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# **Growing Monmouthshire's Future Economy Economic Analysis**

**Final Report**

Monmouthshire County Council

29 June 2023

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## Glossary

**B Class activities:** Business activities, as defined by the Town and Country Planning (Use Classes) Order 1987 as amended and The Town and Country Planning (General Permitted Development) Order 1995 as amended.

**B1:** Business activities that take place within offices, research and development, or any industrial process (which can be carried out in any residential area without causing detriment to the amenity of the area).

**B2:** Industrial process other than that falling within Class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste).

**B8:** Use for storage or as a distribution centre (the use of a building or land for the storage of, or as a distribution centre for, radioactive material or radioactive waste is excluded from Class B8). This class includes open air storage.

**CCR:** Cardiff Capital Region: the ten local authority areas in South East Wales – Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen and the Vale of Glamorgan.

**Economic activity:** Those people of working age that are in employment or unemployed.

**GVA:** Gross Value Added – the measure of the value of goods and services produced in an area, industry or sector of an economy.

**IMD:** Indices of Multiple Deprivation – uses a series of data to rank across seven domains relating to income, employment, education, health, community safety, physical environment and access to services. Together, these categories produce a multiple deprivation score for each local area.

**LDP:** Local Development Plan – document which sets out planning policies and proposals for new development.

**MCC:** Monmouthshire County Council.

**Non-B Class uses:** Land uses that do not fall within Use Classes B1, B2 or B8 as defined above. Note that these uses may still generate employment and may make a positive contribution to the local economy.

**NVQ:** National Vocational Qualification – a work-based qualification that recognises the skills and knowledge a person needs to do a job. NVQ level 4 is equivalent to an undergraduate degree; NVQ level 3 is equivalent to A levels; NVQ level 2 is equivalent to GCSEs (grades A\*-C); NVQ level 1 is equivalent to GCSEs (grades D-G)

**Old age dependency ratio:** The number of people of working age in a given population that are available to support the older population (over 65).

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**PAYE:** Pay as you earn – businesses normally have to register for PAYE when they start employing staff.

**RLDP:** Replacement Local Development Plan – the plan that is currently being prepared by Monmouthshire Council and will provide the policy framework for the development of the area between 2018 and 2033.

**SFBB:** Super-fast broadband – broadband with download speeds that range from 30 Mbps to 300 Mbps

**SIC:** Standard Industrial Classification of economic activities - a five-digit classification providing the framework for collecting and presenting a large range of statistical data according to economic activity.

**SOC:** Standard Occupational Classification – a common classification of occupational information for the UK. SOC 2010 major groups 1-3 (managers, directors and senior officials; professional occupations; associate professional & technical); SOC 2010 major groups (4-5: administrative & secretarial and skilled trade occupations and 6-7: caring, leisure and other services, and sales and customer service); SOC 2010 major groups 8-9 (process plant & machine operatives and elementary occupations).

**UFBB:** Ultra-fast broadband – a connection which provides a download speeds of more than 100 Mbps.

**VOA:** Valuation Office Agency – a body that gives the government the valuations and property advice needed to support taxation and benefits.

**VAT:** Value Added Tax – businesses must register for VAT if its total VAT taxable turnover for the last 12 months was over £85,000 (the VAT threshold) or if it expect its turnover to go over £85,000 in the next 30 days.

**Working age population:** People between the ages of 16 and 64.

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## 1.0 Introduction

1.1 This report has been prepared on behalf of Monmouthshire County Council (MCC) to inform its future local economic strategy. It provides an evidence base which will identify and shape potential policy interventions in order to achieve the Council's aspiration for economic growth and future resilience.

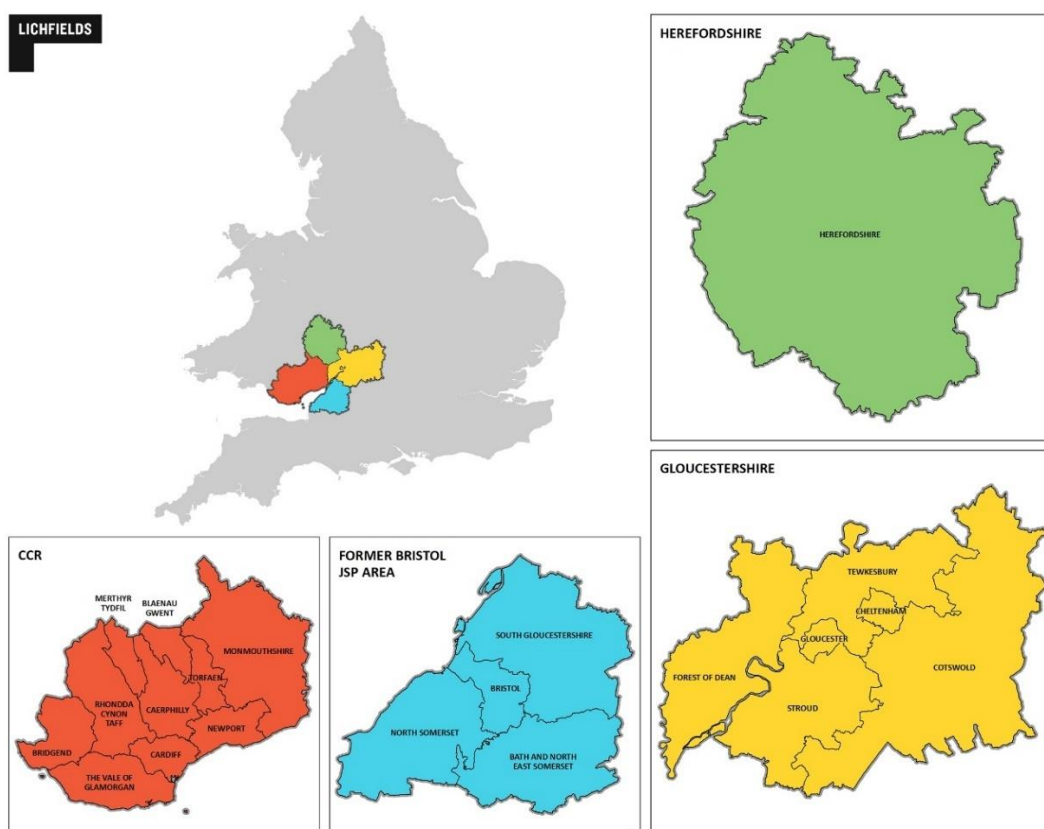
1.2 The analysis contained within this report provides a review of the current economic profile of Monmouthshire and an overview of the key opportunities for and constraints to the local economy. Observations are set out regarding the potential future direction of the economy and the conditions that would be required to realise its full potential. Recommendations are then provided in terms of key building blocks and core policy priorities to help guide development of the Council's Strategy.

### Context

1.3 Local economies do not operate in isolation of their wider geographical context. As such, the analysis contained within this report frames the assessment of the Monmouthshire economy in comparison to the neighbouring areas in South East Wales and South West England, as identified in Figure 1.1. The comparative analysis considers the socio-economic features and future economic prospects of Monmouthshire relative to the following areas:

- 1 Cardiff Capital Region (CCR) which comprises the ten local authority areas in South East Wales – Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen and the Vale of Glamorgan. Where appropriate, these adjoining authorities are also considered individually.
- 2 Former Bristol Joint Spatial Plan (JSP) area of Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire.
- 3 Gloucestershire: Cotswold, Cheltenham, Forest of Dean, Gloucester, Stroud and Tewkesbury.
- 4 Herefordshire.

Figure 1.1 Overview of comparator areas



- 1.4 Whilst Monmouthshire’s economy performs strongly compared to other parts of South East Wales, it lags behind neighbouring areas in England. This creates both a challenge and an opportunity as MCC seeks to achieve a step change in terms of future economic growth and local prosperity.
- 1.5 This study is being undertaken in parallel to preparation of the Replacement Local Development Plan (RLDP) for Monmouthshire. The RLDP provides the policy framework to achieve the creation of an additional 6,240 jobs between 2018 and 2033 (416 jobs per annum), a figure that will be supported through the delivery of at least 38ha employment land, as recommended by the Employment Land Review. Land use and planning considerations will inevitably impact on the economic potential of a local authority area and so it is important to achieve alignment between the economic strategy and RLDP. However, economic strategies tend to be wider ranging than an LDP in terms of their scope and time horizon. Consequently, whilst the analysis and recommendations contained in this report have had regard to the emerging RLDP (and its evidence base), they developed from a largely ‘policy-off’ perspective of how the local economy in Monmouthshire might develop in the future.
- 1.6 This report is structured as follows:
  - Section 2 details the policy context within which the future economy, employment and skills strategy must be based;
  - Section 3 provides an overview of the existing demographic context in Monmouthshire;

- Section 4 considers the existing socio-economic context in Monmouthshire;
- Section 5 analyses future economic trends in employment, workforce productivity and sectoral change in Monmouthshire;
- Section 6 explores issues relating to physical and digital connectivity in Monmouthshire;
- Section 7 provides a review of the structure of Monmouthshire's economy relative to the comparator areas;
- Section 8 details the stock of employment space and associated business demography in Monmouthshire; and,
- Section 9 sets out our conclusions and recommendations aimed at informing the Council's emerging economic strategy for the area.

## 2.0 Policy context

2.1 It is important to frame the economic strategy for Monmouthshire in the context of existing and emerging economic development policies and programmes that have the potential to influence the rate and profile of future growth. This section provides an overview of the relevant national and local economic policy context. It is not intended to provide a summary of all relevant documents but does highlight the key issues and implications for the new economic strategy for Monmouthshire.

### Wales

#### *Prosperity for All: Economic Action Plan*

2.2 The *Prosperity for All: Economic Action Plan*<sup>1</sup> was published in December 2017 and last updated in March 2019. It identifies challenges hindering economic development in Wales and sets out a new approach to support key strategic areas of the economy to build the country's future industries. In doing so, it establishes three economic regions in order to implement a place-based approach to economic development that will enable them “to respond more effectively to discrete challenges and opportunities faced by each of the regions” (p.22). The three regions are North Wales, Mid and South West Wales, and South East Wales, where Monmouthshire is located. The structuring of these regions is intended to provide benefits including:

- 1 “Joined up economic development planning;
- 2 “Stronger local and regional supply chains;
- 3 “Better integrated transport;
- 4 “Strategic planning on a range of issues from land use to housing and skills; and,
- 5 “Stronger complementary economic and cross border collaboration” (p.23).

2.3 The plan identifies three national thematic sectors that Government commits to proactively support throughout Wales:

- 1 “**Tradable services:** Enterprises involved in providing services that can be exchanged between residents and non-residents of an economy, including services provided through foreign affiliates established abroad. For example, this will include Fintech services and online insurance.
- 2 “**High Value Manufacturing:** Enterprises applying leading edge technical knowledge and expertise to the creation of products, production processes and associated services that have the strong potential to bring sustainable growth and high economic value. For example, this will include compound semiconductors and new composites manufacturing.
- 3 “**Enablers:** Key enablers that drive competitiveness for successful businesses. For example, digital, energy efficiency and renewables” (p.14).

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<sup>1</sup> <https://www.gov.wales/sites/default/files/publications/2019-02/prosperity-for-all-economic-action-plan.pdf>

- 2.4 In addition to these, four foundation sectors (tourism, food, retail, and care) are identified that provide essential goods and services. The plan states that Government will “*work with the sectors to understand the challenges they face and the opportunities for growth and innovation*” (p.15).
- 2.5 Amongst the challenges and opportunities identified for the wider Welsh economy, the following are particularly relevant to Monmouthshire:
- 1 “**Economic inactivity and demographic shift:** *Although employment has risen, we still have too many people who are economically inactive and whilst many more of us are living longer, the effect of this is a lower working-age to population ratio that contributes to our relatively lower levels of GVA per head and productivity;*
  - 2 “**Spatial variations:** *The differences in outcomes between our communities within and between the different regions of Wales are one of the most important structural problems in our economy – acting as a brake on our prosperity and increasing feelings of insecurity and isolation;*
  - 3 “**Automation, artificial intelligence, digitalisation, innovation and skills:** *More and more businesses and public bodies in Wales are delivering services and utilising new digital technologies in ways that are having a huge impact on the traditional divisions of industry and presenting new and immediate challenges for workers and the skills they need to thrive. We recognise successful businesses are already adapting to this change but we know we need to do more;*
  - 4 “**Decarbonisation and Climate Change:** *Rising global temperatures and changing weather patterns are affecting our daily lives and compelling us to think creatively about the need to decarbonise the traditional models of business, public services and infrastructure. This shift towards a low-carbon future offers huge opportunities for our economy to diversify and grow – but it also challenges us to support business, people and places in transitioning toward that low carbon future;*
  - 5 “**Financial Challenges:** *The big challenges and opportunities that we face require new and more effective ways of working. These are not self-contained areas of activity and outcomes in one area have a direct consequence on outcomes in another. UK Government austerity and continued pressure on public finances demand that we do more to secure maximum and wider impact from every pound we spend. This means we need to approach issues and develop solutions in a different way, looking beyond individual ministerial portfolios; and,*
  - 6 “**Productivity Gap:** *Wales faces a productivity issue, with output per hour worked in Wales the lowest of all UK nations and regions. This lower productivity is the main driver of the Gross Value Added (GVA) gap between Wales and the UK. The reasons for this lagging productivity performance are complicated, with no simple or single solution. Investments in human capital, infrastructure and physical capital; innovation and science; enterprise and competition all have a part to play” (p.2-3).*

## Cardiff Capital Region (CCR)

### Industrial and Economic Growth Plan

- 2.6 The CCR Industrial Plan<sup>2</sup> was published in December 2020 and was prepared to address two mutually supportive objectives of “*boosting competitiveness and tackling inequalities*” (p.5). This will be achieved by promoting new ways of working with Welsh Government, local government, and higher educational institutions. This will extend beyond the CCR to the South West of England to “*allow a greater strategic focus to improve productivity*” (p.5).
- 2.7 The plan highlights several challenges facing the CCR, including:
- 1 Low GVA per capita;
  - 2 Lower proportion of population being economically active;
  - 3 Relatively large proportion of public sector work; and,
  - 4 Poor physical and digital connectivity within and around the region.
- 2.8 To address these, the plan sets out three designated investment priorities:
- 1 “***Innovation investments:*** *focus on opportunities where there is demonstrable competitive strength, leveraging significant other investments which will provide direct returns to the fund. The rate of return in this category will be high and ensure an evergreen investment fund for the region whilst providing a significant contribution towards jobs growth, investment leverage and GVA uplift;*
  - 2 “***Infrastructure investments:*** *focus mainly on infrastructure projects where the public sector creates the conditions for private sector success and civic benefits. The return on investment here will typically be indirect due to its enabling nature; and,*
  - 3 “***Challenge investments:*** *seek to attract the best solutions for specific challenges faced by the region: these may be in the commercial domain, but are also likely to be in such strongly-inclusive areas as the foundational economy. As a result, it is expected that there will be both direct and indirect returns on investment*” (p.7).
- 2.9 The CCR aims to perform economically on a par with any region within the UK. To improve the region’s economic prosperity, the region must undertake the following actions:
- 1 “*Identify areas of comparative strength in the CCR that can compete at a UK level and internationally, and invest in them;*
  - 2 “*Create rich ecosystems that stretch and support the development of key sectors within the economy – take a challenge led approach that drives up ambition and cohesiveness;*
  - 3 “*Encourage and support entrepreneurship so that our population not only seeks employment but creates employment within the region;*
  - 4 “*Improve productivity within the Foundational Economy;*

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<sup>2</sup> <https://www.cardiffcapitalregion.wales/wp-content/uploads/2020/12/ccr-industrial-and-economic-growth-plan-english.pdf>



- 5 *“Target our most deprived and isolated communities and support regenerative growth;*
- 6 *“Turn the large public sector base within the region into an asset that adds prosperity to the region” (p.9).*

## **Strategic Business Plan and Wider Investment Fund**

- 2.10 This Strategic Business Plan<sup>3</sup> covers a five-year period from 2019 to 2024 and is intended to establish policies that will attract new investment, improve connectivity, and develop the region’s skills and education. The vision of the Plan is that the CCR will be a prosperous Capital City-Region for Wales: *“a decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales” (p.10).*
- 2.11 Three regional strategic objectives are identified, the first of which is most applicable to Monmouthshire’s economic and employment strategy:
- 1 Prosperity and opportunity;
  - 2 Inclusion and equality; and,
  - 3 Identity, culture, community and sustainability.
- 2.12 Under the prosperity and opportunity strategic objective, CSR highlights that the following aims should be implemented to nurture the right economic environment for sustainable growth:
- 1 *“Providing the **right infrastructure including connectivity** by means of good transport links and high-speed broadband;*
  - 2 *“Encouraging a **culture of innovation and entrepreneurship** by providing the right skills, opportunities and support to engender a confidence to be creative;*
  - 3 *“Assisting the city region’s labour market to be **equipped with the skills that businesses need**;*
  - 4 *“Improving public sector efficiency and effectiveness by new ways of working;*
  - 5 *“Supporting all businesses to become **more productive**, from small retail to large advanced manufacturers;*
  - 6 *“**Enhancing the business climate for emerging sectors**, enterprises and innovation that can spawn new sources of jobs and incomes into the longer term future, including creating business clusters where firms can network, share skills and spur each other to higher levels of performance;*
  - 7 *“Encourage and promote research and development and **entrepreneurial enterprise**” (p.12; Lichfields’ emphasis).*
- 2.13 The Strategic Business Plan refers to research commissioned by the Regional Cabinet and Welsh Government which illustrated a shortage of good quality sites and premises within the region. This assessment resulted in a Strategic Sites Programme being proposed:

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<sup>3</sup> <https://www.cardiffcapitalregion.wales/wp-content/uploads/2020/12/ccr-strategic-business-plan.pdf>

- 1 *“Provision of Employment Sites: A programme to introduce a balanced portfolio of sites with varied characteristics to be a catalyst to attracting new business investment will be developed. These sites should be capable of supporting both indigenous business growth and inward investment. This should aim to create a significant supply of new floorspace across a wide range of property types across the whole region. This programme will aim to **support the current prime market areas of Cardiff and the M4 corridor** and have a strategic focus on a future expansion of this prime market to include a mix of opportunities in the Heads of the Valleys corridor, the coastal belt, towns and rural areas.*
- 2 *“Refurbishment of Existing Stock: There is an issue of increasing obsolescence in existing building stock which can be a catalyst for business disruption and closure. A **programme of refurbishment to retain those businesses already in the region will be developed.** Exploring a partnership approach with Welsh Government to overcome this problem is proposed; and,*
- 3 *“Encouraging Clusters: Work will be undertaken to explore the potential to **support specific infrastructure and location criteria** to encourage clusters of like-minded industries to emerge and develop, nurturing them as centres of excellence” (p.30; Lichfields’ emphasis).*

2.14 In terms of potential areas of growth, the Plan highlights some emerging specialist areas of provision:

- 1 *“**Enabling infrastructure:** Opening-up strategic sites, housing and employment, this includes possible transportation and road linkages, drainage and other high value enabling works to bring forward large sites;*
- 2 *“**Joint developments with the HE / FE sectors:** Could provide space for spin-out of research and technology emanating from the educational establishments in the region and linking to the prioritised sectors; and,*
- 3 *“**Work / live space:** Where residential and employment is combined’ with the potential for such shared use developments to be concentrated alongside key development ‘nodes’ of the Metro project” (p.31).*

## Monmouthshire

### 2014-2020 Monmouthshire Business Growth and Enterprise Strategy

2.15 In 2014, the Council’s strategy’s vision was to build sustainable and resilient communities. To achieve this, three themes were identified:

- 1 *“Nobody is left behind;*
- 2 *“People are confident, capable and informed; and,*
- 3 *“Our county thrives” (p.3).*

2.16 The strategy aimed to develop a successful economy for Monmouthshire in the future, creating an environment where the County would be characterised as:

- 1 The 'Green and Connected Gateway to Wales' with unrivalled landscape and strong connectivity to surrounding cities;
- 2 A place where young people will not need to leave because they have the skills to work in new and emerging industries or set up their own businesses;
- 3 Embracing its entrepreneurial spirit as Monmouthshire becomes a home for new business clusters and investors;
- 4 Attracting high salary earners to the County where they are supported and able to work in a vibrant and diversified economy;
- 5 Enjoying improved connectivity between communities and businesses which support one another.

