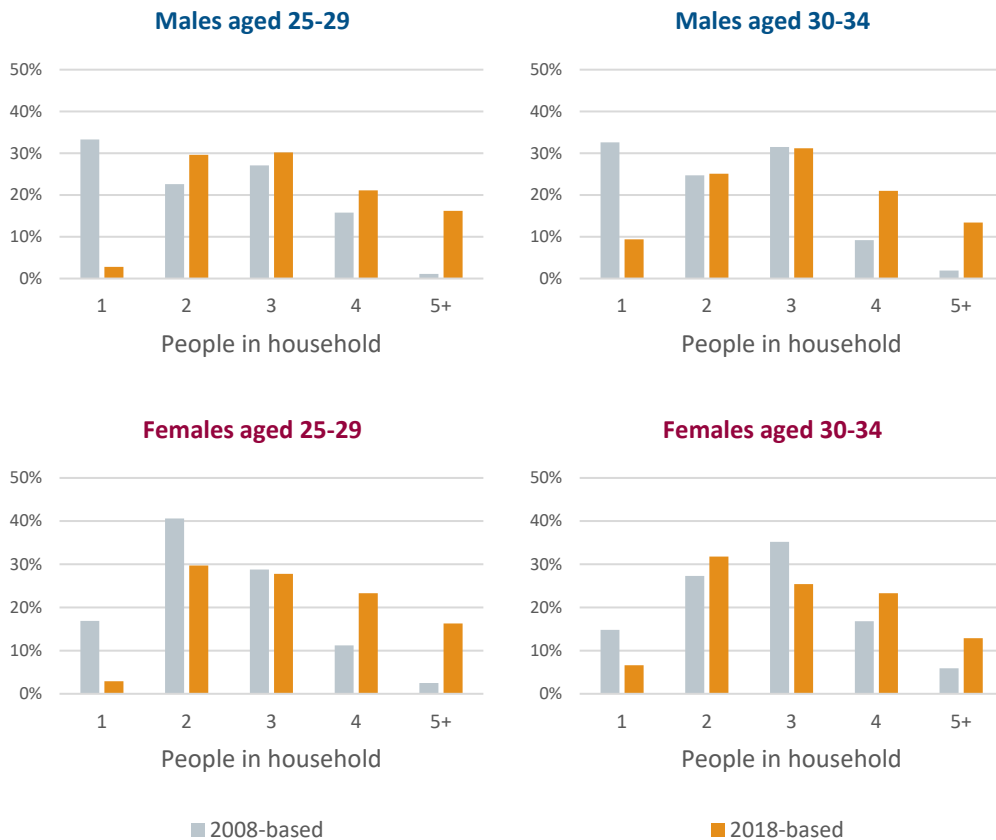
Scenario	Extra residents 2023 to 2038	Homes needed per annum ↓
High 2018-based	8,900	293
Principal 2018-based	5,313	197
Long-term trend (exc. UPC)	4,778	185
Long-term trend	4,470	171
Employment-led supplementary adjusted	4,424	142
Employment-led CE Baseline	1,777	80
Low 2018-based	245	71
Employment-led core adjusted	836	46

Source: WG; Edge Analytics

Changes to household sizes to acknowledge the consequences of past under-supply

8.32 The modelling presented in this section applies assumptions drawn from the official 2018-based projections to convert the population into households. It is, however, important to acknowledge that these official projections assume that individuals will continue to live in relatively large households, in line with the recent trend discussed in section 4. As identified in the earlier analysis, such a trend is potentially linked to the failure to deliver planned housing growth, rather than being a reflection of such individuals' aspirations if supply and affordability constraints were not an issue. This is likely to have had the greatest impact on younger people looking to form households, and in this context it is notable that earlier 2008-based projections – arguably more reflective of a period in which affordability issues were less pronounced – envisaged more such individuals living alone or in smaller households. This is shown by Figure 8.8, which compares the proportion of young adults assumed to be living in households of different sizes by 2033, the final year covered by the 2008-based projections.

Figure 8.8: Comparing household membership rates in 2008/2018-based projections for NPT (2033)



Source: WG; Edge Analytics

8.33 Given that this historic trend will have been at least partially influenced by the supply of homes falling short of targets, the Council arguably has the option of seeking to avoid embedding this situation into the future projections of housing need. Edge Analytics have therefore sought to develop an adjustment targeted at the younger age

groups shown above, who are most likely to have been affected and are likely to aspire most to form independent households when given the opportunity to do so. The adjustment – explained in more detail in **Appendix 2** – is applied to the household membership rates assumed within the 2018-based projections, allowing for a partial return to the trend of the earlier 2008-based projections over the course of the new plan period.

- 8.34 Edge Analytics have applied this adjustment to the scenarios introduced in this section to illustrate its impact. Table 8.3 shows how it uplifts the number of households formed by the same population and consequently elevates the implied annual need for housing by circa 81-91 homes. This assumes that the development of additional homes would allow younger so-called ‘hidden households’ to make a choice to form their own households where this is their aspiration.

Table 8.3: Impact of alternative assumptions on household membership rates

Scenario	Jobs supported per annum	Homes needed per annum without adjustment	Homes needed per annum with adjustment
High 2018-based	211	293	382
Principal 2018-based	152	197	285
Long-term trend (exc. UPC)	196	185	276
Long-term trend	181	171	261
Employment-led supplementary adjusted	237	142	232
Employment-led baseline	130	80	161
Low 2018-based	88	71	157
Employment-led core adjusted	121	46	130

Source: Edge Analytics

Using the evidence of unconstrained need to arrive at a housing requirement

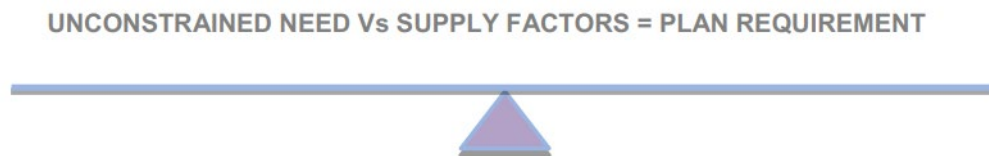
- 8.35 The above analysis has taken an evidential scenario-based approach to consider reasonable and unconstrained projections of future housing need, accounting for demographic trends and potential economic growth scenarios.
- 8.36 It will be for the Council, in its development of policy, to take a considered view on the level of housing growth to be planned for, accounting for other deliverability factors including viability, environmental impact and the availability of land (which could be offset through allowances for flexibility and non-delivery). This is explicitly recognised within the Manual which states that:

*“The scale of economic growth and housing expressed in the plan should be a judgement between the need/demand aspects, the **unconstrained need** balanced*

against **supply factors** which constrain the ability of the plan to deliver, resulting in adjusted growth levels and the **requirement** of the plan”[Development Plans Manual, Edition 3 (March 2020), WG, p.102]

- 8.37 This process is illustrated in the following diagram taken directly from the Manual.

Figure 8.9: Assessing the Need and Requirement of Jobs and Homes



Source: WG, 2020

- 8.38 The evidence presented in this section has, as outlined at the start, focused on unconstrained need. It has considered how higher and lower levels of housing provision could affect the ability to support jobs as well as other factors, including labour force behaviours which could change and affect the alignment of these factors.
- 8.39 It has also considered the relationship between modelled need and past build out rates, acknowledging that certain scenarios suggest a need to boost the latter particularly when household membership rates are adjusted.
- 8.40 Whilst the evidence in this section implies that there exists and indeed is likely to have been a comparatively strong demand for homes in NPT, there are evidently a number of other factors which have contributed to low rates of delivery. The Council is advised to further reflect on these issues, taking account of feedback from stakeholders and their experiences of viability challenges.
- 8.41 The extent to which the RLDP’s identification of new sites can address at least some of these issues will need to be considered by the Council in order to arrive at a judgement with regards the housing requirement.

Summary and implications

- 8.42 This section has sought to provide evidence on the unconstrained level of housing need in NPT over the new plan period, taking account of the WG Manual which purposely distinguishes between need and policy-based considerations.
- 8.43 It has introduced the latest official projections from the WG, which are all based to 2018, and modelled further scenarios to account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. All but one of these demographic scenarios suggest a need for **between 171 and 293 dwellings per annum**, with past delivery – over the current plan period to date (213dpa) in only the last five years (177dpa) and over the last fifteen years (238dpa) – also sitting within this range. Each of the scenarios within it would be likely to support the baseline job growth envisaged by SQW in the previous section, even prior to its reduction to allow for anticipated losses at Tata.

- 8.44 While these scenarios form an important part of the evidence, the WG does also recognise the potential for policy decisions to have an impact on housing need. The Council could, for instance, look to more firmly support the job growth that could arise from planned investment related for example to the Freeport, as explored by SQW in the previous section. The trajectory of this job growth, however – and its assumed offsetting of losses at Tata – means that it could potentially be supported with fewer homes being provided than in the range introduced above.
- 8.45 The Council could also choose to address one consequence of past under-supply, that has seen younger adults living in increasingly large households with the official projections assuming that this will continue. The Council would need to provide additional homes to change this situation, with this section presenting further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this section, suggesting that **130 to 382 homes** could be needed annually.
- 8.46 In accordance with the Manual, in translating this evidence of unconstrained need evidence into a housing requirement for the emerging RLDP, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

9. Summary and Conclusions

9.1 Turley, SQW and Edge Analytics have been commissioned by the authorities of NPT and Swansea to undertake this assessment of housing and economic growth for their administrative areas. A common methodology is being followed in the assessment process but in recognition of the requirement for each Council to independently review their LDPs two separate reports have been produced. **This report presents the findings for NPT.**

9.2 The assessment includes:

- A consideration of strategic functional housing and economic relationships impacting on NPT. This includes a consideration of the geographical extent of functional economic market areas, with more localised housing market areas separately defined in the Council's LHMA;
- An up-to-date baseline analysis of demographic, housing and economic datasets as well as review of commercial market evidence;
- The development of forecast scenarios of reasonable employment growth accounting for current economic conditions and identified planned and potential investment;
- A calculation of the amount and make-up of employment land that could be required to accommodate business investment and forecast employment growth; and
- An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.

9.3 The assessment has been undertaken in the context of the Manual, which emphasises the importance of balancing housing and job growth to reduce the need for commuting. It also clearly distinguishes between the '*unconstrained need*' for housing and the plan requirement, which will be selected by the Council after it takes account of other '*supply factors*' including viability and land availability.

9.4 The evidence assembled has, in accordance with the Manual, drawn upon a range of secondary datasets available at the time of writing. These include demographic projections, such as the WG official projections, economic datasets, externally sourced employment forecasts, commercial floorspace statistics and housing market indicators. The work has also involved a process of engagement and primary data collection, which has included a business survey issued to circa 650 businesses as well as separate targeted engagement with selected businesses and stakeholders.

National policy context

9.5 PPW confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It

specifically states that these plans should be based on evidence which is tested through the Examination procedure.

9.6 In evidencing the need for housing, PPW is clear to recognise that:

“Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options” [WG (2024) Planning Policy Wales, Edition 12, paragraph 4.2.7]

9.7 In assessing the need for employment land, PPW also confirms that any review should include:

“...an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately” [WG (2024) Planning Policy Wales, Edition 12, paragraph 5.4.8]

9.8 Future Wales provides the national spatial strategy and emphasises the importance of regional geographies – NPT being part of the National Growth Area covering South West Wales – which will form the basis of future SDPs. It highlights that these strategic plans will need to ‘*reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas*’.

9.9 The requirements set by national policy have been taken into account in the preparation and presentation of the evidence in this report, and the conclusions outlined below.