2.17 The strategy identified three strategic priorities, all of which remain relevant:

- 1 **Supporting business growth:** There are a considerable number of active businesses per head, yet a high proportion (80%) are micro businesses that employ few or no people. The challenge is therefore to sustain active businesses to enable them to increase their economic output by creating employment whilst also addressing issues such as access to networks, research, and financial investment;
- 2 **Encouraging inward investment:** Proactively encouraging inward investment into Monmouthshire is essential to the County becoming the place to do business;
- 3 **Growing entrepreneurs:** Whilst Monmouthshire has a high GVA, there is a clear need to continue to create high-quality, well paid employment opportunities which give people a reason to stay in the County.

## **Vision Monmouthshire 2040: Economic Growth and Ambition Statement**

2.18 Issued in 2021, the Vision Monmouthshire 2040 statement<sup>4</sup> begins by establishing the County's economic context and its relationship with surrounding local authorities. For example, it forms part of the CCR City Deal, the largest in the UK. Following the abolition of the Severn bridge tolls, Monmouthshire is also strengthening its relationship with the Bristol City Region.

2.19 Monmouthshire's economy outperforms the wider CCR region as a whole in terms of certain key metrics but it must strengthen and diversify its economy to ensure it can provide for future generations. Its current barriers to this include:

- 1 An ageing population and a declining younger age working population as a result of limited work opportunities;
- 2 Out-commuters earning a significantly higher salary than residents working in the local authority area;
- 3 A shortage of affordable housing – Monmouthshire is a desirable place to live but it has the highest average house price in Wales;
- 4 A lack of good quality employment sites and premises is limiting growth; and,

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<sup>4</sup> <https://www.monmouthshire.gov.uk/app/uploads/2021/07/Vision-Monmouthshire-2040-Economic-Growth-Document-final-191025.pdf>

- 5 High levels of digital deprivation – rates of 12.5% compared to 3-4% for the wider CCR area<sup>5</sup>.

2.20 The statement establishes the following priorities for the Economic Growth and Ambition Statement:

- 1 *“Raise the profile of Monmouthshire as a key investment opportunity for the private sector;*
- 2 *“Lay the ground rules for an economic environment which enables businesses to land and expand and provide sustainable employment opportunities for local people;*
- 3 *“Attract funding and investment to Monmouthshire to attract the right conditions for ‘an inclusive economy’ – Equitable, Sustainable, Stable, Participatory, Growing; and*
- 4 *“Set an ambition which is sensitive to the landscape to ensure Monmouthshire remains an incredible place to visit, stay, live and invest” (p.13).*

2.21 Again, we consider these all to remain relevant.

2.22 The statement intends to work alongside MCC’s replacement Local Development Plan team by:

- 1 *“Identifying suitable employment sites and premises to enable existing businesses to grow and attract new businesses in key growth sectors;*
- 2 *“Increasing the availability of housing sites alongside the Council’s embryonic Development Company, to provide differing residential products, to enable higher rates of jobs per dwelling and;*
- 3 *“Tackling geographic differences in employment and housing markets” (p.13).*

### **Inward Investment Prospectus 2021**

2.23 The Inward Investment Prospectus<sup>6</sup> builds on the Vision Monmouthshire 2040 document and is intended to attract businesses to become established and grow in Monmouthshire. It states that whilst Monmouthshire benefits from strengths like its vibrant market towns and strong core businesses, key challenges relating to the current employment land allocation are evident:

- 1 *“Monmouthshire has a diverse stock of commercial property, yet the market is being impacted by a lack of available premises across a wide range of property types. Businesses therefore have a limited choice or are having to remain in sub optimal premises;*
- 2 *“There is demand for offices premises and small units which are modern, good quality, on flexible terms and suitable for contemporary business needs;*
- 3 *“Spatial distribution of allocated sites is currently unbalanced with the largest employment allocations in the South and very little allocation in the North;*
- 4 *“Some allocated business and industrial sites have not been developed for various reasons, which may result in deallocation from the RLDP; and,*

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<sup>5</sup> Based on data available in 2021

<sup>6</sup> [https://www.monmouthshire.gov.uk/app/uploads/2021/09/Inward-Investment-Document-2021\\_E\\_Final.pdf](https://www.monmouthshire.gov.uk/app/uploads/2021/09/Inward-Investment-Document-2021_E_Final.pdf)

5 “There is limited private sector investment in ‘shovel ready’ employment sites” (p.4).

2.24 Looking forward, the prospectus states that to grow businesses and accommodate their future needs, Monmouthshire needs:

- 1 “Employment land (B uses) of a minimum of 43ha over the period of 2018-2033;
- 2 “Infrastructure investment and land owner agreements to enable the largest employment allocations to move forward;
- 3 “A balanced portfolio of sites preferably with appropriate planning consent, constraints and services addressed; and,
- 4 “A network of quality sites with varied characteristics in a mix of private and public ownership” (p.5).

### **Community and Corporate Plan 2023**

2.25 The Monmouthshire Community and Corporate Plan was approved in April 2023 and covers the period from 2022 to 2028. The Council Leader’s Foreword identifies the Council’s purpose as follows: “to become a zero-carbon county, while also supporting well-being, health and dignity for all.” This purpose is supported by a number of high level objectives:

- 1 **A Fair place** to live where the effects of inequality and poverty have been reduced;
- 2 **A Green place** to live and work, with reduced carbon emissions, and making a positive contribution to addressing the climate and nature emergency;
- 3 **A Thriving and ambitious place** where there are vibrant town centres, where businesses can grow and develop;
- 4 **A Safe place** to live where people have a home and community where they feel secure;
- 5 **A Connected place** where people feel part of a community and are valued; and,
- 6 **A Learning place** where everybody has the opportunity to reach their potential.

2.26 Specific actions are identified in relation to each of these objectives. In relation to the objective to create a thriving and ambitious place, the Plan acknowledges that “our starting place is a comparatively strong one” (p.14) with Monmouthshire enjoying high qualification and employment rates and strength in key sectors. However, it seeks to “continue the development of an economy which is thriving, ambitious and enterprising”. A series of actions are identified to help deliver the following outcomes:

- 1 Vibrant town centres which bring people together and attract investment;
- 2 People of all ages and backgrounds have the skills to do well in work or start their own business; and,
- 3 Sustainable transport and infrastructure.

### **Summary**

2.27 This section sets out the key economic development priorities, challenges and ambitions for Monmouthshire and the wider spatial area (including the Cardiff City Region and Wales as a whole). Key policy drivers include:

- 1 **Prosperity for All: Economic Action Plan** – The Plan splits Wales into three economic regions to enable the implementation of a place-based approach to economic development; Monmouthshire is located in the South East Wales region. It identifies three national thematic sectors and four foundation sectors that will shape the work of the Welsh Government as it seeks to seize opportunities and overcome potential challenges.
- 2 **CCR Industrial and Economic Growth Plan** – The CCR Growth Plan’s two objectives are to boost competitiveness and tackle inequalities throughout the region by working collaboratively with public and private stakeholders within the CCR and with its neighbouring authorities.
- 3 **CCR Strategic Business Plan and Wider Investment Fund** – The purpose of this Business Plan is to establish policies that will attract new investment, improve connectivity, and develop the region’s skills and education. It proposes a Strategic Sites Programme to address challenges facing the CCR relating to a shortage of good quality employment sites and premises.
- 4 **Monmouthshire 2014-2020 Business Growth and Enterprise Strategy** – This document sets three strategic priorities to support business growth; encourage inward investment; and to grow entrepreneurs, in order to create a successful future economy for Monmouthshire.
- 5 **Vision Monmouthshire 2040: Economic Growth and Ambition Statement** – This statement identifies challenges facing Monmouthshire County that must be addressed to strengthen its economy so that it can provide for future generations. It is intended to sit alongside the replacement LDP and assist in identifying suitable employment sites and premises; increasing the availability of housing sites; and tackling geographical differences in employment and housing markets.
- 6 **Inward Investment Prospectus 2021** – The Prospectus builds on Vision Monmouthshire 2040 with the aim of attracting businesses to grow in Monmouthshire. It identifies some key focus areas that should be prioritised, including the provision of 43ha of B use employment land from 2018 to 2033 and a network of quality sites with varied characteristics in a mix of private and public ownership.
- 7 **Community and Corporate Plan 2023** – This ambitious plan is designed to deliver the ambition for Monmouthshire to become “*a zero carbon county, supporting well-being, health and dignity for everyone at every stage of life*”. This ambition is supported by a number of high-level objectives, each of which was supported by an action and delivery plan which will cover the period to 2028.

2.28

As examined below, the economic characteristics of Monmouthshire indicate that it has clear potential to be a key contributor to future economic growth of the CCR and Wales as a whole. However, given the rural character of the County and its comparatively prosperous characteristics, not all of the CCR and Wales-wide ambitions will be of direct relevance to Monmouthshire. Nevertheless, its relative economic strength will be critical in boosting the wider and adjoining areas and in contributing to the strategic policy ambitions described above.

### 3.0 Demographic context

3.1 The population profile within Monmouthshire has a fundamental influence on its economic capacity and performance. This section establishes the demographic context of the County which provides the foundation for subsequent analysis of its economy. Particular considerations include an understanding of the size and rate of change of the working age population, and the economic and social pressures arising from an ageing population. In doing so, the assessment compares Monmouthshire’s demographic characteristics relative to the comparator areas identified in Section One.

#### Population

3.2 Monmouthshire had a population of 92,957 residents in 2021. This represents an increase of 1.8% since 2011 (+1,634 residents)<sup>7</sup>. This is a similar to the rate of population growth in Herefordshire over the same period (1.9%) but lower than the level of growth experienced in each of the other comparator areas: the wider CCR area experienced a population growth of 2.9% over the same period but the population of Gloucestershire and the former Bristol JSP grew much more rapidly (8.1% and 9.4% respectively).

3.3 Looking forward, the population of Monmouthshire is projected to increase by 6.2% (+5,769 residents) by the end of the emerging RLDP period (2033), and by 8.9% (+8,723 residents) by 2043<sup>8</sup>. This is a higher rate of growth than is projected for the wider CCR area, but is significantly lower than the other geographical areas reviewed<sup>9</sup>.

Table 3.1 Projected total population change from 2021 to 2033 and 2043

	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
2021	92,957	1,523,907	1,173,028	645,073	187,033
2033	98,726	1,609,683	1349333	703799	210847
Change (no)	5,769	85,776	176,305	58,726	23,814
Change (%)	6.2%	5.6%	15.0%	9.1%	12.7%
2043	101,229	1,647,593	1,423,885	738,481	219,888
Change (no)	8,273	123,687	250,857	93,408	32,855
Change (%)	8.9%	8.1%	21.4%	14.5%	17.6%

Source: Census 2021, 2018-based Mid Year Population Projections and 2018-based Welsh Government Population Projections

#### Demographic profile

3.4 Figure 3.1 shows that Monmouthshire has a similar age profile to Herefordshire, but that this is older than the other comparator areas. 25.9% of Monmouthshire’s residents are aged over 65 (24,040 residents), compared to 18.4% of the population of the CCR and 17.4% of the population of the former Bristol JSP area.

<sup>7</sup> Census 2011 and 2021

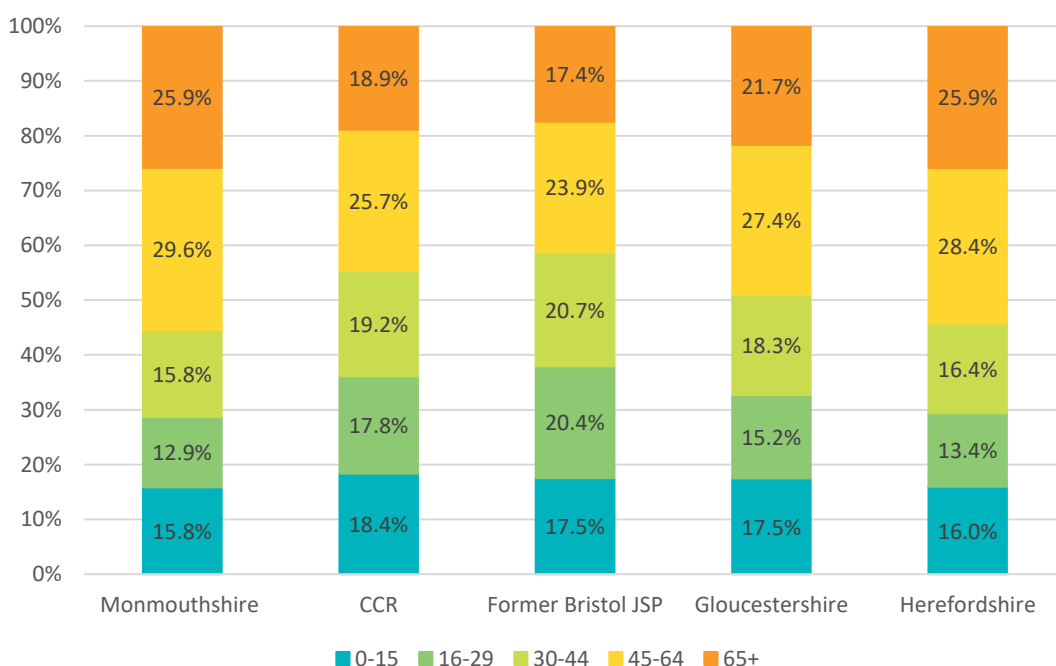
<sup>8</sup> Figures based on comparison of 2021 census data and 2018-based Welsh Government population projections. Note that these figures do not correspond with the RLDP Preferred Strategy as the figures in the PS reflect added policy assumptions to address identified key issues.

<sup>9</sup> Some care should be taken when comparing population projections in Wales and England given that they are taken from different sources which are based on different methodologies.

3.5 In turn, a lower proportion of Monmouthshire’s population is of a working age (16–64 years old; 58.3%) compared to the former Bristol JSP (66.5%) and the CCR areas (62.7%). Differences within the different working age groups are also significant, with Monmouthshire having a higher proportion of older working aged residents (45–64 years old; 29.6%), and a lower proportion of young-to-mid working age residents (16–44 years old; 28.7%) than each of the other comparator areas. The differences in these cohorts are particularly acute between Monmouthshire and the CCR and former Bristol JSP areas. This is not surprising given that those larger comparator areas include major urban centres which benefit from larger, more diverse economies which attract a larger proportion of younger workers.

3.6 Monmouthshire’s smaller working age population (and younger-to-mid working age population in particular) is likely to have been further influenced by the lack of large educational institutions and active employment markets that would typically attract younger workers. By contrast, the younger population of the former JSP area is likely to have been influenced by large student population in Bristol and Bath and the high graduate retention rates that these cities enjoy. Within the CCR area, Cardiff, which is also characterised by a large student population and high retention rate, has a larger younger working age population (equivalent to 45.2% of the population aged between 16 and 44 – the highest within the CCR area, followed at some distance by Newport (37.7%)).

Figure 3.1 Age profile of Monmouthshire, CCR, Former Bristol JSP, Gloucestershire, and Herefordshire



Source: Lichfields analysis of Census 2021 (TS007A)

3.7 Other than Herefordshire, Monmouthshire has experienced the greatest decline in the working age population cohort since 2011 (-3.3%, equivalent to 1,838 residents). The CCR area also experienced a decline in its working age population but at a significantly slower rate of 0.4%. By comparison, the working age population in the former Bristol JSP area grew by 9.0% over this period.



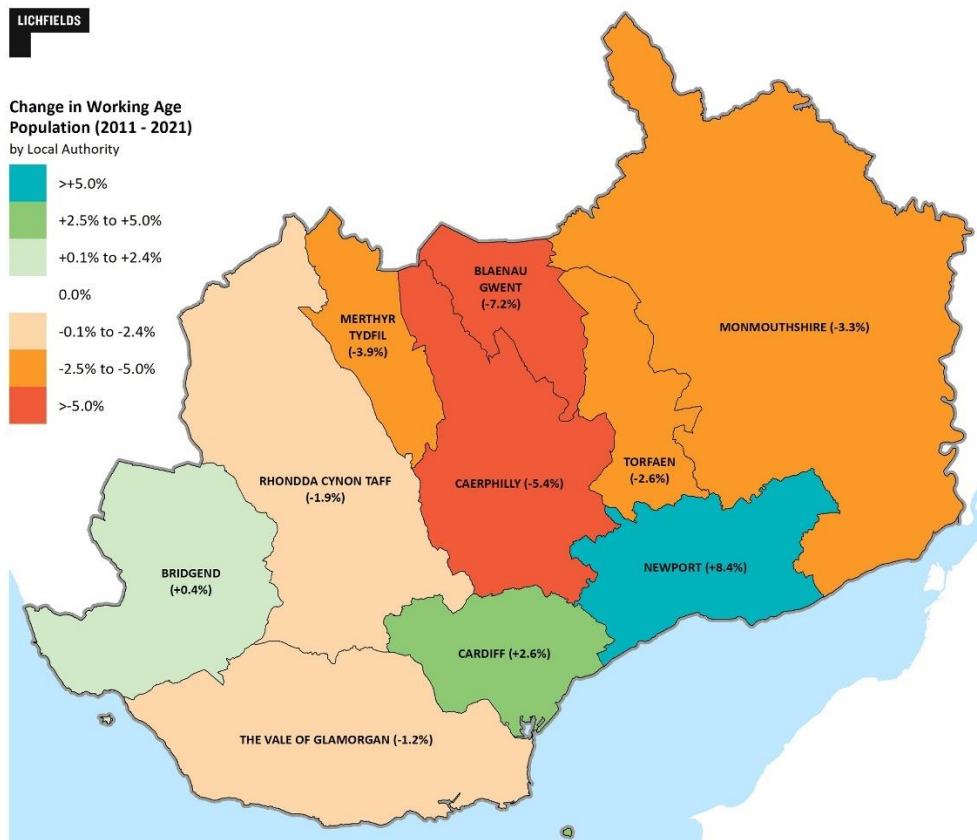
Table 3.2 Change in working age profile from 2011 to 2021

	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
2011	56,037	959,388	576,831	378,878	112,946
2021	54,199	955,659	636,216	392,468	108,661
Change (no)	-1,838	-3,679	+59,385	+13,590	-4,285
Change (%)	-3.3%	-0.4%	+9.0%	+3.6%	-3.8%

Source: Census 2011 and 2021

3.8 Although the rate of decline in the working age population in Monmouthshire is significant when compared with the comparator areas, it compares favourably to a number of other local authorities in the CCR area. For example, Blaenau Gwent experienced a decline of 7.2% of its working age between 2011 and 2021 whilst the working age population declined by 5.4% in Caerphilly and 3.9% in Merthyr Tydfil. Conversely, however, the working age population increased by 2.6% in Cardiff and 8.4% in Newport over the same period. Figure 3.2 compares differences between the rate of population change for the working age population in each local authority in the CCR from 2011 to 2021.

Figure 3.2 Change in working age population 2011-2021 across CCR area



Source: Census 2011 and 2021

3.9 Whilst the working age population in Monmouthshire fell between 2011 and 2021, its elderly population increased by 26.2% (+4,997 residents). This is broadly similar to the rate of change experienced in Gloucestershire (25.6%) and Herefordshire (24.2%) over the same period, but significantly higher than that experienced in the wider CCR area (+18.0%) and the former Bristol JSP area (+17.0%). Within the CCR area, the Vale of Glamorgan, Bridgend and Caerphilly experienced high levels of growth in this age group (+25.8%, 21.1% and 19.8% respectively), but the other local authorities experienced an increase of between 8.4% (Blaenau Gwent) and 17.0% (Torfaen).

Table 3.3 Change to elderly population from 2011 to 2021

	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
2011	19,043	244,536	174,731	111,355	39,016
2021	24,040	288,513	204,348	139,814	48,472
Change (no)	+4,997	+43,977	+29,617	+28,459	+9,456
Change (%)	+26.2%	+18.0%	+17.0%	+25.6%	+24.2%

Source: Census 2011 and 2021

3.10 Whilst Monmouthshire’s total population is projected to grow until the end of the emerging RLDP period in 2033, its working age population (16-64) is projected to decline by -1.9% (-

1,019)<sup>10</sup>. By contrast, the wider CCR area is projected to experience growth in its working age population in the periods to 2033 and 2043, albeit at a lower rate than the other comparator areas. The former Bristol JSP area is projected to experience the highest growth rate of 15.6% by 2033 and 20.7% by 2043.

Table 3.4 Projected change to working age population from 2021 to 2033 and 2043

	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
2021	54,199	955,659	762,911	392,468	108,661
2033	53,180	976,710	881,932	401,642	114,757
Change (no)	-1,019	21,051	119,021	9,174	6,096
Change (%)	-1.9%	2.2%	15.6%	2.3%	5.6%
2043	53,374	985,884	920,610	411,011	116,682
Change (no)	-825	30,225	157,699	18,543	8,021
Change (%)	-1.5%	3.2%	20.7%	4.7%	7.4%

Source: Census 2021, 2018-based Mid-Year Population Projections and 2018-based Welsh Government Population Projections

### Old age dependency ratio

- 3.11 The old age dependency ratio indicates the number of people of working age in a given population that are available to support the older population (over 65). A higher ratio suggests that there will be a greater need to support older persons who may be economically dependent.
- 3.12 The implication of Monmouthshire’s ageing population is that it has a higher old age dependency ratio (44.6%) than the comparator areas (albeit the same as Herefordshire, as shown in Table 3.5). This is significantly higher than that of the wider CCR area (30.2%) and the former Bristol JSP area (26.8%), indicating that there is likely to be greater pressure on the provision of health and social care services for elderly residents and that Monmouthshire’s declining working age population will further increase these pressures. It also means that the scale of expenditure from working people in Monmouthshire’s local economy is lower than it would otherwise be if its age profile was more balanced. These trends may mean that intervention is required to support the viability of many local businesses and services. This is likely to include a targeted increase in the provision of suitable housing options and choices for people of working age including young people and families.
- 3.13 Looking forward, Monmouthshire is forecast to have a similar old age dependency ratio to Herefordshire in 2033 and 2043; however, this is significantly higher than the anticipated old age dependency ratios of the other comparator areas – the CCR area and Bristol JSP area in particular. Within the CCR area, Monmouthshire is the only local authority anticipated to have an old age dependency ratio above 50% in 2033, with the CCR as a whole and five individual local authorities (Caerphilly, Cardiff, Merthyr Tydfil, Newport, and RCT) anticipated to have an old age dependency ratio below 40% by this year.

<sup>10</sup> Figures based on comparison of 2021 census data and 2018-based Welsh Government population projections.

Table 3.5 Old age dependency ratio in Monmouthshire and comparator areas in 2021 and projected for 2033 and 2043

Year		Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
2021	16-64	54,199	955,659	762,911	392,468	108,661
	65+	24,040	288,513	204,348	139,814	48,472
	Old age dependency ratio	44.4%	30.2%	26.8%	35.6%	44.6%
2033	16-64	53,180	976,710	1,019,343	401,642	114,757
	65+	30,988	354,568	364,464	186,583	64,300
	Old age dependency ratio	58.3%	36.3%	35.8%	46.5%	56.0%
2043	16-64	53,374	985,884	1,051,135	411,011	116,682
	65+	33,038	378,764	395,247	205,865	70,095
	Old age dependency ratio	61.9%	38.4%	37.6%	50.1%	60.1%

Source: Census 2021

3.14 This analysis highlights the attractiveness of Monmouthshire being more appealing to older residents than it is for younger, economically active residents. The implication of this is that Monmouthshire’s older population will be increasingly dependent on a declining working age population..

3.15 In addition to placing greater pressure on social services and healthcare resources (with the social care sector likely to grow in the future), this raises key challenges in relation to the ability of the area to attract and sustain business investment, stimulate employment growth, and enhance overall competitiveness. This highlights a need for additional, high-value jobs to attract younger people and to rebalance the age profile of Monmouthshire. The provision of a greater housing choice is also an important consideration for this population cohort (and others). This challenge was emphasised by businesses and local stakeholders at the project engagement events. Indeed, concern was expressed that the existing demographic profile and the projected trend has the potential to threaten Monmouthshire’s future economic growth potential. In the context of a projected continued fall in the working age population, there is a significant risk that it would become difficult to sustain the existing number of jobs in the area and that achieving the LDP target of an additional 6,000 jobs by 2033 may not be achievable.

**Housing market**

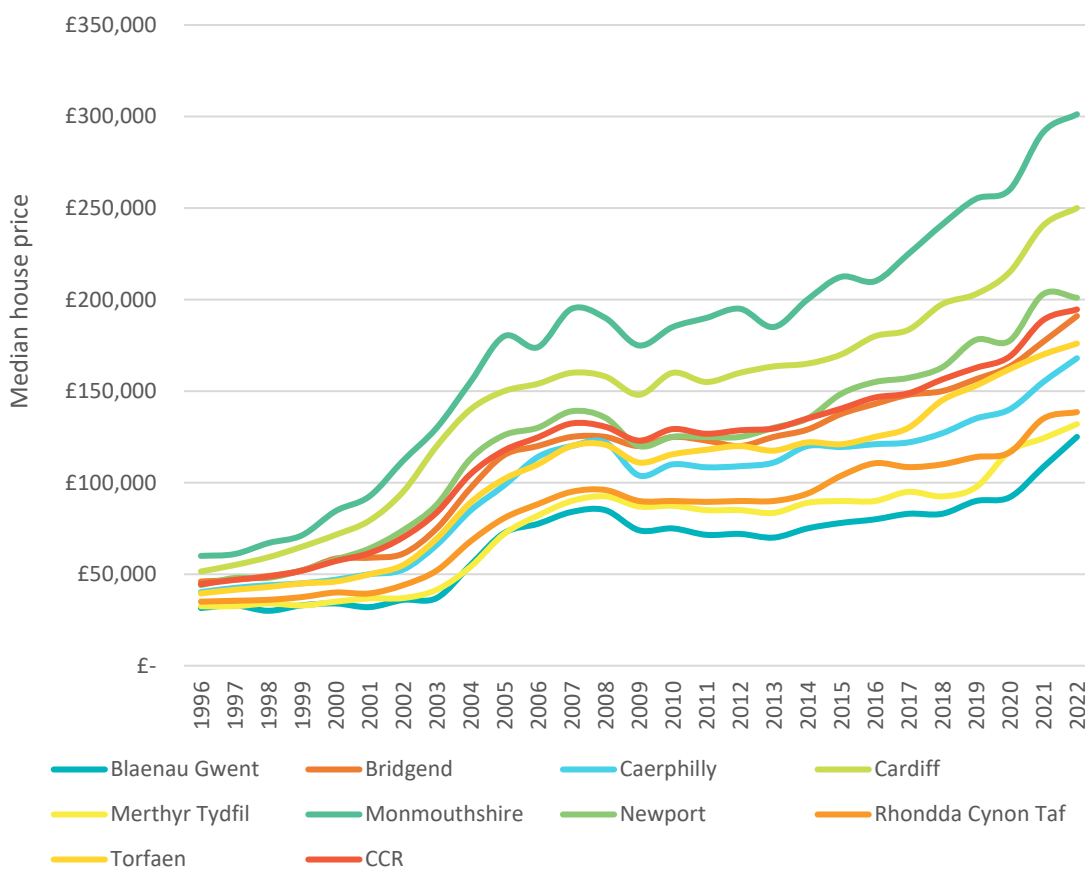
3.16 It was further recognised at the engagement events that there is a correlation between the demographic profile of the area and the character of the housing market. The combination of high house prices (compared to the wider CCR area) and affordability pressures (compared to the CCR area and the former Bristol JSP area) means that many younger people and families are unable to afford to live in Monmouthshire. Instead, older people have tended to be better able to compete in the housing market. Looking forward, it is

evident that additional housing provision and choice is essential to ensuring that younger, working-age people and their families can be attracted to and retained within the area.

3.17

Figure 3.3 compares the change in median house prices between the local authorities in the CCR from 1995 to 2022. It shows that house prices in Monmouthshire (£301,250 in 2022) are significantly higher than the average for both the CCR area (£194,633 – 35.4% lower than Monmouthshire), and each local authority in the CCR area. This has been a consistent trend since 1995 although the differential is increasing. Cardiff is the local authority with the closest median house price to Monmouthshire (£250,000), however this is still 17.0% lower than Monmouthshire.

Figure 3.3 Change in median house price from 1995 to 2022 in local authorities in the CCR



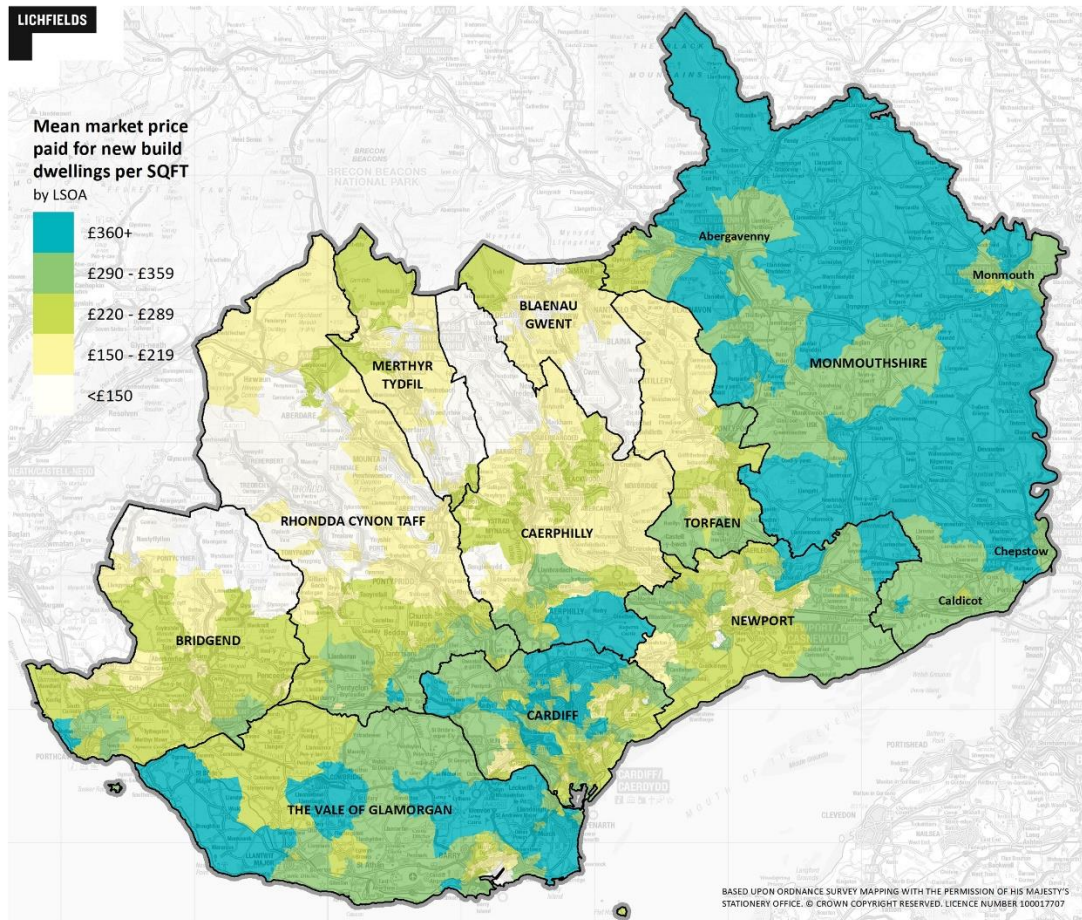
Source: Lichfields analysis of HPSSA Dataset 9

3.18

House prices can be a function of the nature of the housing stock and the strength of the local housing market. A review of 2021 Census data shows a higher proportion of larger dwellings and detached houses in Monmouthshire compared to the CCR. 32.2% of households in Monmouthshire live in properties with four or more bedrooms, compared to 20.2% across the CCR. Similarly, 44.1% of households in Monmouthshire live in detached houses compared to 20.1% across the CCR. In respect of each metric, the Vale of Glamorgan has the second highest figures in the CCR area with 28.2% households living in properties with four or more bedrooms and 27.8% of households living in detached homes. This stock profile in Monmouthshire will inevitably have an impact on local house prices.

3.19 However, it is evident that even taking the relative size of the housing stock out of the equation, the prices in Monmouthshire are higher than elsewhere in the CCR area. This is reflected in Figure 3.4 which compares the price of new build properties by sqft across the CCR area. Whilst Cardiff and the Vale of Glamorgan are shown to be particular hotspots, this further underlines the strength of the market in Monmouthshire.

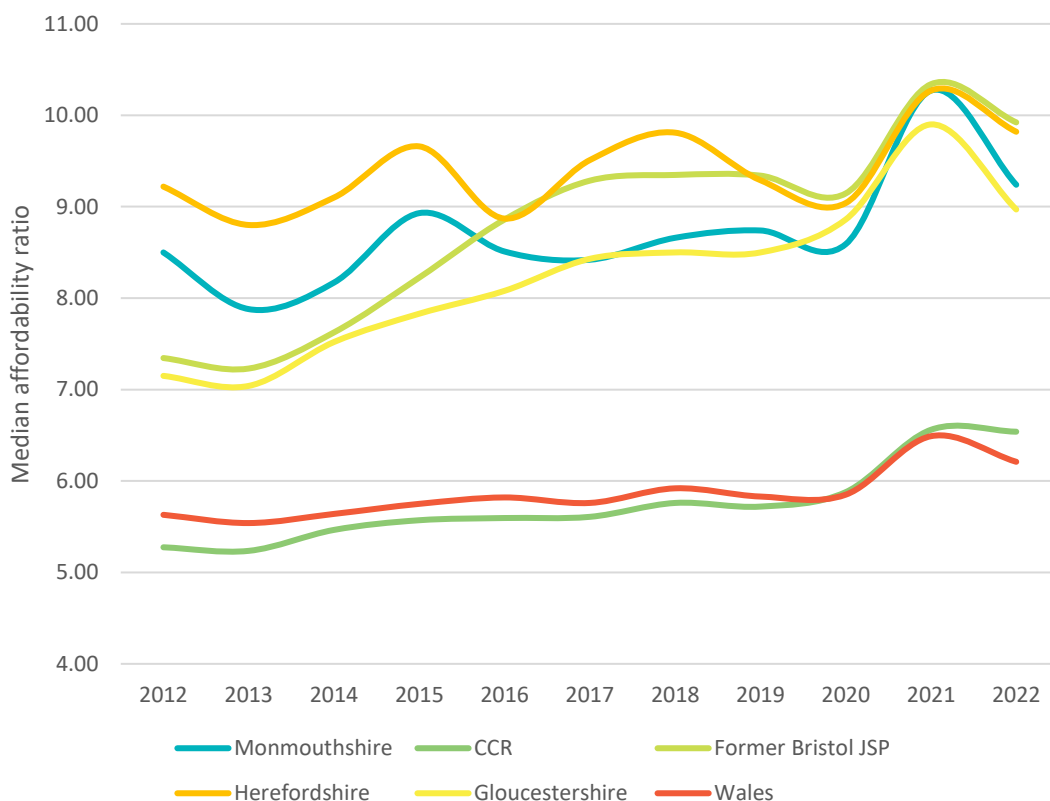
Figure 3.4 Mean market price paid for new build dwellings/sqft



Source: Lichfields analysis of land registry and EPC data

3.20 Median affordability ratios are calculated by dividing median house prices by median (gross) annual workplace-based earnings to indicate the affordability of houses in an area. In 2022, the median affordability in Monmouthshire was 9.24 – significantly higher than the average for the wider CCR (6.5 – 29.2% lower than Monmouthshire) and the average for Wales (6.21 – 32.8% lower than Monmouthshire). It was also significantly higher than every other local authority in the CCR other than Vale of Glamorgan (9.47 – 2.5% higher than Monmouthshire). After Monmouthshire, the local authority with the highest affordability ratio in the CCR is Cardiff (7.55 – 18.3% lower than Monmouthshire).

Figure 3.5 Change to affordability ratio from 2012 to 2022



Source: ONS House price to workplace-based earnings ratio (data release 22 March 2023)

3.21 This analysis demonstrates the strength – but also the skewed nature – of the housing market in Monmouthshire and the need for a meaningful response in order to attract and retain young and other working-age people to the County (or to halt them leaving). Given the attractive rural character of Monmouthshire and the existing profile of the housing stock, it is likely that it will continue to maintain a strong housing market. However, through the RLDP, the identification of land for 5,940 new homes, policies that seek to influence the mix of new homes, and the inclusion of a 50% affordable housing requirement will help to address some of the pressures that have been felt and will provide opportunities for younger people and families to live in the local authority area.

### Implications for strategy

3.22 Monmouthshire’s ageing population and declining working age population has been identified in various economic strategies as a potential challenge for the County. Whilst not unique to Monmouthshire, this demographic feature may threaten the foundations on which to build a thriving local economy for the future. Monmouthshire’s population is projected to grow at a slightly faster rate of 8.9% compared to the wider CCR area (8.1%) over the period to 2043 but a significant proportion of this growth will be accounted for by Monmouthshire’s older population. By contrast, its working age population is projected to decline by 1.5% from 2021 to 2043, whereas the CCR is projected to experience a 3.2% increase in its working age population over the same period.

- 3.23 In addition to increasing pressure on Monmouthshire's healthcare resources, its growing old age dependency ratio will create challenges for the County to sustain and grow a younger working age population to drive economic growth. Consequently, the emerging economic strategy for Monmouthshire should include measures to address the decline in working age population, and its younger workforce in particular.
- 3.24 Delivering appropriate housing in Monmouthshire will be critical to avoiding an over-reliance on an older workforce, including semi-retired people or those working beyond retirement age. This should include not just the delivery of more homes in response to general under-supply, but the provision of a greater mix of housing types, tenures and sizes. Doing so should help enable the growth of the working-age population and contribute to the tackling of Monmouthshire's affordability challenges. This analysis set out in this report highlights a circularity in terms of the need to deliver appropriate housing to retain and attract a younger population, in order to drive job growth and stimulate economic growth. Providing appropriate employment land in the right places will further support Monmouthshire Council's ambition to create the right conditions for a prosperous local economy that can continue to grow and contribute to the economic well-being of future generations.



## 4.0 Socio-economic context

4.1 This section provides an overview of the economic profile of Monmouthshire, relative to the previously identified comparator areas. This is intended to provide a measure of the health of the economy and identify key issues that need to be addressed and opportunities capitalised on as part of the emerging economic strategy.