Spatial relationships and functional geographies

9.10 In order to appreciate the functional spatial relationships between NPT and other adjacent authorities, and those across South West Wales, TTWAs, commuting flows, migration and house price geographies have been analysed. This has served to affirm that against all of these factors NPT demonstrates important spatial linkages with other areas, whilst also revealing a degree of self-containment in its operation.

9.11 In looking at factors influencing the geographical extent of a strategic housing market, it is widely considered that areas in which at least 70% of moves are contained represent more self-contained markets. This cannot be said of NPT, as fewer than 60% of all individuals moving into and out of a home during the year prior to the 2021 Census either originated in, or stayed in, the County Borough with the strongest link being with Swansea. There are though distinctions in terms of house prices, with the average price paid consistently different to most neighbours with the exception of RCT. At a sub-authority level, however, it is clear that urban areas in proximity to NPT share common price signals reflecting, at least in part, commonalities in housing stock and

their geographical proximity to administrative boundaries. This suggests that there are important cross-authority linkages.

- 9.12 From an economic perspective, the analysis of TTWAs and commuting flows emphasises the importance of the functional relationships with Swansea in particular. This reflects the strong transport connections (road and rail) between the two authorities and clustering of large employment centres along the coastal strip. The two authorities have been identified as sharing a TTWA, noting that a small part of Powys – specifically the town of Ystradgynlais – is also included within this geography in which a 75% containment of commuting flows is achieved. It is acknowledged that this analysis is based on the 2011 Census but further data, from both the 2021 Census and the APS, reinforces that there is an important economic link with Swansea in particular. This emphasises the importance and value of future regional planning and the preparation of the future SDP.

A changing demography, economy and housing market

- 9.13 It is evident that housing delivery in NPT has under delivered the level planned since 2011, with an average of 584 dwellings per annum targeted but only 213 dwellings per annum provided on average and no more than 314 homes delivered in any one year. The housing stock of NPT has consequently grown at a slower rate than that of Wales or South West Wales, particularly since 2016.
- 9.14 The slowing rate of provision is likely to have contributed towards the relative worsening of housing affordability seen since 2019, with house prices having grown at a far greater rate than earnings over this recent period.
- 9.15 It is likely to have also been a key factor behind the slowing of population growth, with the average annual growth in the current plan period (since 2011) being only a quarter of that recorded over the prior decade. While influenced to an extent by deaths increasingly outnumbering births, net in-migration from elsewhere also appears to have reduced when factoring in the unattributable change arising from revisions to official population estimates. These trends do not appear to have grown the size of the working age population, aged 16 to 64, but the number of older residents aged 65 or above has increased by roughly a sixth since 2011.
- 9.16 Delivering fewer homes than planned may also explain why the average household size in NPT has not reduced at the rate previously anticipated, instead remaining broadly stable between the Censuses of 2011 and 2021.
- 9.17 The proportion of adult residents who were economically active also appears to have reduced over this period, particularly amongst younger people, but this has not led to heightened unemployment as this is contrastingly reported to have fallen to an historic low. Residents are increasingly qualified, with more working in managerial and professional roles, but the pace of transition has been slower than in the rest of Wales or the wider UK with residents more likely to work in “lower skilled” jobs as a result.
- 9.18 This has helped to support job creation, with between 633 and 667 jobs having been created annually on average between 2001 and 2019. Jobs density has steadily risen as a result.

- 9.19 Manufacturing remains a very important source of employment, and within this, the steel industry is significant. NPT has, however, several major manufacturing firms across a more diverse sub-sectoral base, and this is reinforced by an established presence in applied engineering research. It is though clear that the economy has been steadily diversifying with the largest growth in employment in transport and storage, public sector activities, and accommodation and food service.
- 9.20 In accommodating new job growth, the stock of commercial premises in NPT has grown. The Council's monitoring indicates that NPT has to date seen a net increase in its stock of employment space during the current plan period, with the average annual loss of 2,750sqm more than offset by the provision of c.4,874sqm each year. Demand for space is indicated by the fact that increasingly little office space has been available in NPT over the past decade. Availability in industrial premises and warehouses has similarly fallen.

Future job growth

- 9.21 Having reviewed recent economic performance, SQW have proceeded to consider the potential for further economic growth in NPT over the emerging plan period (2023-38). Reference is initially made to a baseline scenario from CE, in which **130 jobs per annum could be created** over this period. This does not though account for the significant loss of jobs triggered by Tata's transition to low carbon steel production, with current estimates suggesting that this could lead to **an overall loss of 168 jobs per annum**.
- 9.22 SQW have also developed further scenarios that account for potential growth linked to the Celtic Freeport proposition and other likely investments. The core adjusted scenario anticipates the creation of **121 jobs per annum**, slowly recovering towards the original baseline, and a supplementary scenario indicates that **237 jobs** could be created annually albeit this is less certain. Either would represent less growth than the historic trend, and SQW also note that there is considerable uncertainty given the structural changes taking place in the economy and the potential constraints on labour market supply.

Future need for employment land

- 9.23 In accordance with the Manual, the assessment has considered the employment space that could be needed to accommodate future job growth, complementing an approach based on '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.
- 9.24 This suggests that **up to 45.6ha** of employment land could be needed in NPT, based on standard assumptions with allowances for losses, market choice and flexibility, albeit it has been acknowledged that this could rise as high as **57.0ha** if employment land was to be developed at the lower densities that often prevail in the County Borough according to the Council's monitoring.
- 9.25 The analysis highlights variability in the scale of the calculated need depending on the level of job growth assumed, or depending on whether need is based on a projection of past take-up with or without an adjustment to reflect limited availability.

- 9.26 The scenarios can also be broken down by property type. All suggest a requirement for additional office space (8.8 – 22.5ha) albeit the lower end of this range would drop as low as 2.3ha if such premises were to be developed at higher densities. Up to 9.1ha of warehousing land is implied to be needed but another scenario suggests that there is an oversupply of 5.2ha, while the range for industrial land is even wider (-27.9 – 14.0ha).
- 9.27 The Council is advised to use these scenarios as reference points in developing its approach to employment land provision, but it does have the option of providing more land than they suggest as this would simply provide greater choice and flexibility to businesses. This is considered further later in this concluding section.

Future need for housing

- 9.28 A range of *unconstrained* scenarios have been presented in this report to explore the level of housing need that could arise in NPT over the new plan period, responding to the Manual by considering demographics, past trends and policy-based factors as well as the relationship with the local economy.
- 9.29 The latest official projections from the WG have been introduced, these being based to 2018 and including ‘high’ and ‘low’ variants alongside a principal projection. Further scenarios have been modelled by Edge Analytics to both account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. All but one of these scenarios suggest a need for **between 171 and 293 dwellings per annum**, with past delivery – over the current plan period to date (213dpa) in only the last five years (177dpa) and over the last fifteen years (238dpa) – also sitting within this range. Each of the scenarios within it would be likely to support the baseline job growth envisaged by SQW in the previous section, even prior to its reduction to allow for anticipated losses at Tata.
- 9.30 While these scenarios form an important part of the evidence, the WG does also recognise the potential for policy decisions to have an impact on housing need. The Council could, for instance, look to more firmly support the job growth that could arise from planned investment in the Freeport by choosing an employment-led scenario, although the trajectory of this growth – and its assumed offsetting of losses at Tata – means that it could potentially be supported with fewer homes being provided than in the range stated above.
- 9.31 This is before any addressing of another consequence of past under-supply, which has seen younger adults living in increasingly large households with the official projections assuming that this will continue. The Council would need to provide additional homes to change this situation, with this section presenting further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this report, suggesting that 130 to 382 homes could be needed annually.

Table 9.1: Range of scenarios with and without adjusting household membership rates

Scenario	Jobs supported per annum	Homes needed per annum without adjustment	Homes needed per annum with adjustment
High 2018-based	211	293	382
Principal 2018-based	152	197	285
Long-term trend (exc. UPC)	196	185	276
Long-term trend	181	171	261
Employment-led supplementary adjusted	237	142	232
Employment-led CE baseline	130	80	161
Low 2018-based	88	71	157
Employment-led core adjusted	121	46	130

Source: Edge Analytics

- 9.32 In accordance with the Manual, in translating this evidence of unconstrained need evidence into a housing requirement for the emerging RLDP, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

Policy implications

- 9.33 This report has presented a range of objective evidence, and it is important to acknowledge that its analysis is predicated upon input modelling assumptions and their extrapolation over the long-term as well as judgements around future behaviours. Such assumptions are necessary in the building of the evidence base and in ensuring the transparency of findings, but they are inherently uncertain – especially in relation to both the local and wider economy – such that it is strongly recommended to keep the quantified elements of this report under review.
- 9.34 As outlined above, in concluding on the need for both employment land and housing, it is also the case that in accordance with the Manual this study has focused on objective needs. It has not sought to consider this in the context of available supply or other factors.
- 9.35 The Council will undertake this exercise in its translation of the evidence into policy, acknowledging that PPW clearly states, for example, that *‘the housing requirement that has been identified by the planning authority must be realistic and deliverable’*.
- 9.36 In establishing housing and employment land requirements, it is similarly recognised that PPW, in advising on strategic placemaking and the development of a spatial strategy and site search sequence, confirms that:

“A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport”

- 9.37 These policy-based considerations will form an important context for the Council in the development of policies within its RLDP, with the evidence presented in this report only one component of concluded judgements made.

Appendix 1: Sectoral Analysis of Employment Trends and Prospects for Growth

Appendix 1: Sectoral analysis of employment trends and prospects for growth

Introduction

To inform the analysis in the main body of this report, this annex considers in greater detail the historical pattern of job creation and provides some narrative commentary on the potential for future growth. It is structured in two main sections:

- First, it looks at **total historic jobs growth**, comparing Neath Port Talbot (NPT) with Wales as a whole and the rest of the UK.
- It then breaks this down in greater detail, considering the pattern of **growth in each main economic sector group**, and looking more closely at sub-sectors where relevant to identify key drivers of change. It also highlights potential future growth opportunities and risks associated with each main sector group.

At the start, it is worth noting three important caveats. First, highly granular jobs data at local level is survey-based, often subject to large confidence intervals, and reported with a high degree of rounding. This can often give the impression of large peaks and troughs in employment, which are generally smoothed out in data over larger geographies. Second, employment growth is inherently uncertain: major growth opportunities can quickly retreat when the terms of trade change (for example, the consumer electronics industry in South Wales in the 1990s and early 2000s), and new opportunities emerge. Third, as noted in the main report, NPT's current employment base is subject to significant uncertainty at present following restructuring in the steel industry and the prospect of new investment associated with the Celtic Freeport and industrial decarbonisation. This needs to be borne in mind especially when looking in detail at the performance (and potential performance) of individual sub-sectors. We explain these caveats further where relevant in the sections that follow.

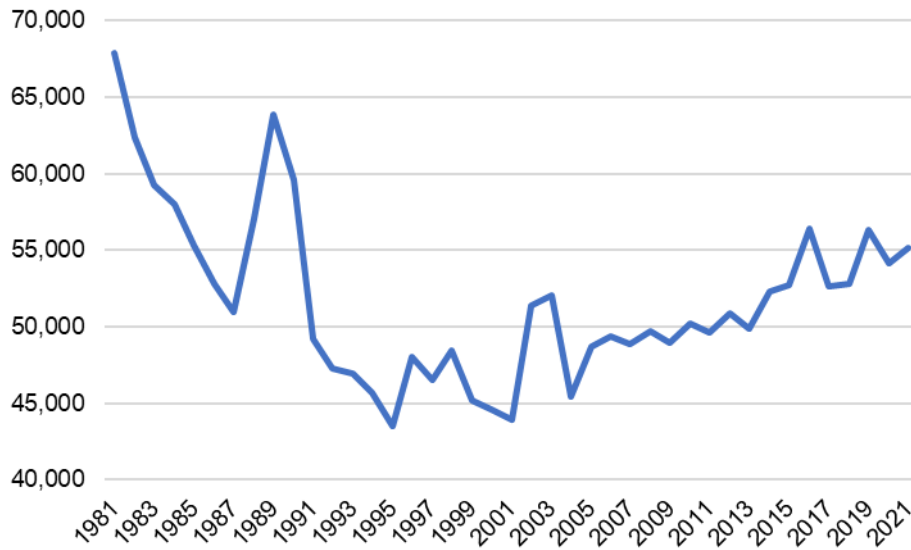
Total historic jobs growth

Long term view

Although ONS datasets are subject to changes in methodology, Cambridge Econometrics (CE) provides total employment estimates (broken down by major sector group) back to 1981, enabling us to take a very long-term, 'generational' view.