### Economic activity

4.2 The economic activity level amongst residents of Monmouthshire aged between 16 and 64 was 78.7% between October 2021 and September 2022. This is higher than the economic activity rate in the wider CCR area (75.1%) (and also higher than each of the local authorities in the CCR area other than the Vale of Glamorgan which has an economic activity rate of 79.5%). However, it was lower than the other comparator areas<sup>11</sup>.

Table 4.1 Economic activity level amongst residents aged between 16 and 64

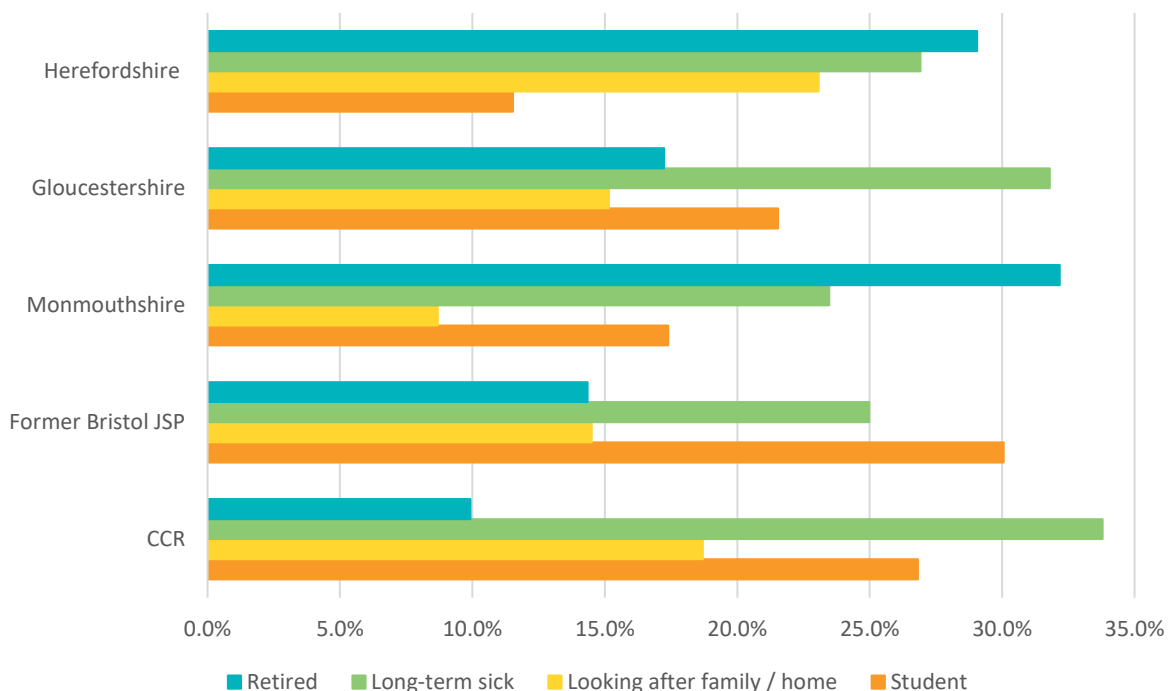
	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
Number of economically active residents	42,500	717,500	619,600	312,600	87,900
% of residents that are economically active	78.7%	75.1%	82.9%	82.3%	79.0%

Source: Annual Population Survey October 2021 – September 2022 data release

4.3 Accordingly, 12.3% of Monmouthshire’s population was economically inactive in the period from October 2021 to September 2022. These rates for Monmouthshire and the comparator areas can be further understood with reference to the key factors shown in Figure 4.1.

<sup>11</sup> Annual Population Survey October 2021 – September 2022 data release

Figure 4.1 Reasons for economic inactivity

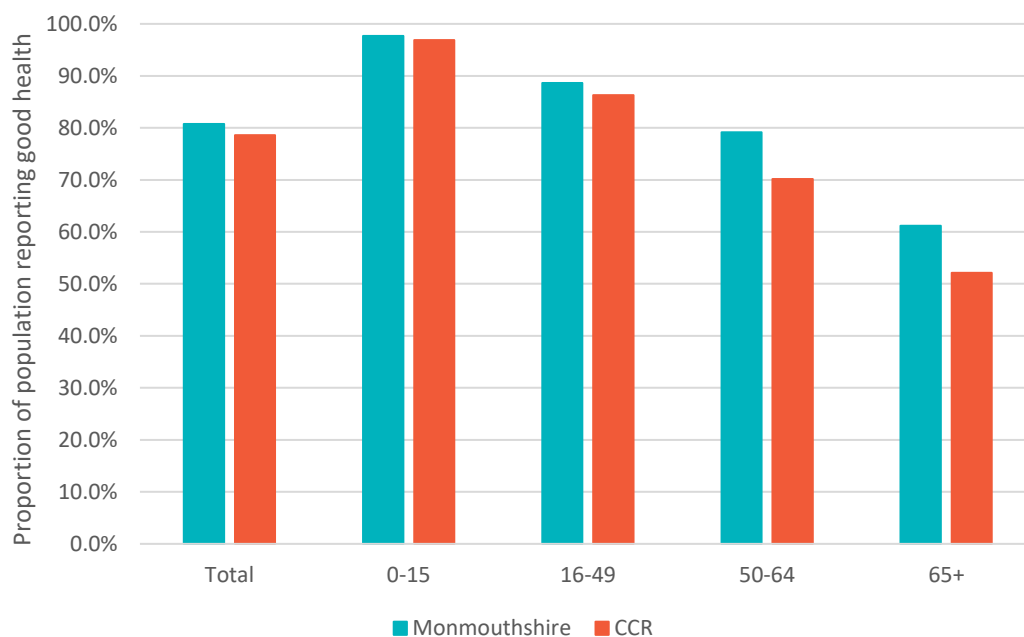


Source: Lichfields analysis of Annual Population Survey October 2021 – September 2022

4.4 A higher proportion of Monmouthshire’s economically inactive residents (aged 16 to 64) are retired relative to the comparator areas. The figure for Monmouthshire is significantly higher than the wider CCR area and above that of all other local authorities in South East Wales. This reflects the attractiveness of the area as a retirement destination but adds to the evidence of economic pressures arising from a declining workforce and the implications of this in terms of opportunities for economic growth.

4.5 Monmouthshire has a lower proportion of residents that are economically inactive because of long-term sickness (23.5%) and looking after family (8.7%) than the comparator areas. The lower figure for long-term sickness reflects Monmouthshire’s relative prosperity and high quality of life. This is reflected in 2021 Census data which shows that in every age cohort a higher proportion of people in Monmouthshire reported having good health than in the wider CCR area.

Figure 4.2 Proportion of population reporting good or very good health



Source: 2021 Census RM043

4.6 In addition, the lower proportion of people not working because of their family responsibilities reflects the age profile of Monmouthshire with fewer children and young adults than in the comparator areas.

## Unemployment

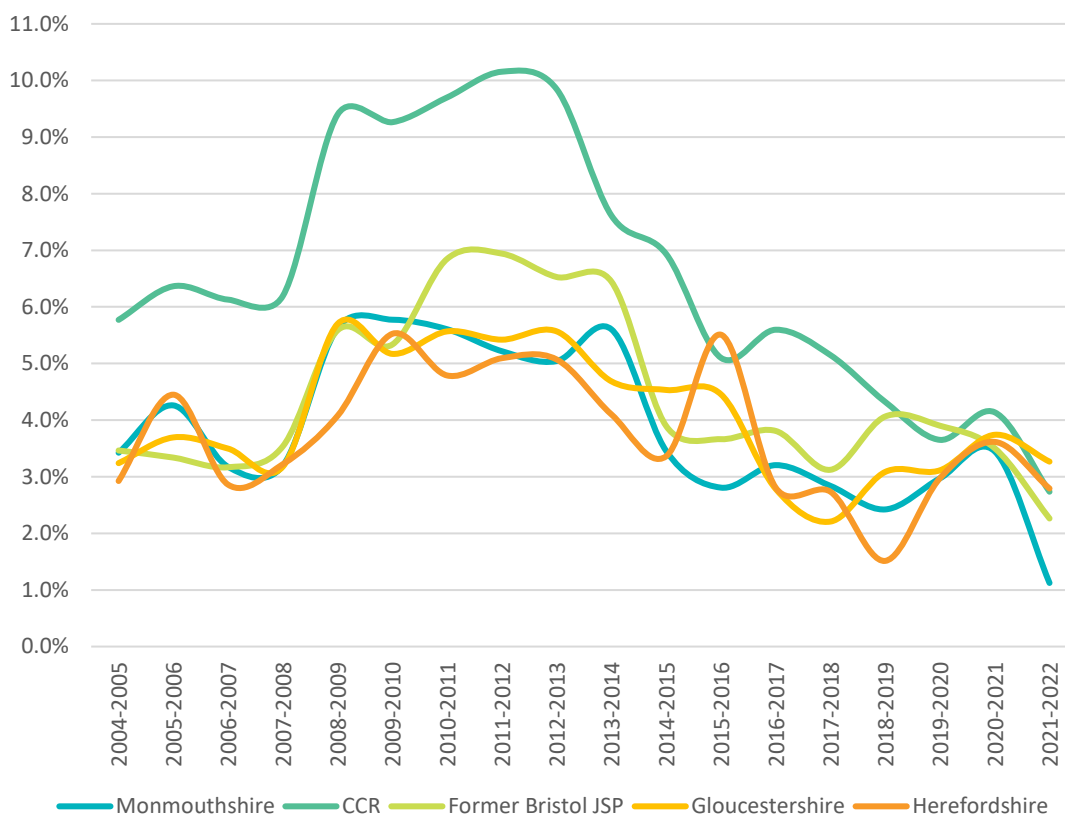
4.7 The unemployment rate for residents aged over 16 in Monmouthshire in the period from October 2021 to September 2022 was 1.1% (equivalent to 500 residents)<sup>12</sup>. This was lower than the wider CCR area (2.7%) and all of the individual local authorities in the CCR which varied significantly with some experiencing a high unemployment rate (for example, Newport: 5.3%; Caerphilly: 4.3%; Merthyr Tydfil: 4.1%) and others experiencing a much lower rate (for example Bridgend: 1.7%; Rhondda Cynon Taff: 1.7%; Vale of Glamorgan: 1.8%). The unemployment rate in Monmouthshire is also lower than the other comparator areas: Herefordshire: 2.8%; former Bristol JSP area: 2.3%; and Gloucestershire: 3.3%.

4.8 There has been a significant reduction in unemployment in Monmouthshire and all of the comparator areas since 2011-12, when the rate of unemployment was 5.2% in Monmouthshire and 10.2% across the CCR.

4.9 As illustrated in Figure 4.3, the unemployment rate in Monmouthshire has been consistently lower than in the CCR and the former Bristol JSP area and has tracked Gloucestershire and Herefordshire quite closely.

<sup>12</sup> Annual Population Survey October 2021 – September 2022 data release

Figure 4.3 Unemployment rate from 2004 to 2022



Source: Lichfields analysis of Annual Population Survey

4.10 This very low level of unemployment was acknowledged at the stakeholder engagement event as a particular pressure as it restricts the potential for businesses to grow without sourcing staff from outside of the local authority area.

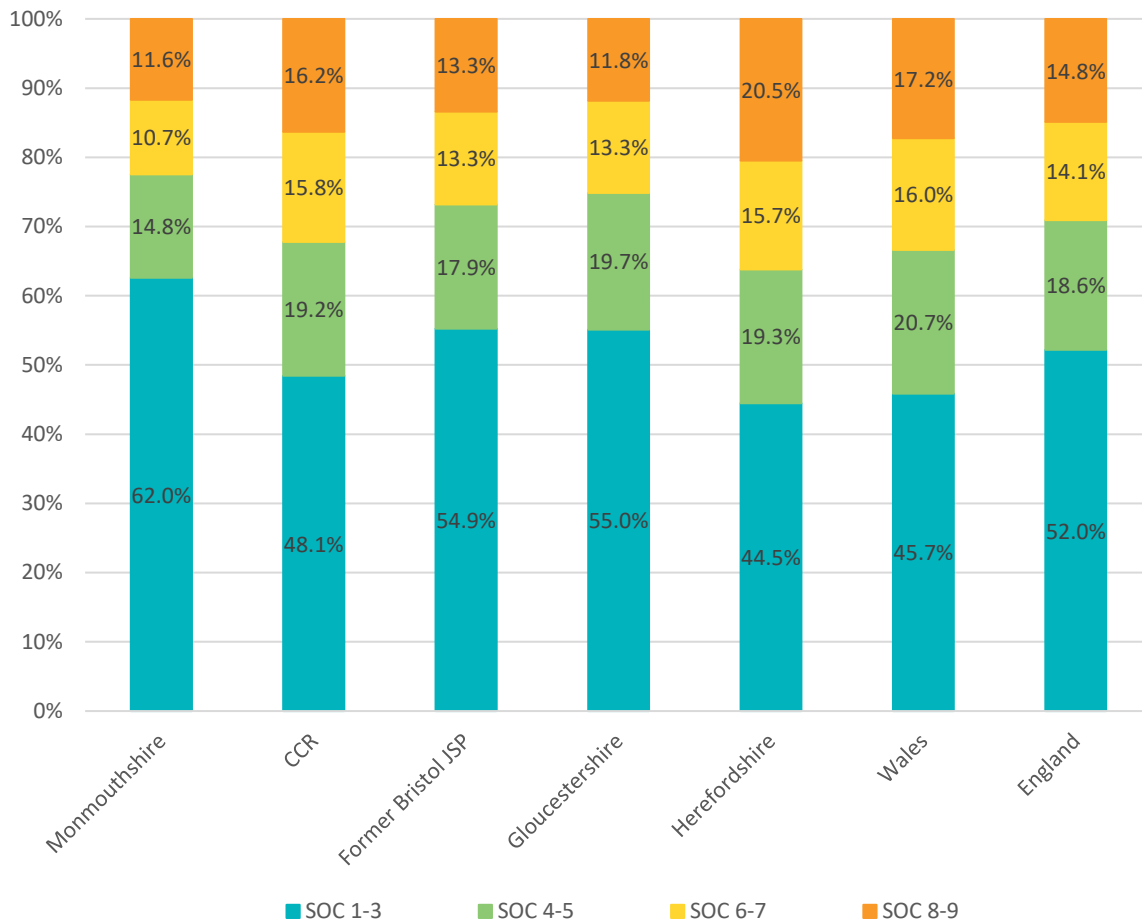
**Occupation**

4.11 62.0% of Monmouthshire’s resident workforce is employed in the most highly skilled occupations of Standard Occupational Classification (SOC) 2010 major groups 1-3 (comprising managers, directors and senior officials; professional occupations; associate professional & technical). This represents a higher proportion of the most highly skilled occupations than in each of the comparator areas, as well as the Welsh and English averages.

4.12 By contrast, the proportion of workers employed within the less skilled occupations of SOC 2010 major groups 8-9 (comprising process plant & machine operatives and elementary occupations) is lower than that of the comparator areas.

4.13 Similarly, a lower proportion of Monmouthshire’s workers are employed in the middle SOC 2010 major groups (4-5: administrative & secretarial and skilled trade occupations and 6-7: caring, leisure and other services, and sales and customer service).

Figure 4.4 Employment by occupation SOC major groups

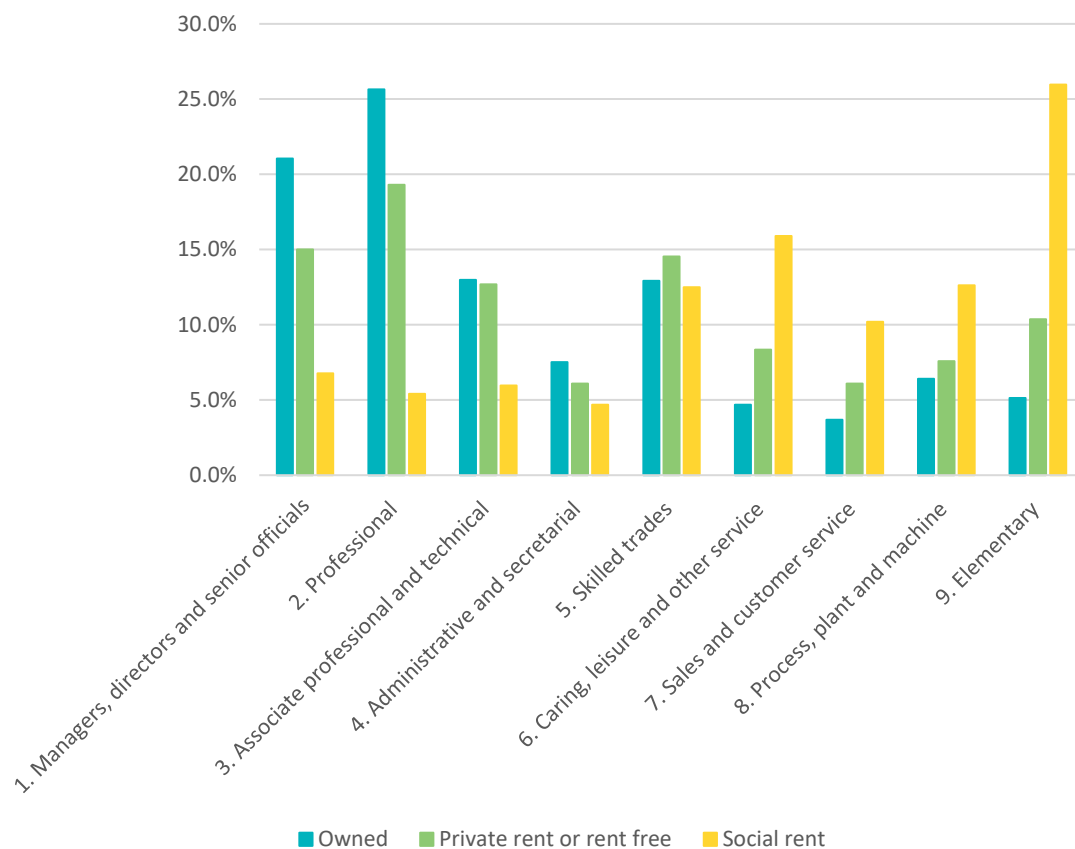


Source: ONS Annual Population Survey October 2021 to September 2022 data release

4.14

Whilst this evidence highlights the strength of Monmouthshire’s economy in terms of being characterised by an above-average proportion of people working in higher value occupation groups, it does raise questions regarding the extent to which it is balanced and caters for the needs of the whole population, including those with lower skill levels. This is a particularly important consideration in the context of the proposed requirement within the RLDP for 50% of new homes to be provided as affordable dwellings. A review of 2021 Census data shows that there is a clear correlation between housing tenure and occupation sector, with 59.7% of people living in homes that they own being in employed in SOC 2010 major groups 1-3, compared to just 18.2% of those living in social rented accommodation. Conversely 38.6% of people living in social rented accommodation are employed in SOC groups 8 and 9 compared to 11.5% of people that live in homes that they own.

Figure 4.5 Tenure by occupation in Monmouthshire



Source: 2021 Census RM140

4.15

The Census data also shows that residents of social rented properties tend to be younger than those living in privately rented properties. This is reflected in data provided by MCC’s housing officer relating to housing need (higher than Band 4) as of June 2023. This shows that 42.4% of households in need were headed by someone under the age of 34, compared to 14.9% headed by someone over the age of 60.

Table 4.2 Age profile of households in need

Age Band (head of household)	No. Households	% of total
Under 25	274	12.8%
25-29	304	14.2%
30-34	331	15.4%
35-39	268	12.5%
40-44	198	9.2%
45-49	159	7.4%
50-54	163	7.6%
55-59	131	6.1%
60-64	102	4.8%
65 and over	216	10.1%
<b>Total</b>	<b>2146</b>	

Source: MCC Housing Officer

4.16 Whilst the increased supply of affordable housing might play an important role in addressing the identified housing need in Monmouthshire, it would principally be expected to serve people that already live in the local area. This will be important in enabling local people to remain in the local authority area and will therefore help to rebalance the age profile of the local authority area. However, the increased delivery of affordable housing would not necessarily result in a larger number of people seeking employment in lower skilled occupations. Going forwards, the focus of the economic, employment and skills strategy should be to develop the skills of all residents and deliver higher value employment opportunities that reflect the needs of all residents.

4.17 In addition to assessing employment of the resident workforce by occupation, it is also useful to review the profile of jobs that are available within Monmouthshire. As illustrated in Table 4.3 and Figure 4.5, this again highlights the predominance of SOC1-3, although the difference between the proportion of the resident workforce employed in these senior occupations and the proportion of SOC1-3 jobs in Monmouthshire provides further evidence of out-commuting from the area by those in the most senior role and with the highest earnings. The differential between the proportion of the resident workforce and the proportion of jobs in SOC1-3 is substantially higher in Monmouthshire than in any of the comparator areas:

Table 4.3 Proportion of resident workforce with occupations in SOC groups 1-3

	Employment in SOC 1-3		Difference between jobs and resident workforce (percentage points)
	% of resident workforce	% jobs	
Monmouthshire	62.0%	53.6%	-8.4
CCR	48.1%	48.0%	-0.1
Former Bristol JSP	54.9%	54.5%	-0.4
Gloucestershire	55.0%	53.7%	-1.3
Herefordshire	44.5%	45.4%	+0.9

Source: ONS Annual Population Survey Oct 2021 – Sep 2022

4.18 The proportion of jobs in SOC major groups 4-5, 6-7 and 8-9 is much lower, and much more evenly aligned. It is noteworthy that the proportion of jobs in SOC 6-7 and 8-9 is higher than the proportion of the resident workforce that is employed in these sectors. This implies that some of these jobs are being filled by people that are commuting into Monmouthshire from elsewhere. Going forwards, this might provide opportunities for residents of Monmouthshire with lower skill levels to find employment within the local area.

4.19 Given the overall character of the Monmouthshire economy, it is interesting to note that the proportion of jobs in SOC8-9 is higher than in the CCR, the former Bristol JSP area and Gloucestershire. This may reflect the proportion of manufacturing activity within the area, although in the light of this and the high level of professional/managerial employment, it is surprising that the proportion of jobs in middle SOC groups 4-5 is lower than in the adjoining areas.

Figure 4.6 Jobs by SOC major group 2010



Source: ONS Annual Population Survey Oct 2021-Sep 2022

4.20 The evidence of the types of jobs that are filled by the resident workforce of Monmouthshire and the types of jobs that are available within the local authority area adds weight to the overall view of the area having a relatively high value local economy. This provides a basis for further intervention through the emerging economic strategy to focus on the continued attraction and development of higher value-added sectors and jobs, albeit that a balanced economy will require a wide range of employment opportunities that will serve the needs of all residents and will recognise the very important function served by less highly skilled positions.

### Educational attainment

4.21 Reflecting Monmouthshire’s large proportion of people working in highly skilled jobs, a total of 52.5% have a qualification of NVQ Level4 and above. This is similar to the former Bristol JSA area (50.5%) but higher than each of the other comparator areas.

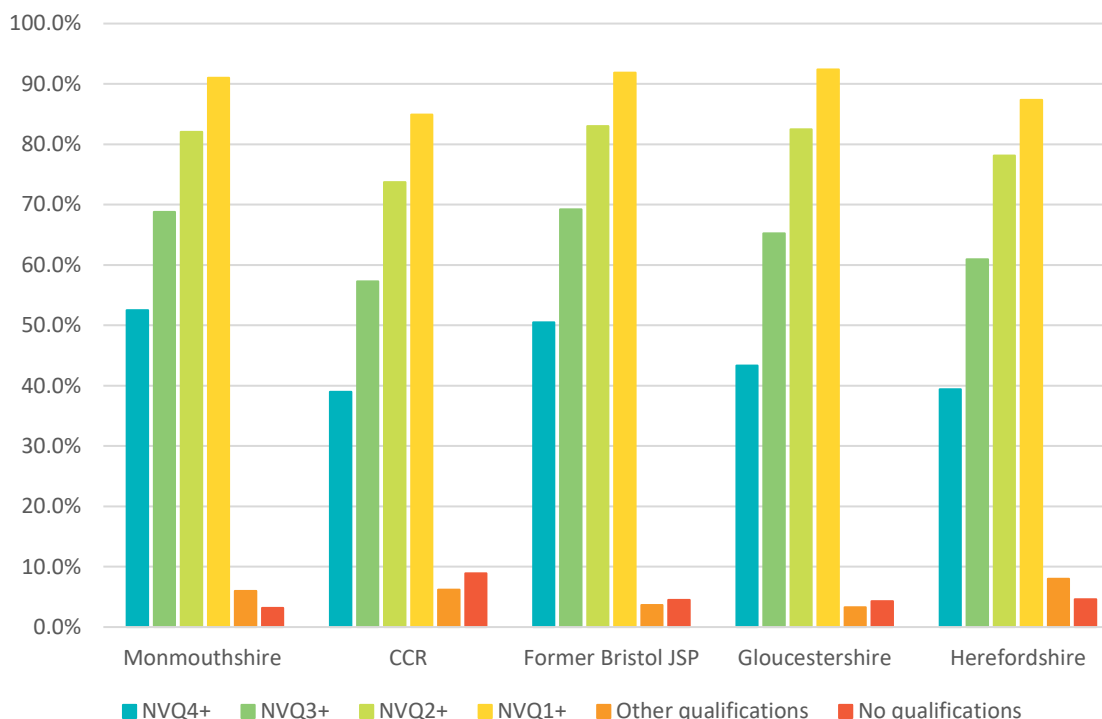
4.22 Just 3.2% of people aged between 16 and 64 in Monmouthshire have no qualifications, compared to 4.3% in Gloucestershire, 4.6% in Herefordshire and 4.5% in the former Bristol JSP area. This is significantly lower than the wider CCR area, where 8.9% of residents aged between 16 and 64 have no qualifications.

4.23 This analysis indicates that the population of Monmouthshire is well educated, and to a higher level when compared to the overall population of the wider CCR area. This reflects the evidence of the types of occupations undertaken by residents, as detailed above. However, as indicated below through analysis of income levels, there is evidence to show



that a proportion of people commute out of Monmouthshire for higher paid jobs.

Figure 4.7 Educational attainment of working age population



Source: ONS Annual Population Survey – October 2021 to September 2022 data release

4.24 This evidence highlights the extent to which the local population in Monmouthshire is well-skilled. It is important, however, to ensure that the workforce has appropriate range of skills and qualifications to meet the needs of existing and future businesses that operate in the area. Attendees at the engagement event emphasised the importance of maintaining a pipeline of a skilled workforce and stated that there was a need to develop a plan to ensure that a suitable flow of suitably skilled people can be maintained. This would require a detailed skills audit in terms of identifying those sectors that suffer from a skills gap and working with education and training partners to ensuring that any shortages can be addressed.

## Earnings

4.25 In 2022, the median gross weekly earnings for full time resident workers in Monmouthshire (£714.80) were higher than each of the comparator areas by some margin, including the average for the wider CCR area (£610.17) and each of the local authorities in the CCR area.

4.26 Median gross weekly earnings for those who work in Monmouthshire (£630.50) are 11.8% lower than for those that live in the authority area. This points towards a proportion of higher earners commuting elsewhere for work purposes. Figure 4.4 above shows that 62.0% of the resident workforce in Monmouthshire are employed in management, professional or associate professional positions whilst the workplace analysis illustrated in Figure 4.6 shows that 53.6% of jobs in Monmouthshire are in SOC groups 1 to 3. Even though the

workplace earnings for Monmouthshire are higher than in each of the comparator areas, save for the former Bristol JSP area, this indicates that a proportion of Monmouthshire residents that are employed in the most senior positions commute outside of the authority area. Whilst this trend is evident in all of the comparator areas with earnings by residence being consistently higher than earnings by workplace in each area, the differential between the residence-based and workplace-based earnings is higher in Monmouthshire. Going forwards, it would be important to consider ways in which this position might be changed through the attraction of a greater number of senior positions to Monmouthshire.

Table 4.4 Median gross weekly earnings

	Monmouthshire	CCR	Former Bristol JSP	Gloucestershire	Herefordshire
Median Gross Weekly Earnings by Residence	£714.80	£610.17	£659.78	£660.50	£560.10
Median Gross Weekly Earnings by Workplace	£630.50	£582.20	£646.83	£606.20	£543.20
Residence-based earnings as % of workplace-based earnings	113.3%	104.8%	102.0%	109.0%	103.1%

Source: ONS annual survey of hours and earnings (2022)

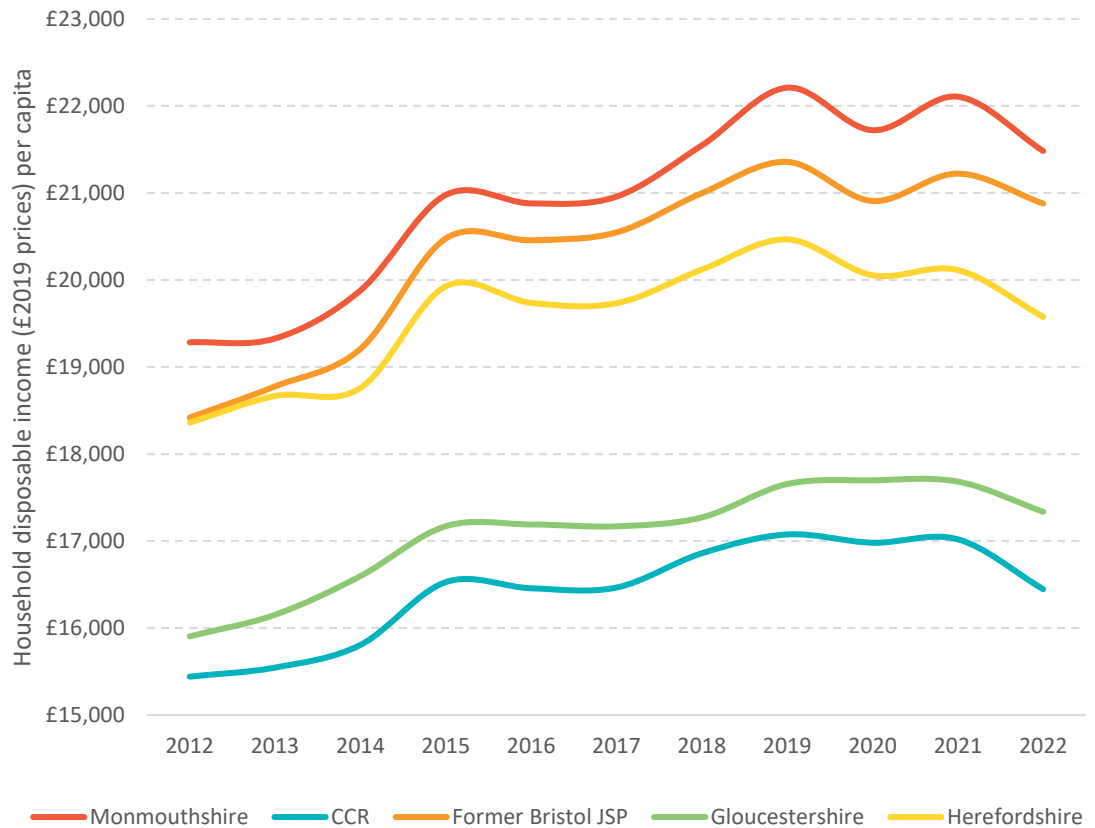
## Household Expenditure

- 4.27 According to the latest Experian data<sup>13</sup>, household disposable income in Monmouthshire as in 2022 was equivalent to £21,481<sup>14</sup>. This was significantly higher than the CCR (£16,400), the former Bristol JSP area (£20,870), Gloucestershire (£17,335) and Herefordshire (£19,575).
- 4.28 Figure 4.8 highlights household disposable income across the various geographies over the last ten years, showing overall trends of increased disposable income over time. Disposable income dipped slightly for all geographies in 2020 because of the COVID-19 pandemic. However, Monmouthshire has consistently recorded the highest household disposable income per capita over the last decade.

<sup>13</sup> Experian (December 2022), Household expenditure

<sup>14</sup> Figures as 2019 prices per capita

Figure 4.8 Household Disposable income per capita (2019 prices)

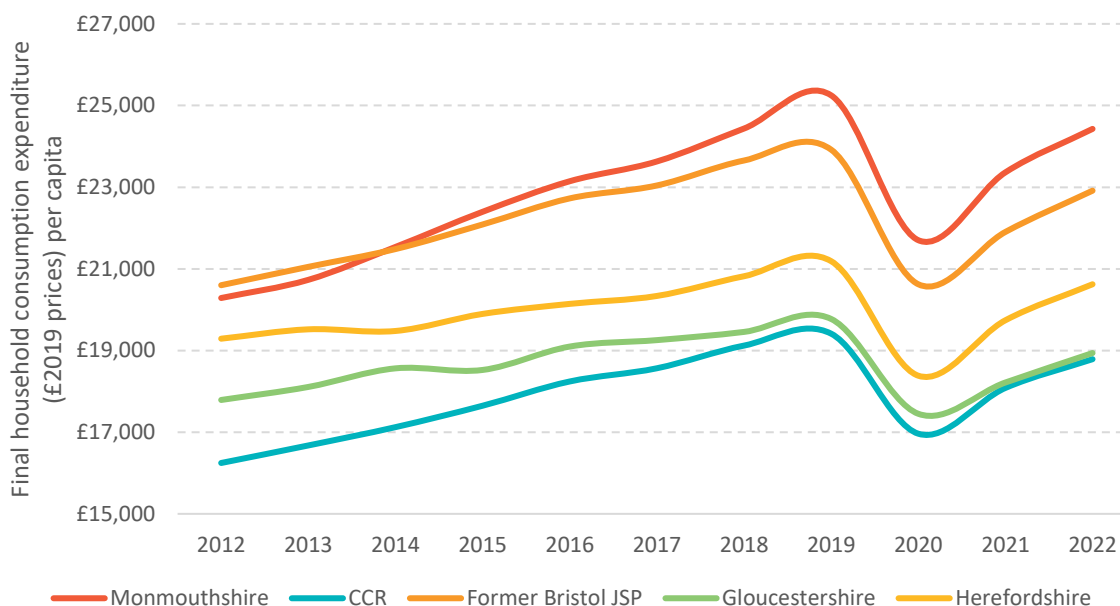


Source: Experian (December 2022)

4.29

Household final consumption expenditure highlights the market value of all goods and services purchased by households, excluding the purchase of dwellings. This indicator helps provide a measure of an economy’s growth based on the real income of its residents through its expenditure. In 2022, final consumption expenditure per capita in Monmouthshire was equivalent to £24,420; higher than for all of its neighbouring comparators. A similar trend was experienced within the comparator area – that the household final consumption increased steadily until 2019 before declining sharply in 2020 as a result of pandemic and then showing signs of recovery by 2022. The 2022 levels in Monmouthshire being at 96.7% of 2019 levels.

Figure 4.9 Final household consumption expenditure (2019 prices) per capita



Source: Experian (December 2022)

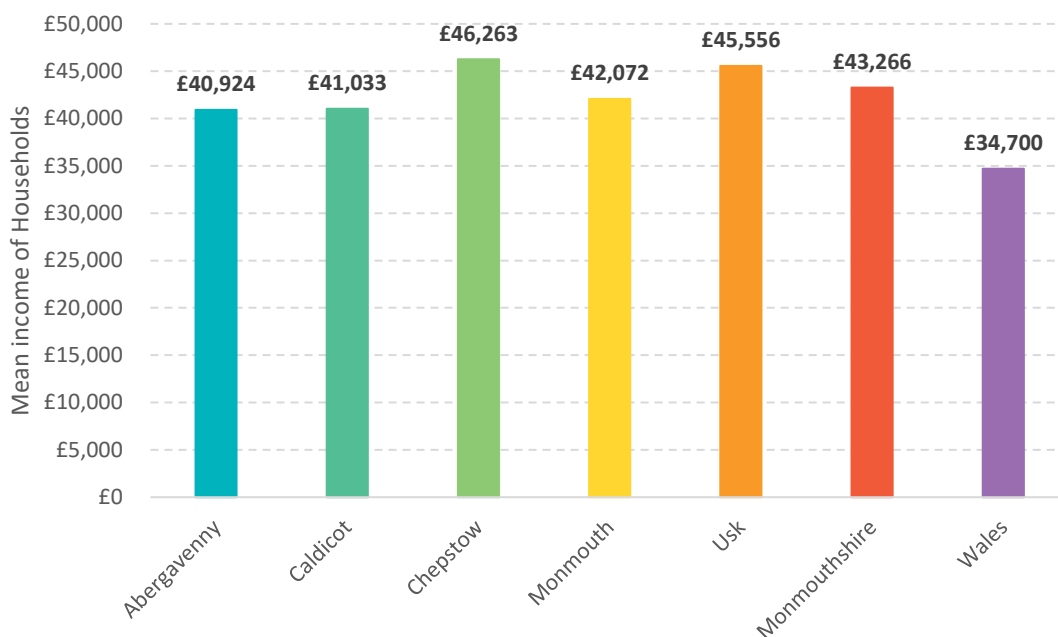
4.30 According to the latest Retail Background Paper (2021)<sup>15</sup>, lockdown restrictions and the pandemic as a whole had a large impact on town centres within Monmouthshire. However, the 2021 survey results indicate that retail centres in Monmouthshire have begun to recover with increased overall footfall across all centres and lower vacancy rates with exception of Monmouth, where there was a very marginal increase in vacancy.

4.31 Using Paycheck data<sup>16</sup>, Monmouthshire Council were able to look at the profile of resident population around catchment areas of various key town centres. The Paycheck dataset is developed by CACI and indexes annual household income from data available from the Census and other market research, including lifestyle surveys. Figure 4.10 highlights the mean income of households in various town centre catchment areas compared to Monmouthshire and Wales as a whole. This shows that residents within Chepstow town centre have the highest mean household income within Monmouthshire, equivalent to 13% higher than Abergavenny (which has the lowest household income) and 33% higher than the national household income in Wales. However, it is noted that all town centres in Monmouthshire outperformed the national household income of £34,700 recorded in 2021.

<sup>15</sup> Monmouthshire County Council (2021), Retail Background paper

<sup>16</sup> Paycheck data (2021), Gross Household Income for all UK postcodes; Available here at: <https://www.caci.co.uk/datasets/paycheck/>

Figure 4.10 Household income by town centre



Source: Retail Background Paper (2021)

- 4.32 The Consumer Shopping Habits Survey (2022)<sup>17</sup> highlighted that on average across Monmouthshire 63% of residents shopped at least once a week for their main food shopping for which the average percentage of weekly income spent on food was 21%. Most residents (90%) use a car for their main shopping and is retained within Monmouthshire. The most popular food shopping stores in Monmouthshire included Asda (Caldicot), Tesco Superstore (Chepstow), and Morrisons and Aldi in Abergavenny.
- 4.33 The most popular destinations for usual clothes and footwear shopping amongst residents of Monmouthshire were Bristol Cribbs Causeway (13%), Abergavenny (10%) and Hereford (10%). Another 24% of residents would buy fashion items online. Like in many places across the country, online shopping saw an increase during the pandemic with many residents continuing to shop online in preference to visiting town centres for non-food items. In fact, 79% of respondents have made changes to the way they shop since the pandemic, with 42% of respondents said they shopped online more often and 20% stating that they shopped less often. Overall, for non-food shopping residents were more likely to travel outside of Monmouthshire with Bristol Cribbs Causeway, Hereford and Newport Retail Park all being popular destinations for non-food shopping although this did vary by postcode sector.
- 4.34 For leisure activities, 43% of respondents said they visited cinemas, with the most frequently visited cinemas being in Abergavenny (12%) and Monmouth (12%). Only 19% of respondents said they visited the leisure centre of which Caldicot saw more visits for its leisure centre (17%), followed by Hereford (15%) and Abergavenny (13%). On the whole, travel for cinema and gym use still remains fairly local, with local independent providers still remaining popular. Unsurprisingly, Cardiff remains the most popular destination in the region when it comes to residents going to the theatre, art galleries and museums.