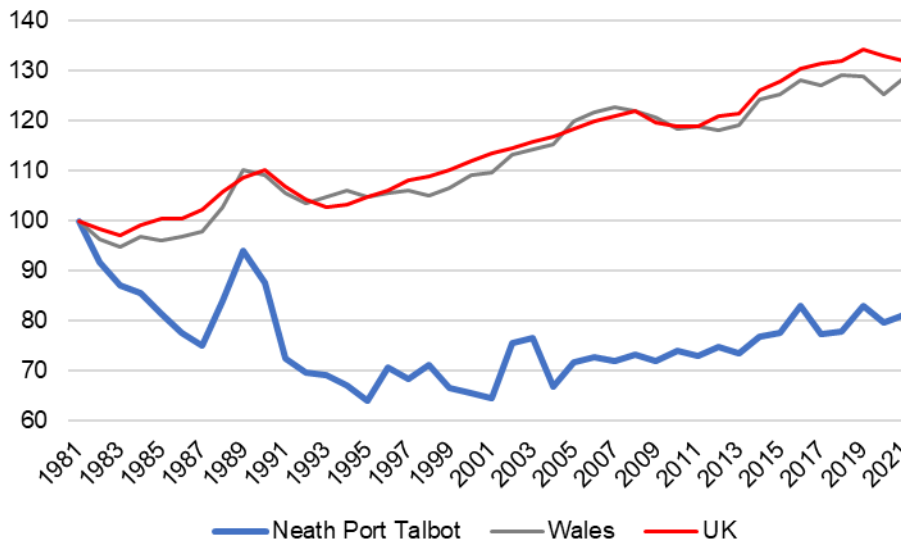
Over the long term, the picture is one of a significant contraction in employment in the 1980s, largely driven by a collapse in manufacturing jobs (total manufacturing jobs in NPT fell by about 50% between 1981 and 1991); a slow recovery from the early 1990s recession, and steady jobs recovery since. But total employment remains about 20% below 1981 levels, and over the long term, there is a significant contrast between the collapse and slow recovery picture in NPT and the pattern of steady growth across the UK as a whole (and to a lesser extent Wales):

Figure 1: Total employment in NPT



Source: CE

Figure 2: Index of total employment (1981 = 100)



Source: CE

Jobs growth the period leading up to the pandemic

From 2001, we can compare total jobs in NPT and the rest of the UK using official published time series. The most commonly used measure of ‘total jobs’ is the **Jobs Density** dataset published by the ONS, which includes employee jobs (about 87% of the total), self-employed workers and some other smaller categories [Agricultural workers, people in the armed forces and some government-supported trainees. See ONS (2001), Jobs Densities for Local Areas]. Based on ONS data, the WG separately publishes estimates of **Workplace Employment** to local authority level, disaggregated by high-level industrial group [See StatsWales, Workplace Employment by Local Area and Year (metadata) for detailed methodology].

The two measures do not align entirely. But overall, they indicate growth in job numbers from the start of the millennium to the pandemic: around 12,000 additional jobs according to the ONS Jobs Density dataset in 2001-19, and around 11,400 according to the Workplace Employment estimate. This equates to between 633 and 667 additional jobs per annum over the 18 years from 2001 to 2019. The total jobs stock (on both measures) grew at a compound annual growth rate (CAGR) of 1.3%, with somewhat faster jobs growth in the period following recovery from the 2010 financial crash:

Table 1: Jobs growth (compound annual growth rates), NPT, 2001-19 and LDP period 2011-19

Measure	2001-07	2007-13	2013-19	2001-19	2011-19
Workplace Employment	0.6%	0.9%	2.5%	1.3%	1.2%
Jobs Density	1.1%	1.4%	1.6%	1.3%	1.4%

Source: StatsWales; ONS

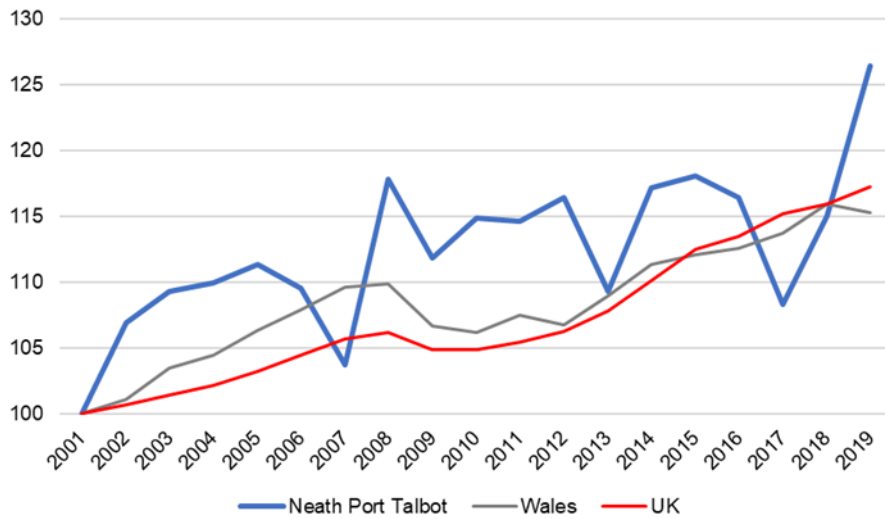
Figure 3: Total jobs, NPT, 2001-22



Source: StatsWales, ONS

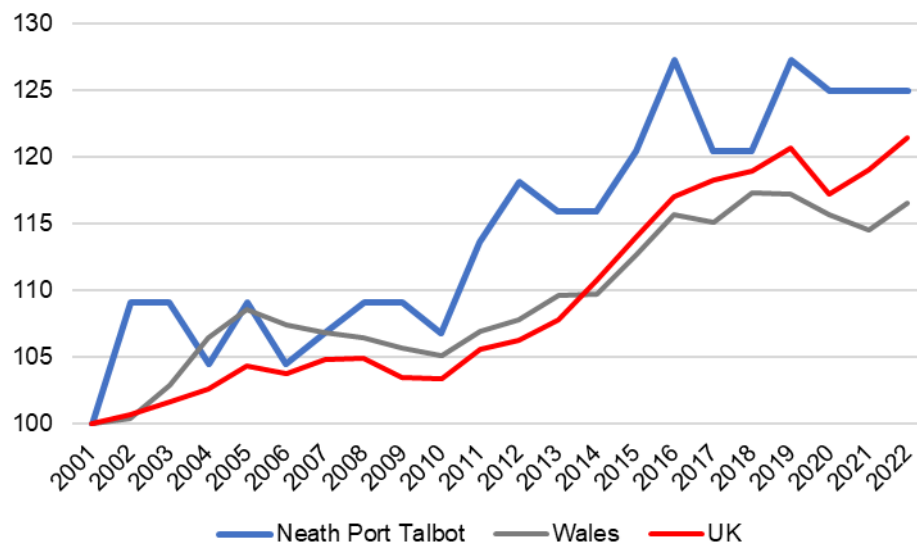
Jobs growth between 2001 and 2019 was stronger in NPT than in Wales or the UK as a whole. Figures 4 and 5 compare NPT’s relative performance against both the Jobs Density and Workplace Employment datasets:

Figure 4: Total jobs (2001=100), based on Workplace Employment



Source: StatsWales, ONS

Figure 5: Total jobs (2001=100), based on Jobs Density dataset



Source: StatsWales, ONS

This corresponded to a compound annual growth rate in workplace jobs between 2001-19 that was higher in NPT (1.3%) than Wales (0.8%) and the UK (0.9%), and was the second fastest rate of growth of any local authority in Wales, after Cardiff (2.1%) [The equivalent CAGRs for total jobs on the Jobs Density dataset (2001-19) are: NPT: 1.3%; Wales: 0.9%; UK: 1.1%]. Taking the more recent six-year period from 2013-19, NPT’s CAGR (2.5%) was also higher than that of Wales (0.9%) and the UK (1.4%), and the third highest in Wales, after Cardiff and Wrexham [The equivalent CAGRs on the Jobs Density dataset over the same period (2013-19) are: NPT: 1.6%; Wales: 1.1%; UK: 1.9%].

Post-pandemic jobs growth

Despite the sharp fall in output during the Covid crisis in 2020, total job numbers have been broadly stable since the pandemic, reflecting the success of temporary Government support measures and the

relatively limited exposure in NPT to vulnerable activities such as hospitality. In 2022 (the most recent year for which data is available), there were around 55,000 jobs in NPT [ONS (2022), Jobs Density].

On the whole, there has been a positive record of job creation in recent years, albeit with some volatility in the data. This volatility is not unique to NPT: it is common at local authority level and reflects the effects of rounding and high confidence intervals on relatively small numbers. This contrasts with significant decline in employment over the preceding decades. A consequence of this growth in job numbers has been a steady increase in the 'jobs density' (the number of jobs per person aged between 16 and 64) over time, from 0.55 in 2005 to 0.64 in 2022. However, this is still lower than the Wales and UK average (0.78 and 0.87 respectively), reflecting the importance of the wider sub-region as a source of employment for NPT.

Sources of growth: Sectoral analysis

High level analysis

The WG's Workplace Employment analysis provides a sectoral breakdown of employment at local authority level, using high-level sector groups. This is now somewhat dated, as the most recent year of the timeseries is 2019, although it does provide a view of sectoral dynamics leading up to the pandemic. Table 2 indicates the size of each sector within the local economy and the contribution that each has made to overall jobs growth between 2001-19 and across three six-year periods within that timeframe:

Table 2: High-level sectoral composition and growth, 2001-19

Industry	Jobs	% share	Net change (total jobs)	Net change (total jobs)	Net change (total jobs)	Net change (total jobs)	Net change (total jobs)
Industry by sector	2019	2019	2001-07	2007-13	2013-19	2001-19	2011-19
Agriculture, forestry, etc	400	0.7	-100	100	100	100	-100
Production	10,300	18.9	-600	800	-200	0	-900
Construction	4,100	7.5	-700	200	400	-100	800
Wholesale, retail, transport, hotels, food	13,800	25.3	200	-300	3,400	3,300	2,600
Information & communications	1,400	2.6	0	-200	1,200	1,000	900
Finance & insurance	300	0.6	0	0	-100	-100	-100
Real estate	700	1.3	0	300	100	400	-200
Professional, scientific & technical; business support	4,800	8.8	-100	200	800	900	300
Public admin, defence, education & health	16,600	30.5	2,200	700	2,400	5,300	1,900
Other services	2,100	3.9	600	500	-600	500	-200
Total, all industries	54,500	100.0	1,600	2,400	7,400	11,400	5,100

Source: StatsWales

As Table 1 demonstrates, of the 11,400 increase in workplace employment in 2001-19, around 46% was accounted for by public service-related jobs, and a further 29% by 'wholesale, retail, transport, hotels and food'. 'Production' (essentially manufacturing), the third high-level sector accounting for over 10,000 jobs, was stable over the period.