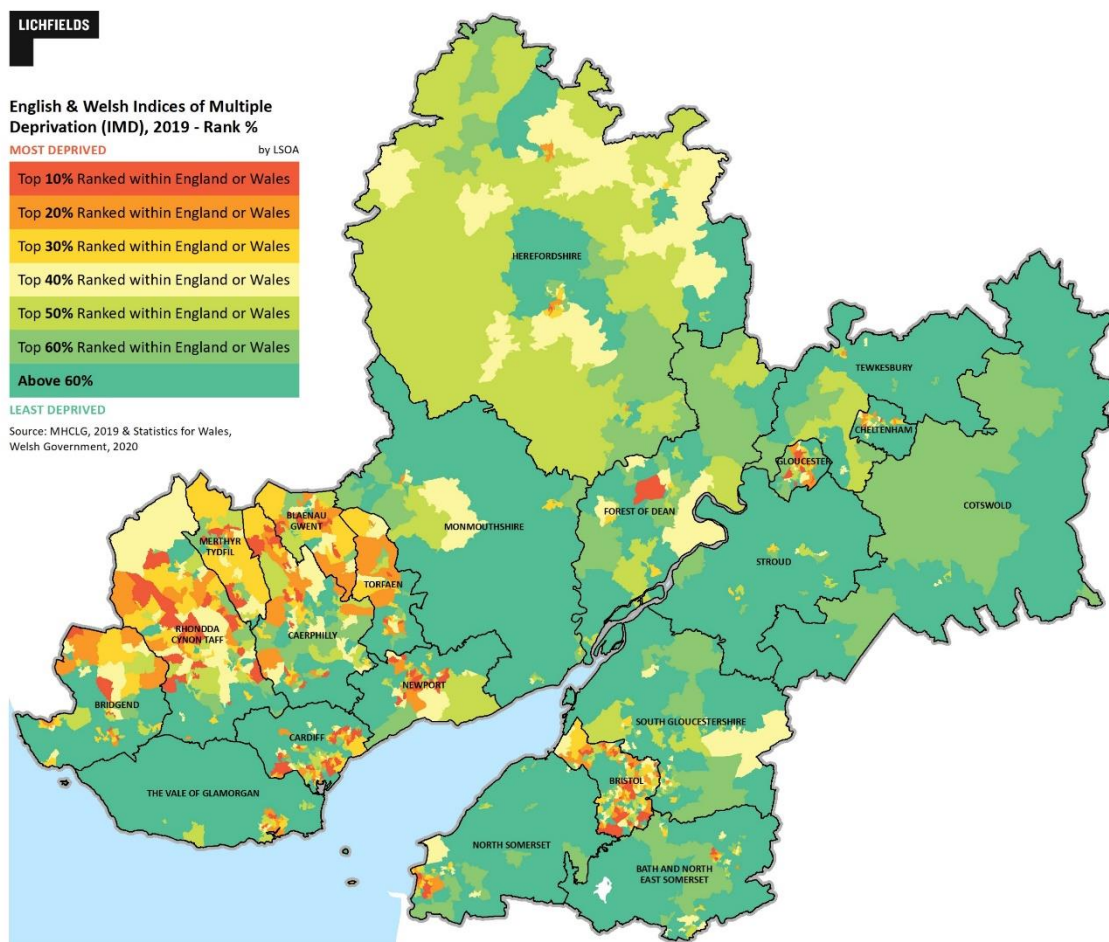
<sup>17</sup> Future Focus Research (2022), Consumer Shopping Habits Survey

## Deprivation

- 4.35 Deprivation at the local authority level is measured by the Wales Index of Multiple Deprivation (WIMD) (2019) which uses a series of data to rank across seven domains relating to income, employment, education, health, community safety, physical environment and access to services. Together, these categories produce a multiple deprivation score for each local area (at the lower super output area (LSOA) level). In Wales, the scores given to each LSOA are combined to indicate what proportion of the most deprived LSOAs are in each local authority.
- 4.36 Compared to the other CCR authorities, the WIMD identifies that Monmouthshire scores best by total overall score and for each of the seven domains, other than access to services. Of the 10% most deprived LSOAs in Wales, none are in Monmouthshire, and of the 50% most deprived LSOAs in Wales, just 12 are in Monmouthshire whilst 44 are in the 50% least deprived LSOAs in Wales. By comparison, a number the worst performing local authorities (by overall score) are in the CCR, with Newport having 24 LSOAs in the most deprived 10% in Wales, Merthyr Tydfil having 22 LSOAs in the most deprived 10% and Cardiff and Rhondda Cynon Taf each containing 18 of the most deprived 10% LSOAs in Wales.
- 4.37 For access to services,(the domain in which Monmouthshire performs most poorly), 15 LSOAs (27% of all LSOAs in Monmouthshire) are within the 10% most deprived LSOAs in Wales, whilst 37 (66% of all LSOAs in Monmouthshire) are within the 50% most deprived in Wales. The access to services domain considers households' ability to access a range of services necessary for day to day living, including both material deprivation (e.g. not being able to get food) and social aspects of deprivation (e.g. not being able to attend afterschool activities). These results are likely to be attributable to the rural character of Monmouthshire which means that residents are forced to travel longer distances to access key services and facilities. Indeed, the rural authorities tend to perform more poorly than urban authorities in relation to this metric. Poor access to services may have an impact on the local economy as it will result in a leakage of expenditure to surrounding areas.
- 4.38 With an ageing population and declining proportion of working age population, the threat to provision of local services is further threatened because of the reduced demand for and expenditure on core amenities and facilities. In other words, an imbalanced local demographic profile can undermine the viability of, and need for, provision of some service activities which are typically essential to upholding the vibrancy of towns and villages.
- 4.39 Monmouthshire performs best in respect of the health domain which considers indicators like birth rate, GP-recorded chronic conditions and limiting long-term illness to capture deprivation relating to the lack of good health. No LSOA in Monmouthshire is in the 10% most deprived in Wales, and just 11 are in the 50% most deprived. Within the CCR area, Blaenau Gwent and Merthyr Tydfil perform poorly in respect of this domain 4.6% of the 50% most deprived LSOAs in Wales being in Blaenau Gwent and 4.7% being in Merthyr Tydfil.
- 4.40 Monmouthshire also performs very strongly in relation to income, employment, education and community safety – socio-economic metrics that are reflected elsewhere in this report and that highlight the strength of the economy with high levels of income, educational attainment and employment in high value-added sectors. In respect of each of these indices, c.75% of LSOAs in Monmouthshire are within the 50% least deprived in Wales.

4.41 The overall strong performance of Monmouthshire in terms of deprivation is illustrated in Figure 4.11 which provides an overview of IMD scores across the sub-region. Monmouthshire is unique in Wales in terms of its very high scores and only a limited number of comparator authorities in England are seen to perform equally strongly.

Figure 4.11 English and Welsh IMD rank



Source: Stats for Wales 2020 and MHCLG 2019

## Implications for strategy

4.42 Compared to most of the comparator areas (with the exception of CCR), Monmouthshire is characterised as having a population with a high rate of economic inactivity. This reflects the attractiveness of the area to older and retired people as a high-quality place to live (including those of working-age who are retired and those of retirement age choosing to remain in work). This demographic imbalance and lower rate of economic activity places pressure on the County in terms of its declining workforce which raises fundamentally important implications in terms of the latent growth potential the local economy. This indicates a need for new, high value and more diverse employment opportunities to be created in the County that will help retain working age residents and attract the same from

neighbouring authorities. Measures to help rebalance Monmouthshire's socio-demographic profile should form a core element of the emerging economic strategy.

- 4.43 Monmouthshire has a high value and high skills economy, as indicated by a higher proportion of its workers being employed in SOC major groups 1-3 than each of the comparator areas and the Welsh and English national averages, and the high level of educational attainment of its residents. In terms of its high educational attainment levels, the policy context indicated that Monmouthshire has numerous strong educational facilities, however it faces challenges in retaining its successful younger residents to stay in the County. Framing this in terms of Monmouthshire's age profile and high retirement rate indicates that Monmouthshire succeeds in attracting older residents to work, but struggles to retain a younger working age population.
- 4.44 Whilst Monmouthshire's high value and high skills economy provides a strong basis for future development and economic growth, this should be viewed in the context of the existing skills profile of residents in Monmouthshire and the reality that, although the local population is highly educated, there are some known skills gaps which may serve to limit the potential for future economic growth.
- 4.45 Monmouthshire's high gross weekly earnings for full time residents (compared to the comparator areas) reinforces the findings above that Monmouthshire's residents are highly skilled and work in high value occupations. However, median gross weekly earnings from those working in Monmouthshire are 11.8% lower than for those living in the authority area. This indicates that whilst Monmouthshire's residents are highly skilled, a high proportion are out-commuting to neighbouring authorities like Newport, Cardiff and Bristol. Greater job creation in more diverse sectors is required to encourage greater level of self-containment in the County. As well as contributing to the future growth of Monmouthshire's economy, this would enable MCC to meet other various aims, like reducing its carbon emissions, a significant proportion of which is attributed to residents commuting to work.
- 4.46 Whilst Monmouthshire generally enjoys very low levels of deprivation, specific challenges should not be disregarded. In particular, access to services is viewed as a particular area of concern. This largely reflects the rural nature of Monmouthshire and is reflected in the high level of leakage of expenditure from the local economy. Furthermore, Monmouthshire's increasing local demographic imbalance may undermine the viability of, and need for, provision of some service activities which are typically essential to upholding the vibrancy of towns and villages.
- 4.47 Going forward, efforts to revitalise local communities through the delivery of new housing, broaden the demographic profile of the local area and improve physical and digital accessibility would all contribute to an improvement in access to services.



## 5.0 Connectivity

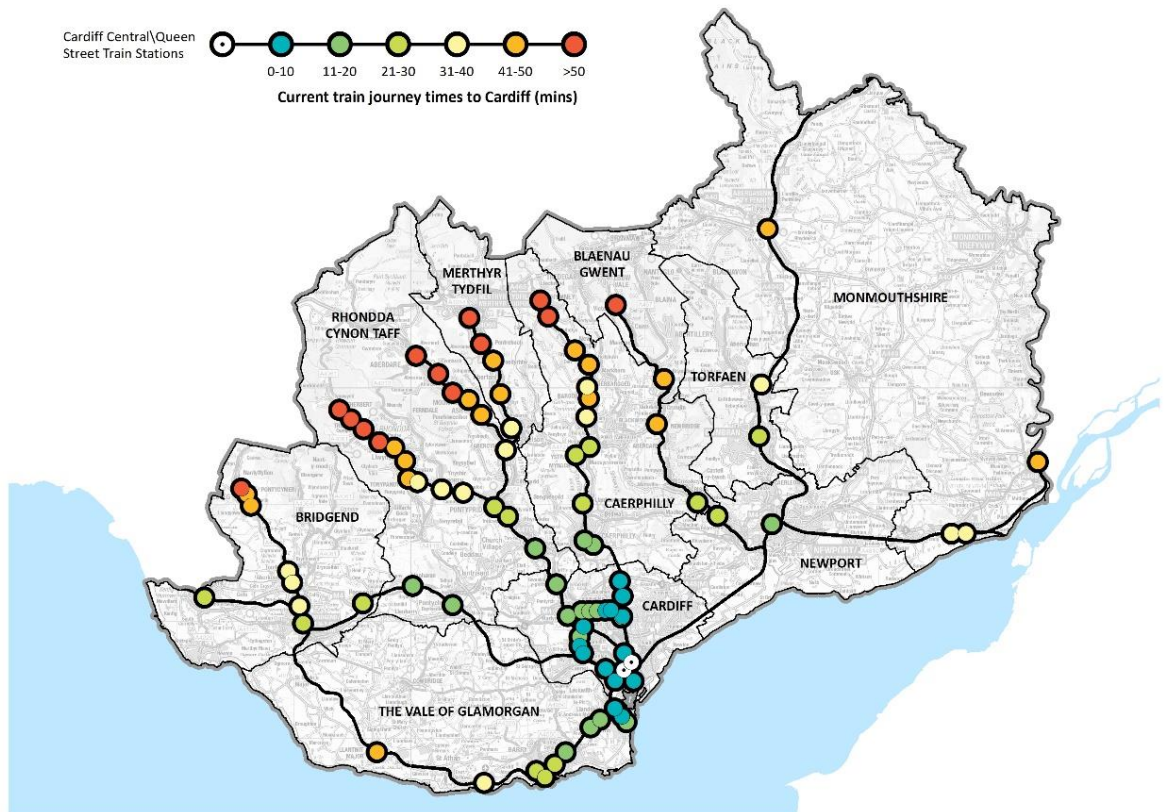
5.1 This section provides an overview of the physical and digital connectivity available to residents in Monmouthshire. A review of Monmouthshire’s physical connectivity considers public transport and highways connections within the County and to its neighbouring authorities, while the digital connectivity review shows varying access to broadband across the County and how this has changed in recent years.

### Physical connectivity

#### Rail network

5.2 Monmouthshire has four railway stations, as shown in Figure 5.1. These are located in Abergavenny, Caldicot, Chepstow, and the Severn Tunnel Junction. Whilst this is a limited number, they provide good connections to neighbouring hubs like Cardiff, Newport, Bristol, Gloucester, and Hereford.

Figure 5.1 Locations of train stations



Source: Lichfields review of National Rail Enquiries

5.3 Whilst Monmouthshire is served by rail to neighbouring authorities, these connections are lengthier than car journeys. For example, it takes c.25 minutes to drive from Chepstow to Bristol Parkway, but c.1 hour on the train. The Severn Tunnel Junction station is however well connected to the South West of England.

5.4 Despite having relatively good connections to neighbouring authorities and nearby cities, there is limited scope for easy rail connections across Monmouthshire. For example, there are no direct trains connecting Caldicot, Chepstow or the Severn Tunnel Junction to Abergavenny, with journey times varying from c.50 minutes to over an hour. These rail connections are made less reliable by the fact that trains tend to run on an hourly basis from Abergavenny to the train stations in the south of Monmouthshire, and that an anytime day return ticket costs £17.00.

5.5 Under the Cardiff Capital Region initiative, the South Wales Metro system is being developed to improve connectivity across the region. This will incorporate a combination of joined-up services using trains, buses and light rail. Monmouth was initially considered as a potential location to develop a light rail stop but plans for this were stalled in 2019. As such, investment in the South Wales Metro system will predominantly improve connections to the West of Cardiff to the Valleys region, rather than towards Monmouthshire.

### **Bus routes**

5.6 Similar to the rail network, there are limited bus services connecting Monmouthshire's towns to each other and to its more rural settlements. Monmouthshire Council's website indicates that most bus services in the County operate in and around Abergavenny, and a review indicates that these are infrequent services that operate with less than one bus per hour<sup>18</sup>. Busses in the south of the County are operated by Newport Bus, and connect Chepstow, Magor, Usk, Monmouth and Caldicot to Newport. There are also services operating within Chepstow town centre.

5.7 There is a direct bus connection from Chepstow to Monmouth (c.50 minutes), however there are no direct connections between Chepstow and Abergavenny and a bus journey will take almost two hours. Similarly, there are no direct bus connections between Caldicot and Abergavenny or Monmouth.

### **Car ownership**

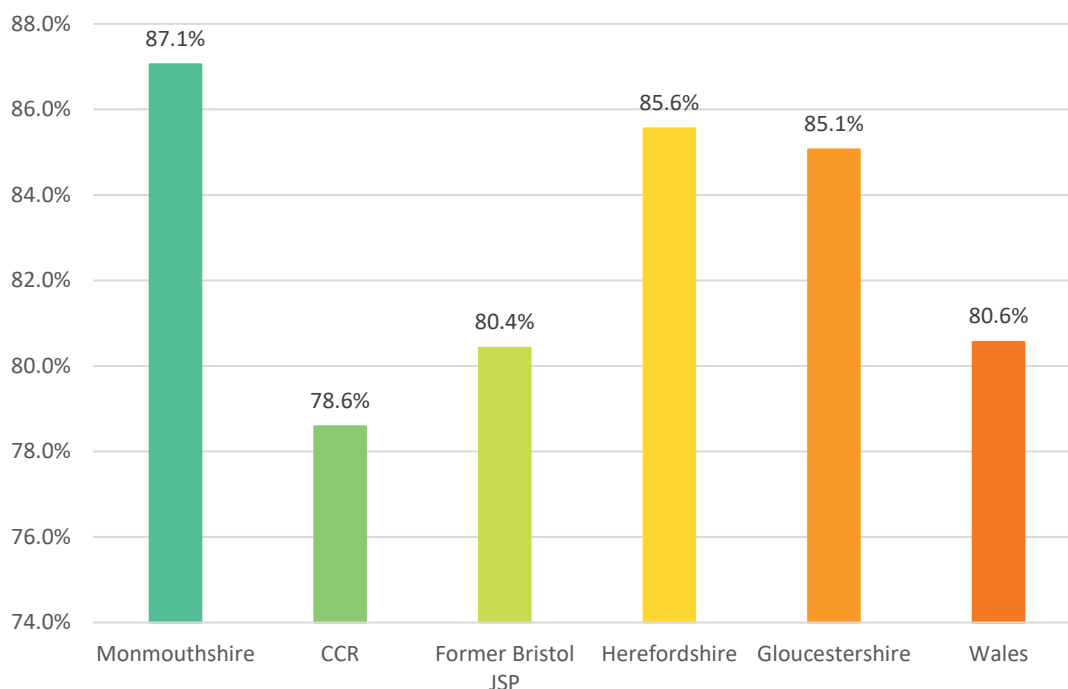
5.8 A higher proportion of households in Monmouthshire own one or more cars (87.1%) than each of the comparator areas, with a significantly higher proportion of households owning a car than Wales (80.6%) and the wider CCR area (78.6%). Monmouthshire's high car ownership rates could be attributed to a number of factors including:

- 1 Rural landscape and smaller towns with fewer amenities in close proximity to settlements;
- 2 Limited access to public transportation connecting Monmouthshire's main towns, within and extending beyond the County's boundaries;
- 3 High proportion of residents out-commuting for work; and,
- 4 High earning residents having greater access to car ownership than lower paid workers and residents in neighbouring local authorities.

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<sup>18</sup> <https://www.monmouthshire.gov.uk/buses-trains/bus-timetables-2/>

Figure 5.2 Car ownership by household



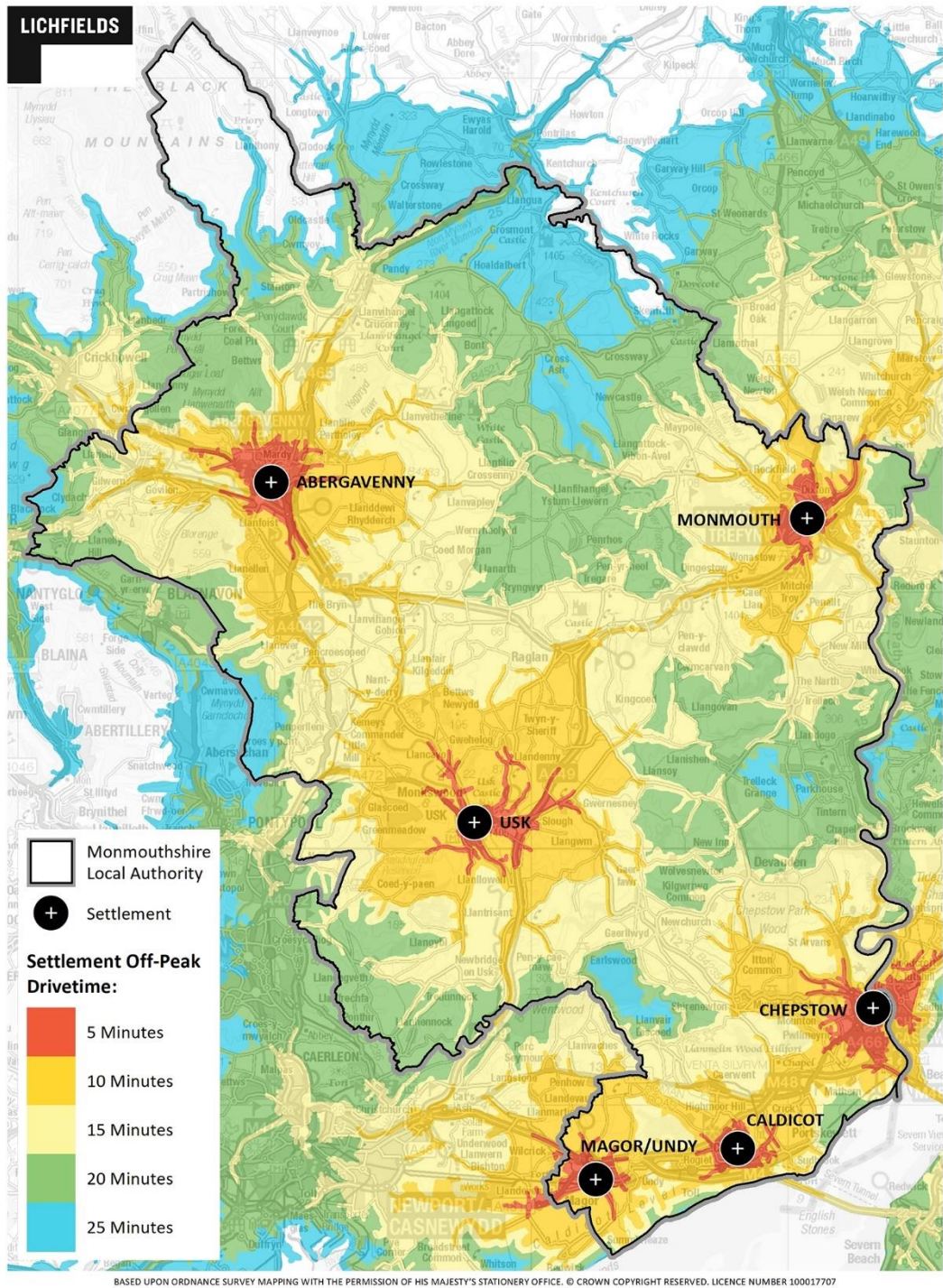
Source: Lichfields analysis of Census 2021 (SM008)

## Road network

- 5.9 There are only two motorways servicing Monmouthshire: the M4 connecting Cardiff to the second Severn Crossing and the M48 connecting Chepstow to the Severn Crossing. These motorways provide strong connections to Monmouthshire’s neighbouring authorities. However, these are most beneficial to Caldicot and Chepstow, rather than Abergavenny and Monmouth. There are a number of trunk roads connecting Monmouthshire’s towns but congestion around the main settlements has an adverse impact on journey times. A consequence of the limited nature of highway connections across Monmouthshire is that key roads (including those outside of the settlements) are highly congested, which further impacts on connectivity between Monmouthshire and key centres like Cardiff<sup>19</sup>.
- 5.10 The removal of the need to pay a toll at the Severn Road Bridge and Second Severn Crossing has improved access to South West England, both for Monmouthshire’s in and out commuters. This labour market benefit may well translate into business and trade benefits in future years.

<sup>19</sup> Monmouthshire County Council Local Transport Plan: <https://www.monmouthshire.gov.uk/app/uploads/2015/07/MLTP-MASTER-v1-1.pdf>

Figure 5.3 Off-peak drive times from main settlements in Monmouthshire



Source: Experian (2023)

## Commuting

5.11

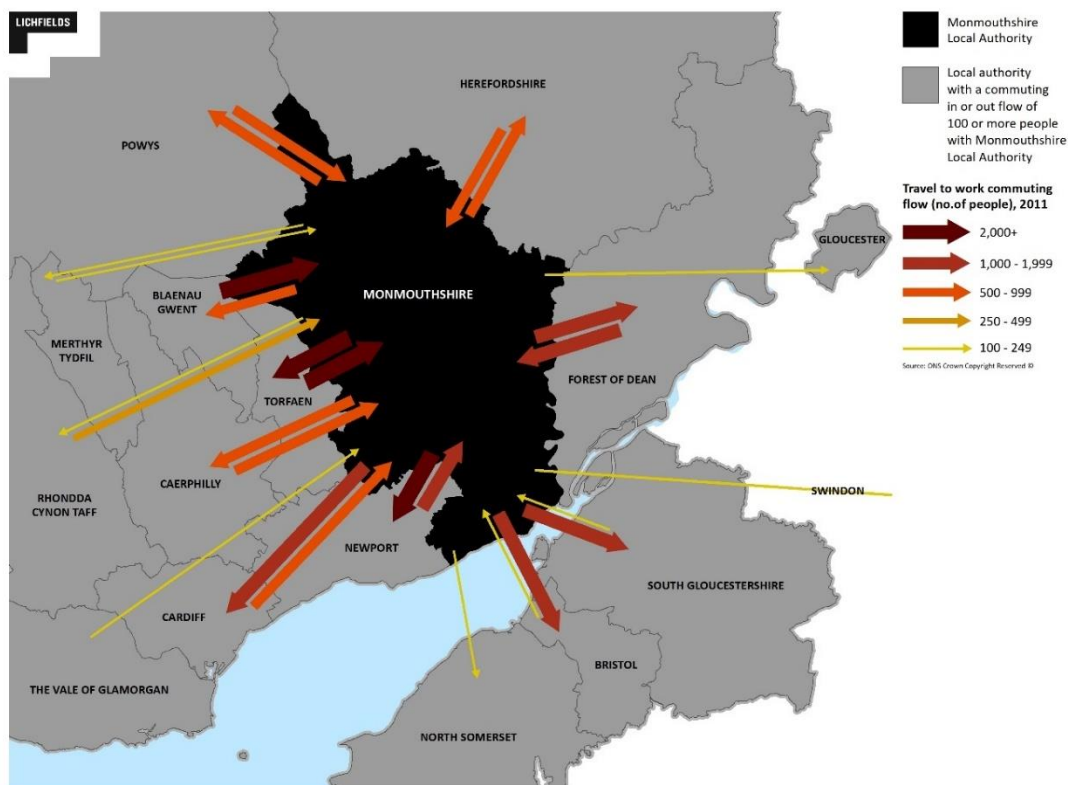
Data relating to commuting trends is provided every ten years in the census. Whilst ONS has released a considerable volume of data from the 2021 Census, it has not yet published any information relating to commuting trends at the time of writing. It is further noted that



the published Census data release programme (which covers the period to November 2023) does not include any reference to commuting data. In the light of this, the analysis set out below draws on the 2011 Census. It should be noted that the trends that are detailed are likely to have changed as a result of wider changes such as the abolition of the Severn Bridge tolls and increased levels of homeworking following the COVID-19 pandemic. The economic strategy should take account of the 2021 Census data if this is available at the time of preparation.

5.12 In 2011, Monmouthshire attracted a total of 12,995 in-commuters (46.0% of 28,261 workers) and generated 17,609 out-commuters (53.6% of 32,875 residents). This resulted in a net total of 4,614 out-commuters<sup>20</sup> – equivalent to 14.0% of the resident workforce. By way of context, of the 21 authorities that form the comparator areas, 12 authorities experience net out-commuting whilst nine experience net in-commuting. The highest relative levels of net out-commuting are in Forest of Dean (equivalent to 28.5% of resident workforce), Caerphilly (28.0%) and Vale of Glamorgan (26.9%). In each case, the proximity and connectivity to larger centres (Bristol in the case of Forest of Dean and Cardiff in the case of Caerphilly and Vale of Glamorgan) is a key factor.

Figure 5.4 Commuting trends for Monmouthshire



Source: Census 2011 (WU02UK)

5.13 As illustrated in Figure 5.4, Monmouthshire has complex commuting relationships with its neighbouring areas and this profile has an important bearing on the economic characteristics of Monmouthshire. The County has large commuting flows in both

<sup>20</sup> 2011 Census

directions with a number of surrounding authorities. Key destinations for its residents include:

Table 5.1 Destination of out-commuters from Monmouthshire (>1,000 people)

Destination	Number of workers living in Monmouthshire	% out-commuting from Monmouthshire
Newport	3,985	22.6%
Torfaen	2,289	13.0%
Cardiff	1,754	10.0%
South Gloucestershire	1,474	8.4%
Bristol	1,303	7.1%
Forest of Dean	1,070	6.1%

Source: 2011 Census

5.14 The key places of residence for those people that commute to Monmouthshire include:

Table 5.2 Origin of in-commuters to Monmouthshire

Origin	Number of residents working in Monmouthshire	% in-commuting to Monmouthshire
Torfaen	2,459	18.9%
Blaenau Gwent	2,279	17.5%
Newport	1,803	13.9%
Forest of Dean	1,661	12.8%

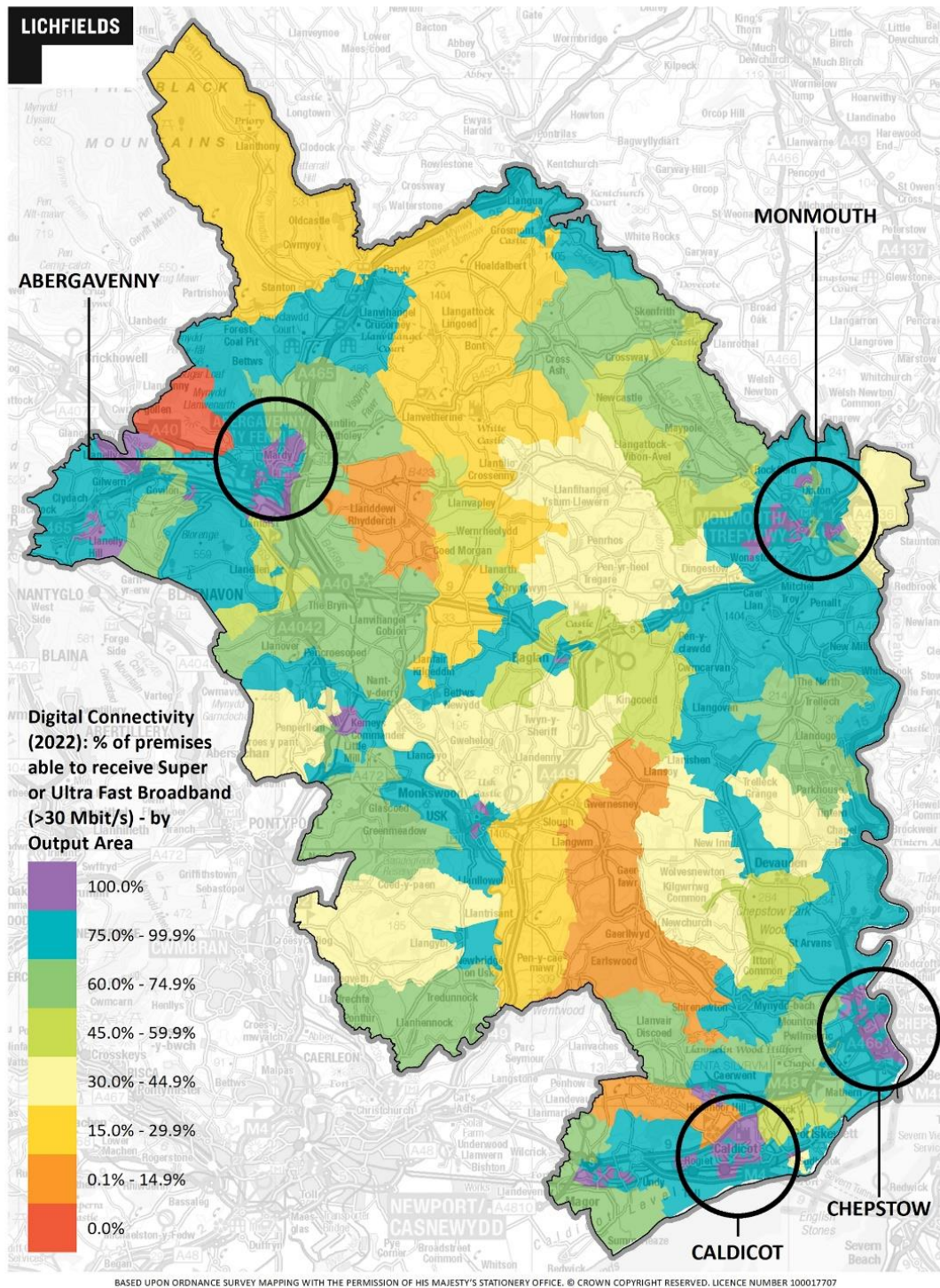
Source: Census 2011

5.15 This data indicates that Newport accounts for the highest proportion of Monmouthshire’s out-commuting flows whilst Torfaen attracts for the greatest proportion of its in-commuters. Monmouthshire has the strongest commuting relationships with Newport, Torfaen, and the Forest of Dean.

## Digital connectivity

5.16 Strong digital connectivity is vital for driving business growth in the local economy. Poor access to digital connectivity is a restricting factor that hinders the ability of existing and emerging businesses to establish themselves in certain areas, thereby affecting a local authority’s ability to attract business, create employment opportunities and to drive future economic growth. Figure 5.5 shows that outside of outside of the four main settlements of Monmouthshire, Abergavenny, Chepstow and Caldicot, few areas have 100% of premises able to access super-fast broadband (SFBB) and ultra-fast broadband (UFBB). Even within the main settlements, there are number of output areas where not all premises have access to SFBB and UFBB.

Figure 5.5 Digital connectivity in Monmouthshire 2022



Source: Ofcom Connected Nations Survey 2022

5.17

Access to SFBB and UFBB varies across Monmouthshire, with a high proportion of output areas containing premises where fewer 60.0% of premises have access to SFBB or UFBB. Through an analysis of Ofcom data the House of Commons Research Briefing Paper

*Gigabit-broadband in the UK: Government targets and policy*<sup>21</sup> provides a comparison of Monmouth a number of broadband indicators in the Monmouthshire constituency (including urban and rural area split) to Wales and the UK. This shows how the local in respect of digital connectivity is worse than cross Wales and the UK and that, furthermore, there are significant variations in the level of connectivity in the rural and urban parts of Monmouthshire.

Table 5.3 Broadband coverage and speeds in Monmouthshire constituency, Wales and UK

Area	Av. download speed (Mbps)	Superfast availability	Receiving under 10 Mbps	Receiving over 30 Mbps
Monmouthshire	56.1	86.7%	14.0%	68.0%
- Urban areas	62.2	97.7%	8.9%	75.1%
- Rural areas	47.2	70.5%	21.5%	57.7%
Wales	69.5	94.2%	9.0%	76.3%
UK	86.5	95.6%	7.0%	78.2%

Source: House of Commons Research Briefing Paper quoted in MCC Rural Broadband Update – January 2023<sup>22</sup>.

Note: c.58.9% of Monmouthshire constituency defined as rural

5.18

The analysis also found that some of the most rural parts of Monmouthshire, such as Raglan and Llantillio Crossenny, are amongst the worst 10% of areas in the UK in relation to many measures of broadband connectivity:

Table 5.4 Broadband coverage and speeds in Monmouthshire constituency, Wales and UK

Area	Av. download speed (Mbps)	Superfast availability	Receiving under 10 Mbps	Receiving over 30 Mbps
Abergavenny North	45.6	99.4%	7.8%	72.3%
Abergavenny South and Crucorney	42.6	86.4%	14.1%	62.1%
Caldicot North and Caerwent	45.5	80.6%	14.4%	65.8%
Chepstow North and Trellech	69.8	80.6%	17.8%	64.3%
Chepstow South	61.0	99.8%	6.4%	83.2%
Croesyceiliog	86.1	97.8%	10.6%	79.0%
Gilwern and Llanfoist	45.8	88.2%	11.5%	65.8%
Llantarnum and Oakfield	78.3	95.8%	12.1%	83.7%
Monmouth and Wyesham	60.3	94.0%	11.3%	69.9%
Raglan and Llantillio Crossenny	44.1	54.2%	33.1%	44.6%

<sup>21</sup> [CBP-8392.pdf \(parliament.uk\)](https://www.parliament.uk/publications/2021/cbp-8392)

<sup>22</sup> [230112 Place Scrutiny Committee Rural Broadband Update.pdf \(monmouthshire.gov.uk\)](https://www.monmouthshire.gov.uk/230112-Place-Scrutiny-Committee-Rural-Broadband-Update.pdf)



Area	Av. download speed (Mbps)	Superfast availability	Receiving under 10 Mbps	Receiving over 30 Mbps
Usk, Goytre and Llangybi Fawr	53.2	75.4%	15.4%	65.1%
Worst 10% areas in UK	Worst 30% areas in UK	Best 30% areas in UK	Best 10% areas in UK	

Source: House of Commons Research Briefing Paper quoted in MCC Rural Broadband Update – January 2023<sup>23</sup>.

5.19 Improving access to strong digital connectivity in rural areas is increasingly important as businesses seek to reduce costs by utilising digitised public services and other online platforms. Investing in digital connectivity across Monmouthshire would increase the County’s attractiveness to larger businesses and make working remotely a feasible option for residents living in more rural areas.

### Implications

5.20 Monmouthshire benefits from good road connections to its neighbouring authorities and economic hubs. However, internal highway connections across the County are somewhat limited which results in congestion around Monmouthshire’s main towns and along the M4 corridor in particular. This is a particularly relevant issue for Monmouthshire given its high rates of in- and out-commuting and the location of key manufacturing and other industrial businesses along the M4 corridor between Caldicot and Chepstow which rely on good connectivity.

5.21 Monmouthshire is also constrained by its poor public transport connections, both within the County and with its neighbouring authorities. Whilst there are some good rail connections from the Severn Tunnel Junction to Bristol, Cardiff and Newport, Monmouthshire’s larger towns have no direct rail connections to the South West of England. Poor rail and bus connections across the County also likely contribute to challenges facing businesses seeking to expand in Monmouthshire that have to rely on workers living locally or having reliable access to a car. This is likely a contributing factor to Monmouthshire’s high car ownership rates (alongside other factors), which restricts the number of people able to afford to live in Monmouthshire and subsequently, the types of employment opportunities likely to be pursued. Whilst public transport in the wider CCR area is being heavily invested in under the South Wales Metro scheme, this investment is more focused to the West of Cardiff towards the Valleys, rather than to Monmouthshire.

5.22 In considering investments to improve Monmouthshire’s public transport connections in particular, it is important to consider that strong connections can serve to increase out-commuting, something that is already a defining feature of Monmouthshire’s local economy. However, whilst they may be potential economic risks relating to transport improvements, in that a higher proportion of residents may choose to out-commute, potential benefits in terms of stimulating business growth through targeted transport investment are likely to outweigh such risks. Improved transport connections would increase the investment attractiveness of the area for businesses and developers which would yield an increase in both business and employment growth.