More granular, and more recent sectoral analysis is provided by the **Business Register and Employment Survey (BRES)**, produced by the ONS. BRES estimates *employment* and excludes some categories of worker (so the total number of employee jobs is always somewhat lower than the 'total jobs' on the Jobs Density or Workplace Employment datasets). The timeseries is also shorter. Table 3 sets out NPT's current employment profile by main sector group, comparing it with the wider region, Wales and Great Britain:

Table 3: Employment by main sector group, NPT and comparators (2022)

Industry	Jobs in NPT	% share of all jobs in NPT	% share of all jobs in SW Wales	% share of all jobs in Wales	% share of all jobs in Great Britain
Agriculture, forestry & fishing	800	1.5	3.2	2.8	1.5
Mining & quarrying	300	0.6	0.2	0.2	0.2
Manufacturing	9,000	17.3	8.5	10.4	7.4
Electricity, gas, steam & air con	150	0.3	0.3	0.4	0.4
Water supply, sewerage, etc.	600	1.2	0.8	1.0	0.7
Construction	2,500	4.8	5.3	5.1	5.0
Wholesale & retail; motor vehicles	6,000	11.5	13.7	13.2	13.9
Transportation & storage	5,000	9.6	4.9	4.2	5.0
Accommodation & food service	3,000	5.8	9.2	8.7	7.9
Information & communications	600	1.2	1.4	2.2	4.4
Financial & insurance	400	0.8	2.1	2.8	3.3
Real estate activities	800	1.5	1.4	1.5	2.0
Professional, scientific & technical	1,500	2.9	4.2	5.1	9.1
Admin & support service activities	3,000	5.8	6.3	6.5	8.8
Public admin & defence	5,000	9.6	8.8	7.7	4.5
Education	4,500	8.7	8.8	8.6	8.3
Human health & social work	6,000	11.5	16.2	14.7	13.2
Arts, entertainment & recreation	1,250	2.4	2.8	2.6	2.4
Other service activities	800	1.5	1.8	2.1	2.0
Total, all industries	51,200	-	-	-	-

Source: ONS, BRES

Looking in more detail

This high-level analysis obscures much of the detail of what is actually happening in the local economy: for example, each sector brigades together a diverse mix of activities, which are likely to be facing different opportunities and pressures. To understand further how the economy has changed and is changing, the following paragraphs consider each sector in turn. We define these using the main Industrial Sections used in Table 3 (Standard Industrial Classification (SIC) sections A-S), and consider evidence of recent employment change and prospects for growth, based on:

- Granular sub-sectoral analysis, via BRES data as set out above. This enables us to look in detail at employment change at sub-sectoral level in the economy, going back to 2009. [Note that there is a break in the BRES timeseries in 2015, although in most cases, the difference is marginal.] BRES data is also used to present 'location quotients' (LQs) for each sector. These measure the extent to which the sector is more or less represented within the local economy: a LQ greater than 1 means that the sector accounts for a greater share of employment in NPT than it does in Great Britain overall; and LQ of less than 1 means that it accounts for a smaller share.
- Other sources of relevant data, including the **UK Business Count** (to measure the overall sectoral business stock and its growth over time) and estimated **gross value added**. [Note that estimates of GVA do not exist for every sector at local authority level: we have provided an estimate where official data is not available]
- Other evidence of likely future growth (or contraction), including 'known' planned investments, the presence of high-growth companies, and wider trends that are likely to impact on the sector.

Obviously, some sectors are more significant in the local economy than others, so the analysis is proportionate to the sector's scale and influence, although for each sector we present the headline data in a 'sector dashboard'.

A key challenge for sectorally-based analysis is that while every business has a SIC code, these are not always meaningful in the 'real world', as technological change leads to sectoral convergence and the emergence of new activities that do not easily fit with standard definitions. However, sectors are widely understood as 'building blocks' of the economy and provide a helpful way of breaking down the analysis.

Agriculture, forestry and fishing

Table 4: Agriculture, forestry and fishing: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	800	38,000	490,000
% of total employment	1.5%	2.8%	1.5%
Location quotient	1.0	1.9	-
Net additional jobs, 2015-22	100	-23,000	11,000
Compound annual growth rate, 2009-15	1.9%	3.1%	0.6%
Compound annual growth rate, 2015-22	0.0%	-6.5%	0.3%
Businesses	NPT	Wales	GB
Business stock, 2023	135	13,730	126,,670
Compound annual growth rate, 2015-23	0.0%	-0.2%	-0.6%
Output	NPT	Wales	UK
GVA, 2022, £m (est.)	44	1,194	19,153
% of total GVA	1.6%	1.6%	0.9%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Agriculture is a small sector in NPT, accounting for around 800 jobs. Reflecting the prevalence of self employment and contract-based work in the industry, the number of *employee* jobs is less than half this amount. The data indicate that there has been growth in recent years, although there has been substantial annual fluctuation, probably reflecting the impact of rounding on relatively small numbers.

In terms of economic output, the agricultural sector is subject to strong cyclical pressures: between 1995 and 2006, GVA generated by Welsh agriculture fell by around 82%, in the wake of export bans associated with the BSE crisis and changes in the operation of the European Common Agricultural Policy [WG (2019), *Agriculture in Wales 2019*, p.2 (<https://gov.wales/sites/default/files/publications/2021-03/agriculture-in-wales-evidence.pdf>)]. However, there has been steady growth in output in the years since. Primary agricultural production also has an important impact on the wider food production sector (although most food production activities are classified as manufacturing processes), and through the sustainable management of the countryside, on the visitor economy.

Major policy-driven changes are currently taking place in the sector, associated with the introduction of the Sustainable Farming Scheme from 2026, with its greater emphasis on environmental and land management outcomes, rather than output; and the ongoing process of adjustment to new trading conditions with the European Union [WG (2024), *Sustainable Farming Scheme Guidance* (<https://www.gov.wales/sustainable-farming-scheme-guide>)].

Forestry is relatively extensive in NPT, with the WG's Woodland Estate supporting the local and wider economy from a timber perspective (as well as the tourism and visitor offer, especially around Afan

Forest Park). However, forestry accounts for fewer than 50 jobs in the county, despite its substantial land take.

Prospects for growth

Across Wales and the UK as a whole, agricultural employment has fallen over the long term, although the past few years have been generally stable. This is largely mirrored in NPT, and any growth will be against small overall job numbers in the sector.

Mining and quarrying

Table 5: Mining and quarrying: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	300	2,250	48,000
% of total employment	0.6%	0.2%	1.5%
Location quotient	3.0	1.0	-
Net additional jobs, 2015-22	-50	750	-11,000
Compound annual growth rate, 2009-15	-4.1%	-2.5%	0.9%
Compound annual growth rate, 2015-22	-2.2%	6.0%	-2.9%
Businesses	NPT	Wales	GB
Business stock, 2023	5	125	1,975
Compound annual growth rate, 2015-23	1.0%	0.5%	0.1%
Output	NPT	Wales	UK
GVA, 2022, £m	8	216	19,052
% of total GVA	0.3%	0.3%	0.8%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Although historically important, mining and quarrying is a small sector. Activity includes the Aberpergwm deep mine near Glynneath, some opencast mining operations and a number of hard rock and sand and gravel quarries. mostly relates to residual opencast coal mining.

Prospects for growth

Job numbers are likely to diminish, continuing the long-term historic trend, due to the closure of the Onllwyn/ Nant Helen opencast mine and the falling demand for coal over time.

Manufacturing

Table 6: Manufacturing: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	9,000	140,000	2,371,000
% of total employment	17.3	10.4%	7.4%
Location quotient	2.3	1.4	-
Net additional jobs, 2015-22	0	-6,000	-18,000
Compound annual growth rate, 2009-15	-1.7%	1.0%	-0.2%
Compound annual growth rate, 2015-22	0.0%	-0.6%	-0.1%
Businesses	NPT	Wales	GB
Business stock, 2023	255	6,330	141,970
Compound annual growth rate, 2015-23	0.2%	0.6%	0.5%
Output	NPT	Wales	UK
GVA, 2022, £m	550	11,452	210,382
% of total GVA	19.8%	15.4%	9.4%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Manufacturing is the largest of NPT's main sector groups in terms of employment, accounting for 17% of all jobs and around 20% of total GVA. Spatially, manufacturing employment is concentrated on the coastal strip, with Margam accounting for about 5,000 jobs, and Aberavon, Baglan and Briton Ferry accounting for a further 1,600 jobs.

The **sub-sectoral composition** of NPT's manufacturing industry is quite distinctive, with over half of all employment accounted for by 'manufacture of basic metals', reflecting the importance of Tata Steel UK (TSUK)'s Port Talbot plant, currently the UK's largest original steel manufacturer. Manufacturing of basic metals accounted for around 7.7% of all employment in NPT in 2022, which was a higher share of employment than that held by the *entire* manufacturing sector in Great Britain as a whole. The table overleaf provides a breakdown of employment by the main manufacturing sub-sectors:

Table 7: Employee jobs by largest manufacturing sub-sector

Sub-sector	Jobs (2022)	% of total employment	CAGR, 2015-22
Basic metals	4,000	7.7	0.0%
Fabricated metal products	1,000	1.9	-0.1%
Chemicals and chemical products	500	1.0	0.1%
Paper and paper products	450	0.9	0.0%
Pharmaceuticals	300	0.6	0.1%
Other machinery and equipment	300	0.6	0.1%
Rubber and plastics	250	0.5	0.1%
Motor vehicles and trailers	225	0.4	-0.1%
Food and beverages	175	0.3	0.0%
Other	1,250	2.3	-0.1%

Source: ONS, BRES

In relation to total **employment**, the manufacturing sector experienced substantial job losses in the 1980s and 1990s. However, since this major structural change in the industry, employment has been largely stable for the past decade. This obviously masks sub-sectoral variation, as indicated in the table above (although note the effects of rounding on apparent changes to relatively small employment numbers). It is worth noting that employment in the basic metals sub-sector has been resilient in recent years, despite falls in output, perhaps reflecting the need to retain workforce skills in an industry characterised by cyclical fluctuations.

Total **GVA** fell between 2015-20, principally driven by large falls in 2015/16 in steel output, although the data indicate recovery in 2021/22.

In terms of the **business stock**, the majority of firms in NPT represented on the Wales Top 300 firms by turnover are in the manufacturing sector: a breakdown of estimated employment and turnover of some larger manufacturing firms is set out in the table below. The sector is also substantially internationalised, both in terms of ownership and export orientation.

Table 8: Major manufacturers in NPT (2019/20)

Firm	Activity	Employment	Turnover
Sofidel UK Ltd, Baglan	Manufacturing of paper products	666	£305m
Freudenberg Oil & Gas Technologies, Baglan	Sealing products for the energy industry	222	£52m
Sandvik Osprey Ltd, Neath	Manufacturing of metal powders	163	£36m
Cultech, Baglan	Manufacturing of nutritional supplements	253	£33m
Envases UK, Baglan	Manufacturing of aluminium products	133	£31m

Source: Business Live, Wales Top 300

This list excludes several other important manufacturing firms, most obviously **Tata Steel**, which is the major employer in the dominant basic metals sector, and which is discussed further below.

Other established manufacturers in NPT include **British Rototherm**, a manufacturer of precision instruments in Margam; **Hanson Cement** at Port Talbot and the large oxygen and hydrogen producer **Linde BOC** at Margam. It is also worth highlighting the presence of the engineering research and technology organisation **TWI**, which runs its Technology Centre Wales operation from Harbourside Innovation Village in Port Talbot; and a number of newer manufacturing and engineering businesses (for example, Armadillo Metal Coatings, a spin-out from Swansea University based at Baglan Bay Innovation Centre).

Prospects for growth

Steel industry restructuring

In the short-to-medium term, the key issue for the future of manufacturing employment in NPT is the anticipated loss of jobs at TSUK which, at the start of 2024, employed around 4,000 roles at its Port Talbot site.

The steel industry is energy-intensive, and across Europe, steel producers are seeking to reduce their carbon footprints. In September 2023, TSUK announced a £1.25 billion investment in a new electric arc furnace (EAF) for its Port Talbot site, which included a £500 million grant contribution from the UK Government. The new EAF will replace the site's two existing coal-powered blast furnaces, reducing the UK's total carbon emissions by around 1.6%.

Once operational, it is anticipated that the site will have the capacity to produce around 3 million tonnes of steel per annum. This is similar to current levels of production, although recycled steel produced through the electric arc process can have different properties to virgin steel, so may be used in different products. The transition will secure the future of the Port Talbot site and, by extension, TSUK's wider presence in the UK and could support further innovation-led growth in the longer term. However, EAF production is less labour-intensive than existing methods, and the transition will result in significant short-to-medium term job losses. In the long term, TSUK expects a 2,800 reduction in headcount across the UK of which almost 2,000 will be at Port Talbot. However, there may be some new recruitment (perhaps linked with different skillsets) as the transition to EAF is completed.

Opportunities for growth

Despite the major challenge in the steel industry, NPT has capacity for growth in the manufacturing sector. Of particular relevance is the Celtic Freeport, which will make available a series of tax and customs incentives to attract additional economic activity, especially in the manufacturing sector. Key opportunities include:

- **Floating Offshore Wind (FLOW):** The UK Government is committed to developing 50GW of offshore wind by 2030, including up to 5GW of FLOW. Plans are well advanced for the first three commercial FLOW farms in the Celtic Sea (with a combined capacity of up to 4.5GW). The UK Government has also announced the intention to unlock additional capacity, which will bring the Celtic Sea FLOW pipeline to around 16GW by the end of the 2030s.

The UK Government seeks to ensure 60% UK-built content in offshore wind infrastructure. In that context, the Offshore Renewable Energy Catapult concluded that Port Talbot, with its proximity to large steelmaking facilities and waterside laydown space, is the "optimal Welsh port for floating substructure production" and turbine manufacturing. To deliver this, there is an opportunity to

develop a FLOW and sustainable energy development hub at Port Talbot. These proposals are also closely aligned with ABP's *Future Ports Vision*, which sets out an ambition to develop the Port at Port Talbot to support "low carbon, port-centric manufacturing facilities", and the development of the renewable energy industry [ABP (2021), *Future Ports: Port Talbot*].

- **Hydrogen:** As part of ABP future ports, it is envisaged that Port Talbot could evolve into a hydrogen import and distribution hub for the UK. In NPT, the key opportunity is in building on existing R&D assets, such as the University of South Wales' Hydrogen Centre at Baglan and the FLEXIS demonstrator project in Port Talbot. Wales and West Utilities also has plans for a major hydrogen pipeline, 'Hy-Line Cymru' which will connect production sites with industrial demand across South Wales.
- **Carbon capture and storage,** recognising the carbon intensity of much of South Wales' industrial production and contributing to South Wales Industrial Cluster's (SWIC) industrial decarbonisation goals.
- **Innovative fuels:** The key opportunity is the potential to develop sustainable aviation fuels, linked with Lanzatech at Port Talbot.

Alongside these opportunities, there is significant investment being made in industrial R&D, which may support the attractiveness of Port Talbot as a key manufacturing and engineering location, especially (although not exclusively) in the context of the decarbonisation agenda. This includes TWI's location at Harbourside (cited above), the existing specialist research facilities run by Cardiff University, Swansea University and University of South Wales at Margam and Baglan the Gas Turbine Research Centre (Cardiff University, Margam), the Solar Heat Energy Demonstrator (Swansea University, Margam) and the Hydrogen Centre (USW, Baglan)]; Swansea University's School of Engineering based at the Bay Campus; and Swansea University's proposed new SWITCH facility at Harbourside, focused on the decarbonisation of the metals sector and its supply chain. Elsewhere, the proposed Global Centre for Rail Excellence is anticipated to create some 250 new jobs at Onllwyn, in addition to a potential new technology park.

These extensive opportunities for growth should be seen in the context of substantial uncertainty, related to the relatively early stage of development in hydrogen applications (and competition from other parts of the UK, especially in the North West, Humber and Tees Valley); and the major structural challenge of steel industry decarbonisation. Delivering NPT's potential may also demand a concerted effort by government and the private sector to bring forward the scale of the ambition, especially in emerging energy technologies. Nevertheless, NPT has the capacity and assets to be a leading industrial district of UK-wide significance.

Finally, it is worth noting that changes over time in employment numbers fail to capture qualitative changes in the nature of manufacturing activity, especially driven by technology change.

Energy, water, waste and remediation

Table 9: Energy, water, waste and remediation: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	750	19,000	344,000
% of total employment	1.5%	1.4%	1.1
Location quotient	1.4	1.3	-
Net additional jobs, 2015-22	-450	-5,000	31,000
Compound annual growth rate, 2009-15	9.4%	9.4%	
Compound annual growth rate, 2015-22	-6.5%	-6.5%	
Businesses	NPT	Wales	GB
Business stock, 2023	40	955	18,690
Compound annual growth rate, 2015-23	0.0%	0.0%	
Output	NPT	Wales	UK
GVA, 2022, £m (est.)	89	2,416	49,562
% of total GVA	3.2%	3.2%	2.2%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Of the 750 jobs in the sector in NPT, around 600 are in water, waste management and remediation activities. The sub-sector is relatively large compared with the rest of Wales and Great Britain, reflecting NPT's 'industrial-type' economy.

The energy (electricity and gas) sub-sector is small in employment terms, accounting for about 150 jobs. However, NPT contains an important stock of energy assets, including Wales' largest on-shore wind farm and the energy research facilities highlighted above, linked with the Freeport. It is likely that total employment in energy-related activities is greater than the number employed within the sector definition, given that some employment will be likely classified as manufacturing, research and development or education.

Prospects for growth

NPT's low carbon energy potential has been widely highlighted, especially linked with the production and use of hydrogen as a fuel source for carbon-intensive sectors (see above) and the development of marine energy in Swansea Bay. The South West Wales Regional Energy Strategy estimates that the transition to lower carbon sources of energy generation ought to lead to an increase in employment, although some of this will be accounted for by component manufacturing as well as the operation of the energy system itself, and not all will be based locally [WG Energy Service (2022), *South West Wales Regional Energy Strategy* (<https://gov.wales/sites/default/files/publications/2022-04/regional-energy-strategy-south-west-wales.pdf>)]. But should significant investment come forward in NPT's energy potential, we might expect some expansion in the employment base.

Construction

Table 10: Construction: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	2,500	68,000	1,597,000
% of total employment	4.8%	5.1%	5.0%
Location quotient	1.0	1.0	-
Net additional jobs, 2015-22	0	10,000	205,000
Compound annual growth rate, 2009-15	0.0%	-2.7%	-0.5%
Compound annual growth rate, 2015-22	0.0%	2.3%	2.0%
Businesses	NPT	Wales	GB
Business stock, 2023	515	14,950	376,860
Compound annual growth rate, 2015-23	2.1%	2.9%	3.6%
Output	NPT	Wales	UK
GVA, 2022, £m	185	4,746	139,083
% of total GVA	6.7%	6.4%	6.2%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Construction is marginally smaller in NPT in terms of workforce share than it is in Wales or Great Britain as a whole. Consistent with the national picture, it is strongly dominated by small businesses (around 93% of all construction firms in the county borough employ fewer than ten people), reflecting extensive sub-contracting in the industry. The absence of major house-builders operating in NPT is also noted. However, NPT does contain a couple of larger established firms represented in the Wales Top 300 (one of which – Andrew Scott Ltd – has recently moved its headquarters to Swansea, although maintains a presence in NPT):

Table 11: Major construction firms in NPT (2019/20)

Firm	Activity	Employment	Turnover
Andrew Scott Ltd, Port Talbot	Building and civil engineering	195	£58m
JG Hale, Neath	Building and civil engineering	86	£37m

Source: Business Live, [Wales Top 300](#)

Around two-thirds of all sector employment is in 'specialised construction activities', which includes electrical, plumbing, installation and demolition activities: a somewhat higher share than applies nationally, perhaps reflecting links with NPT's manufacturing and engineering sector.

Prospects for growth

The construction industry tends to be highly cyclical, and vulnerability to rapid changes in residential and commercial demand impacts on approaches to workforce recruitment [Construction Industry

Training Board (2021), Construction Skills Network: Industry Outlook 2021-25 (

However, national research highlights opportunities to gain from technology transformation, including through gain from technology adoption, including in smart construction and digital design; offsite construction; and low carbon and sustainable construction [CITB (2019), Evolution or Revolution?

(https://www.citb.co.uk/media/2enixji0/citb_evolution_revolution.pdf)].

In NPT, there could be significant opportunities associated with the major emerging proposals for the future of the Port (and the potential expansion of manufacturing activity more broadly), as well as with the growth of the renewable energy sector. It should be noted however that major projects often rely on the temporary deployment of a national and regional labour force.

https://www.citb.co.uk/documents/research/csn_outlook_2021_2025.pdf].

Wholesale and retail; Motor vehicles

Table 12: Wholesale and retail and motor trades: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	6,000	178,000	4,425,000
% of total employment	11.5%	13.2%	13.9%
Location quotient	0.8	0.9	-
Net additional jobs, 2015-22	-1,000	-20,000	-227,000
Compound annual growth rate, 2009-15	0.0%	0.4%	0.6%
Compound annual growth rate, 2015-22	-2.2%	-1.5%	-0.7%
Businesses	NPT	Wales	GB
Business stock, 2023	690	21,710	505,935
Compound annual growth rate, 2015-23	-0.2%	0.1%	0.6%
Output	NPT	Wales	UK
GVA, 2022, £m	205	7,470	234,263
% of total GVA	7.4%	10.0%	10.4%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

The retail and wholesale industry has faced significant pressures in recent years, linked with structural changes in the retail market and the shift to online retail. This has resulted in a loss of employment nationally as well as locally (although the apparent scale of the local loss may be exacerbated by the impact of rounding on relatively small numbers).

Nevertheless, the sector remains a substantial employer, accounting for around 6,000 employee jobs. Of these, around two-thirds are employed in retail (which also saw the sharpest contraction in employment between 2015 and 2022), with the largest concentrations of retail employment in Neath and Port Talbot town centres and the area around Baglan Bay Retail Park. The retail sector is quite strongly dominated by the large national multiples, with both losses and gains in recent years, within the context of general market pressure.

A further 21% are employed in wholesale and 17% in motor trades and repair. Within the latter sector, the county borough contains one locally-based firm within the Wales Top 300: this is the motor retailer Trade Centre Wales, based in Neath, which accounted for some 584 jobs in 2019/20 and turnover of £256 million, making it NPT's largest firm on the database [Although note that Trade Centre Wales operates outlets elsewhere in Wales, so not all this employment should be apportioned to NPT.].

Prospects for growth

There is some evidence of improved prospects for growth in the retail market, as inflation falls and real wages improve, and as the consequences of the Covid-related contractions in activity bottom out [PwC (2024), Retail Outlook 2024 (<https://www.pwc.co.uk/industries/retail-consumer/insights/retail->

outlook.html). In addition, there is a strong policy focus by the Welsh Government and NPT Council on support for town centre revitalisation. However, NPT does not contain a major regional retail centre and its retail offer is largely responsive to local population-based demand.

Transportation and storage

Table 13: Transportation and storage: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	5,000	57,000	1,585,000
% of total employment	9.6%	4.2%	5.0%
Location quotient	1.9	0.8	-
Net additional jobs, 2015-22	3,000	12,000	225,000
Compound annual growth rate, 2009-15	2.3%	0.8%	1.3%
Compound annual growth rate, 2015-22	14.0%	3.4%	2.2%
Businesses	NPT	Wales	GB
Business stock, 2023	315	6,150	141,660
Compound annual growth rate, 2015-23	8.0%	5.3%	4.8%
Output	NPT	Wales	UK
GVA, 2022, £m	283	2,172	78,940
% of total GVA	10.2%	2.9%	3.5%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

NPT has a relatively large transport, distribution and storage sector, which has shown strong growth in recent years.

60% of all employment in the sector is accounted for by ‘warehousing and support activities for transportation’ (3,000 jobs). Of this, the vast majority of employment (2,500 jobs) is concentrated in Coedffranc West, the ward that includes Amazon’s major distribution centre on Fabian Way. This sub-sector also accounts for almost all sector growth between 2015-22, with the main growth increments between 2015-16 and 2020-21.

Prospects for growth

In general, Wales is not a major location for large-scale logistics operations, and previous studies have anticipated relatively limited demand west of the Brynglas Tunnels [Welsh Government [SQW] (2020), *Commercial Property: Market Supply and Demand and Opportunities for Intervention*]. However, Amazon’s presence at Fabian Way stands out against this picture, and NPT benefits from proximity to the M4 and the A465, as well as the strategic rail network. Nationally, there is also evidence of growth in demand for ‘final mile’ and on-demand distribution services, which rose substantially during the pandemic and which industry analysts expect to continue [Savills (2024), UK Logistics and Industrial Market Outlook (https://www.savills.co.uk/research_articles/229130/355818-0)]. There may also be growth arising from the development of the waterfront opportunities at Port Talbot, as well as at the

GCRE at Onllwyn, some of the jobs at which are likely to be within the transport and distribution sector.

Accommodation and food service

Table 14: Accommodation and food service: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	3,000	117,000	2,530,000
% of total employment	5.8%	8.7%	7.9%
Location quotient	0.7	1.1	
Net additional jobs, 2015-22	500	16,000	378,000
Compound annual growth rate, 2009-15	1.8%	1.9%	2.3%
Compound annual growth rate, 2015-22	2.6%	2.1%	2.3%
Businesses	NPT	Wales	GB
Business stock, 2023	355	11,490	217,350
Compound annual growth rate, 2015-23	0.9%	1.9%	2.2%
Output	NPT	Wales	UK
GVA, 2022, £m	71	2,767	70,628
% of total GVA	2.6%	3.7%	3.1%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Employment in accommodation and food service has grown relatively rapidly in recent years. While much of this is associated with locally-derived leisure demand, the area is described as a “*developing tourist destination*” [NPT CBC (2022), Vale of Neath Heritage Corridor: Destination Development Framework], linked with the quality of the natural environment in Waterfall Country and the gateway to the Brecon Beacons, and the area’s heritage offer. Analysis of the visitor economy STEAM model indicates that tourism accounted for about 1,600 jobs in 2019: between 2010 and 2019, tourism employment was largely static, although estimated economic impact increased by around 15% to £129 million [NPT (2023) Destination Management Plan 2023-28 (<https://www.npt.gov.uk/media/19112/ref24756-npt-destination-management-plan-english-stp.pdf?v=20231102144543>)].

There has also been investment in recent years, especially in the active leisure market: for example through the development of the mountain biking offer at Afan Forest Park and the growth of corporate events market. This outdoor and active leisure focus aligns closely with the tourism strategy set out by Visit Wales and the approach to the development of the ‘experience economy’ set out within the South West Wales *Regional Economic Delivery Plan* and the Council’s new Destination Management Plan

Prospects for growth

There are some significant investment proposals that are likely to lead to an increase in inbound tourism. The major known commercial investment is an adventure tourism proposal in the Afan Valley being promoted by Wildfox Resorts. This envisages a 132.5ha area supporting land and water-based active leisure, which the promoters anticipate will create “more than 1,000” jobs [Wildfox Resorts (2022), *Business Plan* (<https://www.wildfoxresorts.com/key-docs>)].

In addition, the Council is promoting an expansion of the visitor economy in the Vale of Neath and Waterfall Country through the development of the Vale of Neath Heritage Corridor, linking key existing and potential natural and heritage assets. This includes plans for an expansion of the visitor accommodation offer at Neath and Pontneddfechan (investment in which has recently been secured from the UK Government’s Levelling Up Fund). There are also emerging commercial proposals for the development of a visitor accommodation and leisure offer at Rheola and Parc Pelenna. This suggests scope for continued employment growth, with much of this likely to be located in the Valleys. This may also have a knock-on effect on the wider food and drink market, in addition to local consumer spend-driven demand.

Information and communications

Table 15: Information and communications: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	600	30,000	1,416,000
% of total employment	1.2%	2.2%	4.4%
Location quotient	0.3	0.5	
Net additional jobs, 2015-22	250	10,000	215,000
Compound annual growth rate, 2009-15	0.0%	-3.0%	2.5%
Compound annual growth rate, 2015-22	8.0%	6.0%	2.4%
Businesses	NPT	Wales	GB
Business stock, 2023	125	4,510	193,160
Compound annual growth rate, 2015-23	1.0%	0.3%	-0.4%
Output	NPT	Wales	UK
GVA, 2022	26	2,140	146,581
% of total GVA	0.9%	2.9%	6.5%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Information and communications includes some media activities as well as telecommunications and computer programming and consultancy. The sector is small in NPT: recent years appear to have seen strong employment growth, although there is quite high annual volatility, reflecting small numbers in the data.

Two thirds of all employment in the sector is in ‘computer programming, consultancy and related activities’ – a higher share than within the sector nationally, reflecting NPT’s negligible level of activity in the creative media-related sub-sectors. Within computer programming and consultancy, the main employment locations are at Baglan and Coedffranc West/ Fabian Way: the latter includes Vizolution, a provider of customer journey software based at the Bay Studios which grew rapidly in the years leading up to the pandemic. Deloitte also has a business software presence locally, following its acquisition of Keytree.

Prospects for growth

Within the computer programming sub-sector, there are some key local assets, notably Swansea University’s capabilities in computer science and the associated availability of skilled staff (both of which were important factors in Vizolution’s and Keytree’s expansion). The benefits of this may be reinforced by recent investment in new innovation facilities, such as Swansea Bay Technology Centre. It is also worth noting that while information and communications is a small sector, advanced digital capabilities are cross-sectoral, with relevant computer science strengths supporting a much wider range of manufacturing and service activities.

Finance and insurance

Table 16: Finance and insurance: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	400	38,000	1,040,000
% of total employment	0.8%	2.8%	3.3%
Location quotient	0.2	0.8	
Net additional jobs, 2015-22	0	8,000	11,000
Compound annual growth rate, 2009-15	-2.2%	-1.7%	-0.6%
Compound annual growth rate, 2015-22	0.0%	3.4%	0.2%
Businesses	NPT	Wales	GB
Business stock, 2023	60	2,280	70,265
Compound annual growth rate, 2015-23	-1.9%	-0.9%	0.6%
Output	NPT	Wales	UK
GVA, 2022, £m	12	4,552	201,854
% of total GVA	0.4%	6.1%	9.0%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Finance and insurance is a very small sector in NPT. The numbers suggest that it is essentially limited to retail banking for the local market: this is unsurprising given the tendency of financial and insurance activities to concentrate around major centres.

Prospects for growth

Finance and insurance is quite vulnerable to automation, and this has underpinned the accelerated retreat from local branch banking in recent years [ONS (2019), Which occupations are at highest risk of being automated?

(<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25>)]. Some of the software strengths highlighted earlier have applications in the financial services sector, and Cardiff has a growing fintech presence that this could add value to. But overall, this is a small sector without a clear local driver for growth.

Real estate

Table 17: Real estate: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	800	20,000	627,000
% of total employment	1.5%	1.5%	2.0%
Location quotient	0.8	0.8	
Net additional jobs, 2015-22	-100	0	85,000
Compound annual growth rate, 2009-15	12.2%	3.8%	1.8%
Compound annual growth rate, 2015-22	-1.7%	0.0%	2.1%
Businesses	NPT	Wales	GB
Business stock, 2023	90	3,760	123,850
Compound annual growth rate, 2015-23	2.3%	2.3%	2.7%
Output	NPT	Wales	UK
GVA, 2022, £m, excl. imputed rent	124	1,874	80,382
% of total GVA	4.5%	2.5%	3.6%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Real estate is a relatively small sector, with a local share of employment slightly below the national average. It is not obvious why the sector's share of total GVA is apparently higher than the Welsh or UK averages

Prospects for growth

In the absence of significant company headquarters activity, future growth is likely to be responsive to local demand (although new commercial development associated with the Port and other major sites may provide a further route to employment generation).

Professional, scientific and technical

Table 18: Professional, scientific and technical activities: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	1,500	68,000	2,903,000
% of total employment	2.9%	5.1%	9.1%
Location quotient	0.3	0.6	
Net additional jobs, 2015-22	-750	0	372,000
Compound annual growth rate, 2009-15	4.9%	4.1%	3.8%
Compound annual growth rate, 2015-22	-5.6%	0.0%	2.0%
Businesses	NPT	Wales	GB
Business stock, 2023	320	11,895	429,575
Compound annual growth rate, 2015-23	-0.9%	-0.5%	-0.6%
Output	NPT	Wales	UK
GVA, 2022, £m	52	3,045	184,595
% of total GVA	1.9%	4.1%	8.2%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Professional, scientific and technical activities incorporates legal and accountancy services, scientific research and development, architectural and engineering services, advertising, and other head office, professional and consultancy activities. The sector is relatively small in NPT compared with the rest of Great Britain, although it still accounts for around 1,500 jobs.

Around 30% of all jobs in the sector are in ‘architectural and engineering activities; technical testing and analysis’. This reflects NPT’s industrially-oriented economy (note for example, the specialist engineering services offered by TWI at Port Talbot). The other larger sub-sector is legal and accountancy services, likely to cater to the local market. Scientific R&D is very small (only around 50 jobs in 2022), perhaps reflecting the fact that most scientific R&D either takes place in manufacturing businesses or firms otherwise classified, or within higher education.

Prospects for growth

The apparent decline in sector employment in 2015-22 mostly took place in 2015/16: since then, the sector has been more stable. Future growth is plausible, linked with the expansion of the universities (and recent provision for innovation space at Fabian Way and Baglan) and with the ‘transformational’ processes of industrial decarbonisation in the manufacturing sector highlighted earlier. Legal and accountancy services have been stable, but are more likely to be responsive to local demand and potentially vulnerable to future automation.

Administrative and support service activities

Table 19: Administrative and support service activities: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	3,000	88,000	2,821,000
% of total employment	5.8%	6.5%	8.8%
Location quotient	0.7	0.7	
Net additional jobs, 2015-22	1,000	8,000	205,000
Compound annual growth rate, 2009-15	0.0%	0.9%	3.4%
Compound annual growth rate, 2015-22	6.0%	1.4%	1.1%
Businesses	NPT	Wales	GB
Business stock, 2023	315	9,685	265,420
Compound annual growth rate, 2015-23	1.3%	1.4%	1.9%
Output	NPT	Wales	UK
GVA, 2022, £m	50	2,366	113,283
% of total GVA	1.8%	3.2%	5.0%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Administrative and support service activities covers a diverse range of sub-sectors, including building management and maintenance, security and employment activities (including employment agencies). In NPT, about a third of the sector is accounted for by 'services to building and landscaping activities'; this sub-sector also accounted for most of the employment growth in 2015-22.

Prospects for growth

Given that the sector is heterogeneous, there is unlikely to be any clear sectoral driver for growth. That said, additional development could drive demand for building services, and growth in outsourcing and freelancing could lead to higher employment agency demand (albeit as an alternative to employment in other sectors).

Public administration and defence

Table 20: Public administration and defence: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	5,000	104,000	1,440,000
% of total employment	9.6%	7.7%	4.5%
Location quotient	2.1	1.7	
Net additional jobs, 2015-22	2,000	18,000	178,000
Compound annual growth rate, 2009-15	-2.5%	-1.3%	-2.6%
Compound annual growth rate, 2015-22	7.6%	2.8%	1.9%
Businesses	NPT	Wales	GB
Business stock, 2023	60	1,850	23,695
Compound annual growth rate, 2015-23	-1.0%	1.7%	-0.3%
Output	NPT	Wales	UK
GVA, 2022, £m	309	6,501	116,185
% of total GVA	11.1%	8.7%	5.2%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

This is a large sector, accounting for almost 10% of all employee jobs. This is a much higher share than the sector accounts for nationally, although this partly reflects the relatively small scale of the private service sector highlighted earlier.

It is not clear from looking at the data in greater detail why there has apparently been such strong growth in 2015-22: given that most sector employment is in local services (as opposed to regional or national headquarters of public bodies), and given the persistence of austerity across the period), this rate of growth appears counter-intuitive. Having said that, the sector also grew across GB and Wales, perhaps reflecting public service demand responsiveness and a partial rebound from significant job losses in the years following the financial crisis.

Prospects for growth

Growth will be driven by local demand and national policies to reinvest in local public services. We are not aware of any plans for national or regional services to be based in the county borough (although these make an important contribution in some neighbouring authorities, especially Swansea).

Education

Table 21: Education: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	4,500	116,000	2,658,000
% of total employment	8.7%	8.6%	8.3%
Location quotient	1.0	1.0	
Net additional jobs, 2015-22	-500	-9,000	37,000
Compound annual growth rate, 2009-15	6.1%	1.2%	0.7%
Compound annual growth rate, 2015-22	-1.5%	-1.1%	0.2%
Businesses	NPT	Wales	GB
Business stock, 2023	115	3,310	74,140
Compound annual growth rate, 2015-23	-1.0%	0.2%	1.0%
Output	NPT	Wales	UK
GVA, 2022, £m	190	4,715	134,213
% of total GVA	6.8%	6.3%	6.0%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Education is a large sector, with a roughly equal share of employment in NPT as in the rest of Wales and Great Britain. The apparent fall in employee jobs in 2015-22 is all accounted for by a loss in primary education employment in 2015/16. Around 600 jobs are in higher education, entirely at Swansea University's Bay Campus, with the main further education provider (NPTC Group) operating campuses at Port Talbot and Neath.

Prospects for growth

Most of the education sector is responsive to local demand, and NPT Council has identified a need to develop additional school provision (including for special needs and Welsh medium education). Higher education also responds to external demand however, and there are several proposals for additional higher education linked with GCRE at Onllwyn and the new SWITCH facility at Harbourside. Ongoing demand for higher-level qualifications may also lead to a more general expansion in the university offer over time.

Health and social care

Table 22: Human health and social work: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	6,000	198,000	4,209,000
% of total employment	11.5%	14.7%	13.2%
Location quotient	0.9	1.1	
Net additional jobs, 2015-22	-1,000	-2,000	355,000
Compound annual growth rate, 2009-15	2.6%	1.2%	1.6%
Compound annual growth rate, 2015-22	-2.2%	-0.1%	1.3%
Businesses	NPT	Wales	GB
Business stock, 2023	310	8,030	162,980
Compound annual growth rate, 2015-23	-0.6%	-0.3%	0.0%
Output	NPT	Wales	UK
GVA, 2022, £m	305	8,274	175,682
% of total GVA	11.0%	11.1%	7.8%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Health and social care (referred to as ‘human health and social work’ in the official data) is a large sector, accounting for the second largest number of jobs of any main sector group in NPT after manufacturing. Around half of all jobs in 2022 were in the health service, with the remainder in a range of residential and non-residential social care services. Generally, the sector has grown over time in response to rising demand from an ageing population. It should be noted that there are no major regional or national healthcare facilities in the county borough, so essentially local jobs are responsive to local demand.

Prospects for growth

Rising demand for healthcare is widely recognised, and while investment will be made in technology to substitute for labour, personal care employment is likely to be resilient. Within the sector however, the strategy adopted by *A Healthier Wales* seeks to rebalance the focus of resources towards primary and community care, with an emphasis on prevention and the diversion of health interventions away from acute services. This may mean an increasing focus on employment in local community delivery.

Arts, entertainment and recreation

Table 23: Arts, entertainment and recreation: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	1,250	35,000	776,000
% of total employment	2.4%	2.6%	2.4%
Location quotient	1.0	1.1	
Net additional jobs, 2015-22	-250	0	56,000
Compound annual growth rate, 2009-15	7.0%	2.8%	1.1%
Compound annual growth rate, 2015-22	-2.6%	0.0%	1.1%
Businesses	NPT	Wales	GB
Business stock, 2023	310	3,365	87,890
Compound annual growth rate, 2015-23	-0.6%	0.4%	1.3%
Output	NPT	Wales	UK
GVA, 2022, £m	31	919	31,019
% of total GVA	1.1%	1.2%	1.4%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Sector overview

Most jobs in the arts, entertainment and recreation sector are within sports and recreation (around 900 of the 1,250 in the sector in NPT overall). The remainder of the sector includes creative arts and entertainment, libraries, museums and archives and gambling and betting activities. The sector has been resilient since the Covid-19 pandemic, with employment stable over time, and total GVA rising since 2020.

Numbers in creative arts and entertainment appear very low (fewer than 50 jobs), even with the caveat that jobs in this sub-sector tend to concentrate around the larger cities. This might however reflect the prevalence of freelancing and self-employment within the arts sector, which tends to depress the headline employee jobs figure.

Prospects for growth

Arts, entertainment and recreation will mostly be responsive to local demand, with growth reflecting disposable incomes and general consumer trends (as well as improvements in the local offer which may encourage some expenditure currently 'leaking' from NPT to be captured back). However, the discussion earlier in relation to the visitor economy suggests that there ought to be some wider opportunities for growth with the development of the 'outward-facing' active leisure market. In this context, NPT Council published a new Culture Strategy in 2023, aligned with the Council's Heritage Strategy and Destination Management Plan. There have also been significant investments in arts facilities and events in recent years – such as the New Plaza multi-purpose community centre in Port Talbot and the 'In it Together' festival. Margam Country Park will also host the Urdd Eisteddfod in 2025. Although employment numbers are quite small, prospects for growth are strong.

Other services

Table 24: Other services: Sector dashboard

Jobs	NPT	Wales	GB
Total employment (2022)	800	28,000	642,000
% of total employment	1.5%	2.1%	2.0%
Location quotient	0.8	1.1	
Net additional jobs, 2015-22	0	4,000	-4,000
Compound annual growth rate, 2009-15	-3.0%	-0.9%	0.2%
Compound annual growth rate, 2015-22	0.0%	2.2%	-0.1%
Businesses	NPT	Wales	GB
Business stock, 2023	190	5,170	120,025
Compound annual growth rate, 2015-23	-0.9%	0.2%	0.7%
Output	NPT	Wales	UK
GVA, 2022, £m	40	1,204	38,144
% of total GVA	1.4%	1.6%	1.7%

Source: ONS (BRES, UK Business Count; Regional Gross Value Added by Industry)

Around 600 of the 800 jobs in 'other service activities' are personal services not elsewhere classified (e.g., hairdressing, physical wellbeing and funeral services). These are generally local demand-responsive, stable in terms of demand, and resilient to automation and technology change.

Appendix 2: Demographic Forecasting Methodology



Neath Port Talbot

DATA INPUTS & ASSUMPTIONS

May 2024



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The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

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1 POPGROUP METHODOLOGY

- 1.1 POPGROUP is a suite of demographic models used to derive forecasts of population, households, and labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a 'cohort component' model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

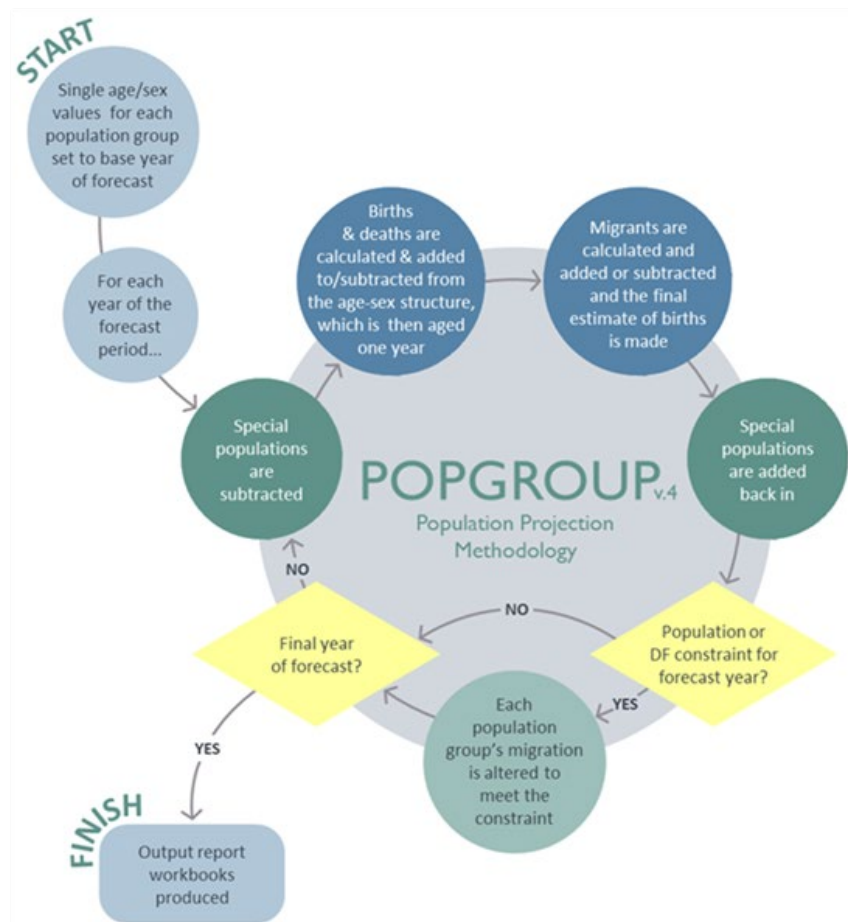


Figure 1: POPGROUP Population Projection Methodology

- 1.2 The Derived Forecast (DF) model sits alongside the population model (Figure 2) providing a membership rate model for household and dwelling projections and an economic activity rate model for labour force and employment projections.

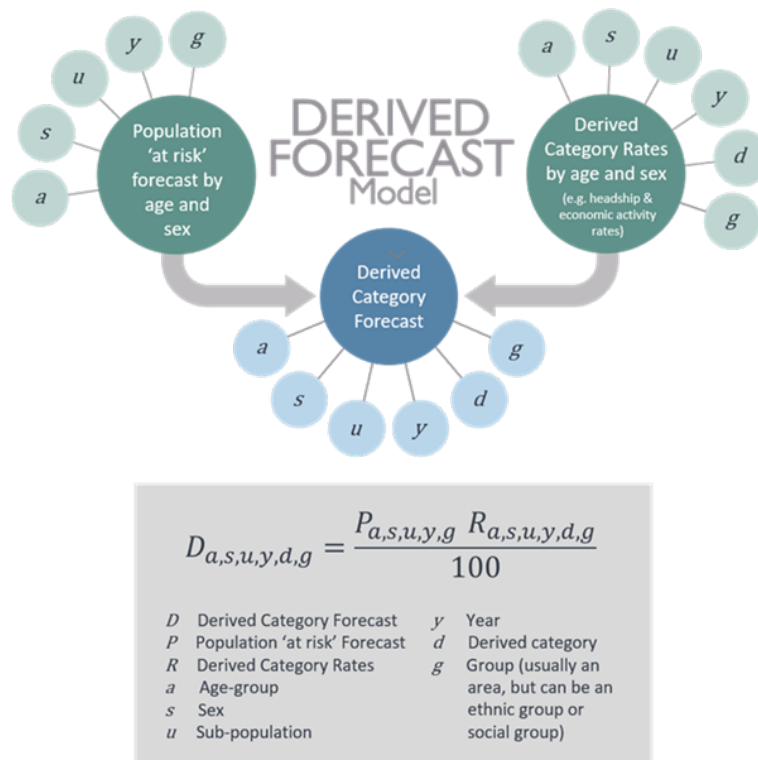


Figure 2: Derived forecast (DF) methodology

2 DATA INPUTS & ASSUMPTIONS

Introduction

- 2.1 Edge Analytics has developed a suite of demographic scenarios for Neath Port Talbot (NPT) using POPGROUP v4 and the Derived Forecast model. The POPGROUP suite of demographic models draws data from a number of sources, building a historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts.
- 2.2 Using historical mid-year estimate (MYE) population data evidence from the Office for National Statistics (ONS) for 2001–2022, in conjunction with information from the latest Welsh Government (WG) sub-national population projections (SNPPs) and household projections, a series of assumptions have been derived which drive the scenario forecasts.

Scenario Definition

- 2.3 Edge Analytics has developed a suite of trend-led, dwelling-led and employment-led scenarios for NPT, taking into account the latest demographic and employment and labour force evidence.
- 2.4 The following scenarios have been configured:

Table 1: Scenario definitions

Scenario name	Description
WG-2018	Replicates the WG 2018-based principal projection, using historical population evidence up to its 2018 base year.
WG-2018-LOW	Replicates the WG 2018-based low projection, using historical population evidence up to its 2018 base year.
WG-2018-HIGH	Replicates the WG 2018-based high projection, using historical population evidence up to its 2018 base year.
PG Long-Term	Uses a 2022 base year, with migration assumptions calibrated from a 21-year historical period (2001/02–2021/22), and fertility and mortality from a 5-year historical period (2017/18–2021/22). The historical UPC adjustment is included within the international migration component of the MYEs (2001/02–2020/21).
PG Long-Term-X	Uses a 2022 base year, with migration assumptions calibrated from a 21-year historical period (2001/02–2021/22), and fertility and mortality from a 5-year historical period (2017/18–2021/22). The historical UPC adjustment is <u>not</u> included within the international migration component of the MYEs (2001/02–2020/21).

**Employment-led
baseline**

In this employment-led scenario, population growth is driven by growth in the level of employment, derived from the SQW 'Baseline' forecast, averaging +110 per year (2022/23-2037/38) after Turley's allowance for double jobbing. Employment growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG Long-Term scenario.

**Employment-led
adjusted core**

In this employment-led scenario, population growth is driven by growth in the level of employment, derived from the SQW 'adjusted core' forecast, averaging +101 per year (2022/23-2037/38) after Turley's allowance for double jobbing. Employment growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG Long-Term scenario.

**Employment-led
supplementary adjusted**

In this employment-led scenario, population growth is driven by growth in the level of employment, derived from the SQW 'supplementary' forecast, averaging +207 per year (2022/23-2037/38) after Turley's allowance for double jobbing. Employment growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG-Long-Term scenario.

- 2.5 Under an 'employment-led' scenario, population growth is determined by the annual change in employment using key assumptions on economic activity rates, commuting ratios and unemployment rates.

Inputs & Assumptions

Population

- 2.6 In the **WG** scenarios, the population base year is 2018 and the growth trajectories thereafter are drawn directly from the official subnational population projections for NPT.
- 2.7 In all other scenarios, the projection base year is the 2022 ONS MYE, disaggregated by single year of age and sex. From 2022 onwards, future population counts are estimated by single year of age and sex, using the defined assumptions on fertility, mortality, and migration as outlined below.

Births & Fertility

- 2.8 In the **WG** scenarios, projected birth counts are applied from the 2018 base year to ensure consistency with the official projections.
- 2.9 In all other scenarios, an area-specific and age-specific fertility rate (ASFR) schedule is derived from a 5-year history of historical births data (2017/18–2021/22). In combination with the 'population at risk' (i.e., all females between the age of 15–49), the ASFR assumptions provide the basis for the calculation of births in each year from 2022 onwards. Over the forecast period, the ASFR is adjusted to reflect the annual rate of change in the long-term fertility assumptions of the WG's 2018-based Principal projection.

Deaths & Mortality

- 2.10 In the **WG** scenarios, projected counts of deaths by 5-year age group and sex are applied from the 2018 base year to ensure consistency with the official projections.
- 2.11 In all other scenarios, an area-specific and age-specific mortality rate (ASMR) schedule is derived from a 5-year history of historical deaths data by sex (2017/18–2021/22). In combination with the ‘population at risk’ (i.e., the total population), these ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period. Over the forecast period, the ASMR is adjusted to reflect the annual rate of change in the long-term mortality assumptions of the WG’s 2018-based Principal projection.

Internal Migration

- 2.12 In the **WG** scenarios, projected counts of internal in- and out-migration by 5-year age-group and sex are applied from the 2018 base year to ensure consistency with the official projections.
- 2.13 For all other scenarios, an area and age-specific migration rate (ASMigR) schedule is derived from twenty-one years (2001/02–2021/22) of historical internal migration data, which then determines the future number of internal in- and out-migrants for the remainder of the plan period.

International Migration

- 2.14 In the **WG** scenarios, projected counts of international in- and out-migration by 5-year age-group and sex are applied from the 2018 base year to ensure consistency with the official projections.
- 2.15 For all other scenarios, future counts of international in- and out-migration have been derived from twenty-one years (2001/02–2021/22) of historical international migration data. An ASMigR schedule of rates is derived from the relevant migration history and used to distribute the future counts by single year of age.

Households & Dwellings

- 2.16 The Census defines a household as, “one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area”.
- 2.17 In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or can be vacant.
- 2.18 The household and dwelling growth implications of each scenario are estimated through the application of communal population statistics, household membership rates, average household size and a household to dwelling conversion factor. These assumptions have been sourced from the 2021 Census, WG Council Tax data and the WG 2018-based household projection model.

Household Membership Rates

- 2.19 Membership rates are used to calculate the proportion of the household population in each household category by age group and sex, taken from the WG 2018-based household model for NPT. The household population is then converted into the following types of households using average household size assumptions, drawn from the household model:

- 1 person
- 2 person (no children)
- 2 person (1 adult, 1 child)
- 3 person (no children)
- 3 person (2 adults, 1 child)
- 3 person (1 adult, 2 children)
- 4 person (no children)
- 4 person (2+ adults, 1+ children)
- 4 person (1 adult, 3 children)
- 5+ person (no children)
- 5+ person (2+ adults, 1+ children)
- 5+ person (1 adult, 4+ children)

2.20 All scenarios have also been run with the following sensitivity to household membership rates applied:

- **HH-18 Partial Return:** Between 2022 and 2038, the WG 2018-based membership rates in the 25–29 and 30–34 age groups return to a ‘mid-point’ between the 2008-based and 2018-based membership rates. The ‘mid-point’ has been calculated as an average of the 2008-based and 2018-based membership rates in 2033 (Table). No adjustments have been made to the other age groups.

Table 2: Neath Port Talbot – HH-18 Partial Return mid-point membership rates

Sex	Age Group	Category	2008-based projection of membership rate in 2033	2018-based projection of membership rate in 2033	Mid-point
Male	25-29	1 person	33.3%	2.8%	18.0%
Male	25-29	2 person	22.6%	29.6%	26.1%
Male	25-29	3 person	27.1%	30.2%	28.7%
Male	25-29	4 person	15.8%	21.1%	18.5%
Male	25-29	5+ person	1.1%	16.2%	8.7%
Male	30-34	1 person	32.6%	9.4%	21.0%
Male	30-34	2 person	24.7%	25.1%	24.9%
Male	30-34	3 person	31.5%	31.2%	31.3%
Male	30-34	4 person	9.2%	21.0%	15.1%
Male	30-34	5+ person	1.9%	13.4%	7.6%
Female	25-29	1 person	16.9%	2.9%	9.9%
Female	25-29	2 person	40.6%	29.7%	35.1%
Female	25-29	3 person	28.8%	27.8%	28.3%
Female	25-29	4 person	11.2%	23.3%	17.3%
Female	25-29	5+ person	2.5%	16.3%	9.4%
Female	30-34	1 person	14.8%	6.6%	10.7%
Female	30-34	2 person	27.3%	31.8%	29.5%
Female	30-34	3 person	35.2%	25.4%	30.3%
Female	30-34	4 person	16.8%	23.3%	20.0%
Female	30-34	5+ person	5.9%	12.9%	9.4%

Communal Population Statistics

- 2.21 Household projections in POPGROUP exclude the population 'not-in-households' (i.e., the communal/institutional population). These data are drawn from 2021 Census. Examples of communal establishments include prisons, residential care homes, student hall of residence, and certain armed forces accommodation.
- 2.22 For ages 0–74, the number of people in each age-group 'not-in-households' is fixed throughout the forecast period. For ages 75–85+, the population 'not-in-households' varies across the forecast period depending on the size of the population.
- 2.23 The communal population statistics are therefore used to derive the size of the private household population in each scenario.

Household to Dwelling Conversion Factor

- 2.24 The relationship between households and dwellings is modelled using a conversion factor, sourced from WG Council Tax data. Under all scenarios, a household to dwelling conversion factor of 2.5% for NPT has been applied and fixed throughout the forecast period.

Labour Force & Employment

- 2.25 The size of the resident labour force and the level of employment in the area under each of the scenarios are estimated using economic activity rates, an unemployment rate and a commuting ratio. In an **employment-led** scenario, these assumptions are used to determine the level of labour force and population growth required to support the defined level of employment¹.

Economic Activity Rates

- 2.26 Economic activity rates are the proportions of the population that are actively involved in the labour force, either employed or unemployed and looking for work. In all scenarios, economic activity rates by five-year age group (16–89) and sex have been derived from 2011 Census statistics, with adjustments made in line with the Office for Budget Responsibility's (OBR) analysis of labour market trends in its 2018 Fiscal Sustainability Report.²

Commuting Ratios

- 2.27 The difference between the level of employment in an area and the size of the resident workforce (i.e., residents in employment) can be used to infer a 'commuting ratio'. A ratio higher than 1.00 indicates a net out-commute (the number of residents exceeds the level of employment in an area). A commuting ratio lower than 1.00 indicates the reverse: a net in-commute (the level of employment in the area exceeds the size of the resident workforce).
- 2.28 Using data from the ONS Annual Population Survey (APS), published via StatsWales, a commuting balance has been derived for NPT. The number of resident workers in NPT is approximately 61,900, with the number of people employed in the area at 53,200. This results in a commuting ratio of 1.16, indicating a net out-commute. This commuting ratio has been applied and fixed throughout the forecast period in all scenarios.

Unemployment Rate

- 2.29 Unemployment rates measure the proportion of unemployed people within the economically active population. In all scenarios, an unemployment rate of 3.9% for NPT has been applied and fixed throughout the forecast period.

¹ An adjustment has also been made by Turley, outside of the POPGROUP model, to allow for double jobbing.

² OBR [Fiscal Sustainability Report, July 2018](#)



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