<sup>23</sup> [230112 Place Scrutiny Committee Rural Broadband Update.pdf \(monmouthshire.gov.uk\)](#)

- 5.23      There has been a significant investment into improving Monmouthshire's digital connectivity over recent years. However, large pockets of poor broadband coverage remain and these gaps in provision need to be addressed in improve Monmouthshire's overall attractiveness for businesses and workers.

## 6.0 **Employment and business profile**

### **Introduction**

- 6.1 An understanding of the economic profile of Monmouthshire can be enhanced through the identification of key sectors that make the most significant contribution in terms of employment and economic output (GVA). This section provides a review of the structure of Monmouthshire's economy relative to the wider areas of South East Wales and West of England. Consideration is also given to historical changes in the Monmouthshire economy over time in order to identify those sectors that have performed particularly strongly in addition to those that make the largest contribution to the county's economy.
- 6.2 It should be noted that the analysis set out in this section makes use of secondary business data issued by ONS and Experian. This relies on business information being presented using Standard Industrial Classification (SIC). Whilst the SIC system provides an important means by which to understand the business profile of an area, there are limitations in terms of how the classifications can capture the whole economic contribution of different business types. For example, whilst the system can measure the number of businesses (or employees) directly operating in tourism and related services, it cannot capture the economic impact of tourism expenditure in any given area. Consequently, these limitations should be considered when interpreting the data set out in this section.

### **Context**

- 6.3 In 2022, there were a total of 41,700 jobs based in Monmouthshire<sup>24</sup>. This accounts for just 5.8% of the total number of jobs in the CCR area. In employment terms, Monmouthshire is the fourth smallest economy in the CCR area, after Blaenau Gwent, Merthyr Tydfil and Torfaen. Whilst it is mid-ranking in the CCR area terms of GVA generation (total £2.09 billion in 2022), it performs well in terms of GVA per job, with a figure of £50,129/job – the third highest in the area after Cardiff (£53,722/job) and Bridgend (£51,462/job).
- 6.4 In respect of the other comparator areas, the differences between Monmouthshire and Herefordshire are particularly noteworthy given that, in many other respects, the economies of the two areas share common characteristics. Data provided by Experian shows that Herefordshire had a total of 98,500 jobs in 2022 – 2.4 times the figure for Monmouthshire – and its economy was worth £3.89 billion – approximately double the figure for Monmouthshire. However, the GVA per job was 20% lower than Monmouthshire at £39,520/job.

### **Employment**

- 6.5 A review of Experian SIC-based data shows that the broad sectors of health, accommodation & food, retail and professional service are particularly significant in

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<sup>24</sup> Experian, 2023.

Monmouthshire and account for 37.2% total employment, compared to 30.8% in the CCR area and 31.9% in the former Bristol JSP area. Of these sectors:

- 1 Health, accommodation and food employ a greater proportion of the workforce in Monmouthshire relative to the comparator areas.
- 2 Retail employs a similar proportion of the workforce in Monmouthshire as in the CCR area, and more than in the former Bristol JSP area and Gloucestershire but a lower proportion than in Herefordshire.
- 3 The professional service sector provides a higher proportion of total jobs in Monmouthshire than in the CCR area and Gloucestershire but a lower proportion than in the former Bristol JSP area and Herefordshire.

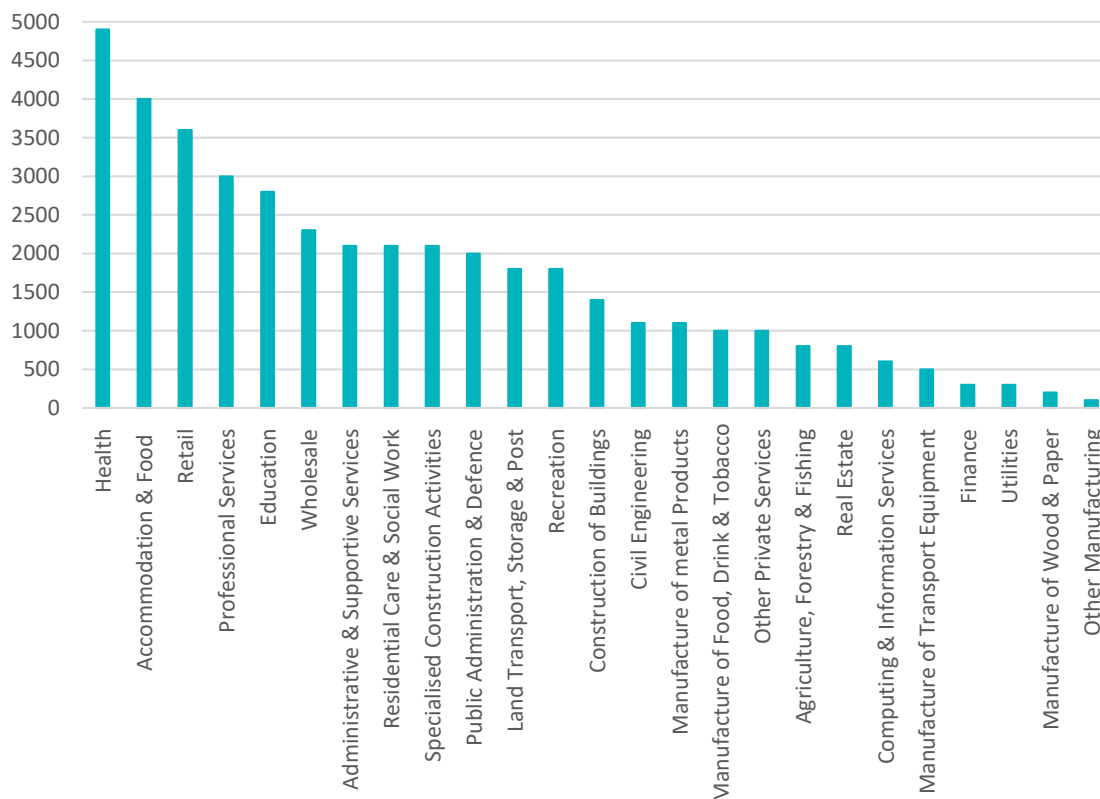
6.6 It is important to note, however, that the sectors identified in points one to three above account for a total of 15,500 jobs in Monmouthshire compared to 221,600 in the much larger CCR area (ten authorities) and 236,100 jobs in the former Bristol JSP area (four authorities). Of perhaps greater interest is the fact that these sectors account for 29,700 jobs in Herefordshire – almost double the figure for Monmouthshire. Therefore, whilst of proportionately greater importance, this should be viewed in the context of the limited scale of the local economy compared to that of the comparator areas.

6.7 Sectors that make a less significant contribution to total employment in Monmouthshire compared to the adjoining areas include:

- 1 Administration and support services: accounts for 5.0% employment in Monmouthshire, which is still significantly less than the 6.7% in Herefordshire, 9.7% in Gloucestershire, 8.9% in the CCR area and 10.7% in the former Bristol JSP area. Whilst these differences reflect the comparative scale of the commercial centres in each area this is nevertheless the seventh largest sector in Monmouthshire in employment terms.
- 2 Education: accounts for 6.7% of employment in Monmouthshire which is again reasonably high but lower than in each of the adjoining areas – 7.4% in Herefordshire, 7.9% in Gloucestershire, 8.6% in the former Bristol JSP area and 9.5% in the CCR area. Whilst education is the fifth largest sector in Monmouthshire, this comparatively low position is likely to reflect the demographic profile of Monmouthshire and its smaller proportion of younger people than the comparator areas.
- 3 Finance: accounts for just 0.7% of employment in Monmouthshire and 1.0% in Herefordshire. The sector makes a higher contribution to total employment in the CCR area (1.5%), Gloucestershire (1.9%) and the former Bristol JSP area (2.7%).
- 4 Utilities: accounts for 0.7% of employment in Monmouthshire which is closely aligned to the 0.8% in Herefordshire but lags behind the other areas (former Bristol JSP area: 1.4%, Gloucestershire: 1.5% and CCR: 1.6%).

6.8 The sectors identified in points one to four above collectively accounted for 5,500 jobs in Monmouthshire, compared to 15,700 in Herefordshire, 154,700 in the CCR area and 173,100 in the former Bristol JSP area.

Figure 6.1 Employment by sector in Monmouthshire (2022)

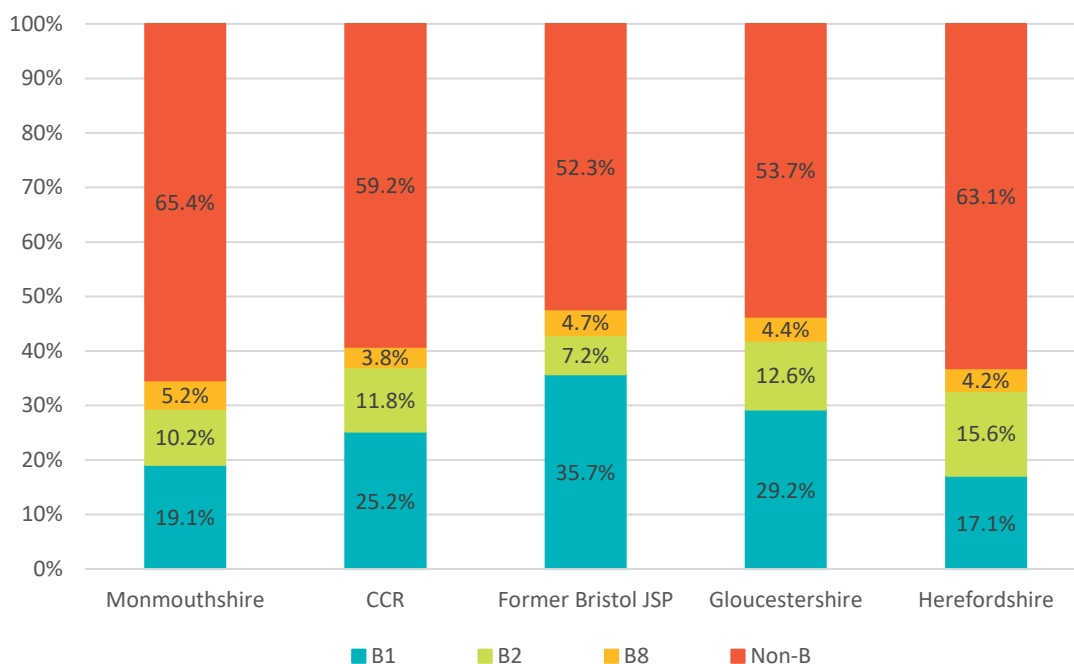


Source: Lichfields analysis of Experian data (March 2022 data release)

- 6.9 The contribution of different sectors to total employment can be further understood by identifying the level of employment in each of the B Classes (and non-B Class sectors)<sup>25</sup>. Monmouthshire has lower share of employment in Class B1 activities (19.1% compared to 25.2% in the CCR area, 29.2% in Gloucestershire and 35.7% in the former Bristol JSP area). Only Herefordshire had a lower proportion of B use employment (17.1%). Monmouthshire’s relatively lower proportion of employment of B1 type activities broadly reflects the fact that many B1 businesses will be attracted to larger urban areas. As a predominantly rural county with relatively smaller settlements, it is unsurprising that B1 employment is lower than other parts of the CCR.
- 6.10 Conversely, Monmouthshire has a higher proportion of employment in non-B Class activities (65.4% compared to 63.1% in Herefordshire, 52.3% in the former Bristol JSP area, 53.7% in Gloucestershire and 59.2% in the CCR area). This reflects the range of service-based functions provided by businesses in Monmouthshire which typically do not require premises traditionally classified as office or industrial space.

<sup>25</sup> Analysis based on former B1 sectors in England: B use class definitions are provided in the Glossary set out at the beginning of this report.

Figure 6.2 Share of total employment by B Class sector (2022)



Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

## Employment change

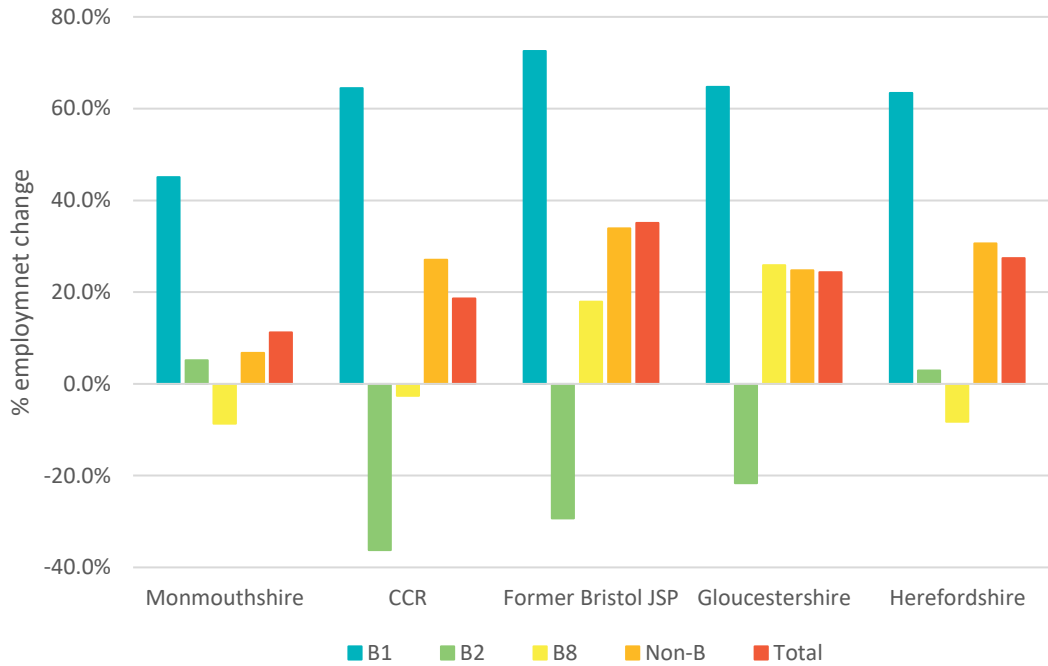
- 6.11 A review of long-term growth patterns between 1997 and 2022 shows that employment in Monmouthshire grew at a lower rate when compared to each of the neighbouring areas. Indeed, the County experienced substantially lower rates of growth in the B1<sup>26</sup> and non-B Class sectors and a higher rate of decline in B8<sup>27</sup> employment. Given that the growth was from a smaller base, the lower rate of change is particularly significant. However, it experienced the highest rate of growth in B2<sup>28</sup> employment which reflects the latent strength of the area as a niche industrial location.
- 6.12 It should be highlighted that a decline in some types of employment (e.g. B8 – warehousing) does not necessarily equate to a drop in demand or business need for these activities. As is explored elsewhere in this report, constraints to the ongoing operation or growth of some activities may be present. In particular, this may include a shortfall in the supply of readily available premises required to meet business needs.

<sup>26</sup> Business activities that take place within offices, research and development, or any industrial process (which can be carried out in any residential area without causing detriment to the amenity of the area)

<sup>27</sup> Use for storage or as a distribution centre

<sup>28</sup> Industrial process other than that falling within Class B1

Figure 6.3 Change in employment type by use class in Monmouthshire and comparator areas from 1997 to 2022

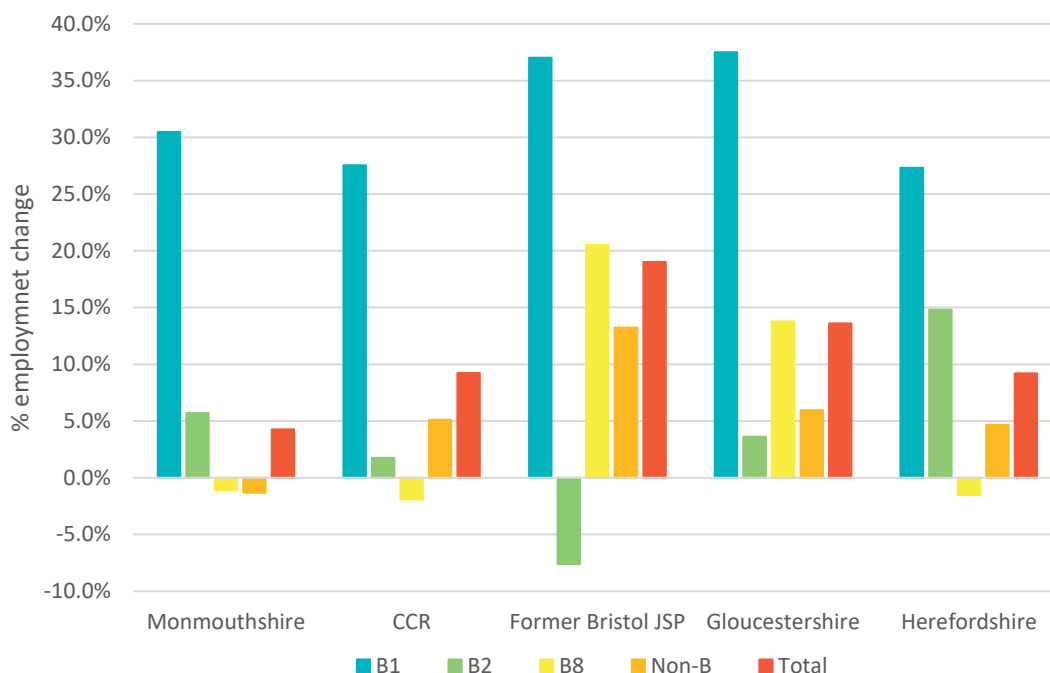


Source: Lichfields analysis of Experian data (March 2022 data release)  
 Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

6.13

Over the ten years between 2012 and 2022, Monmouthshire experienced the lowest rate of overall employment growth but conversely, the highest rate of growth in employment in B2 activities. Growth in B1 based sectors was much more closely aligned with the adjoining areas. Employment in B8 fell marginally over this period which may be partly explained by constraints in the ready supply of suitable premises.

Figure 6.4 Change in employment type by use class in Monmouthshire and comparator areas from 2012 to 2022



Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

## GVA

6.14 A review of GVA data provided by Experian reveals a slightly different picture to the employment analysis presented above in terms of performance of key sectors. The GVA data for Monmouthshire indicates that real estate, the manufacture of food & drink, civil engineering, health, public administration, administration & support services and education being the most dominant sectors in terms of economic output. Collectively they account for over 59% of total GVA. This compares to a contribution of 41.5% in Herefordshire, 33.6% in Gloucestershire and the former Bristol JSP area and 40.4% in the CCR area. However, this relative share should again be viewed in the context of the overall size of the economy, as summarised above.

6.15 It is noted that attendees at the business engagement event expressed some surprise regarding the relative significance of the ‘real estate’ sector in Monmouthshire. This sector<sup>29</sup> employs 800 people in Monmouthshire (1.9% of total employment), compared to 1,400 in Herefordshire and generates £380 million GVA in Monmouthshire compared to £660 million in Herefordshire. This equates to 18.2% of Monmouthshire’s total GVA, compared to 11.1% in the CCR, 12.7% in the former Bristol JSP area, 12.8% in Gloucestershire and 17.0% in Herefordshire. It is important to note that the ‘real estate sector’ is broadly defined in statistical terms which has the effect of capturing a wide range of property-related

<sup>29</sup> Experian include the following activities within the real estate sector: SIC 68100 : Buying and selling of own real estate, SIC 68201 : Renting and operating of Housing Association real estate, SIC 68202 : Letting and operating of conference and exhibition centres, SIC 68209 : Letting and operating of own or leased real estate (other than Housing Association real estate and conference and exhibition services), SIC 68310 : Real estate agencies and SIC 68320 : Management of real estate on a fee or contract basis

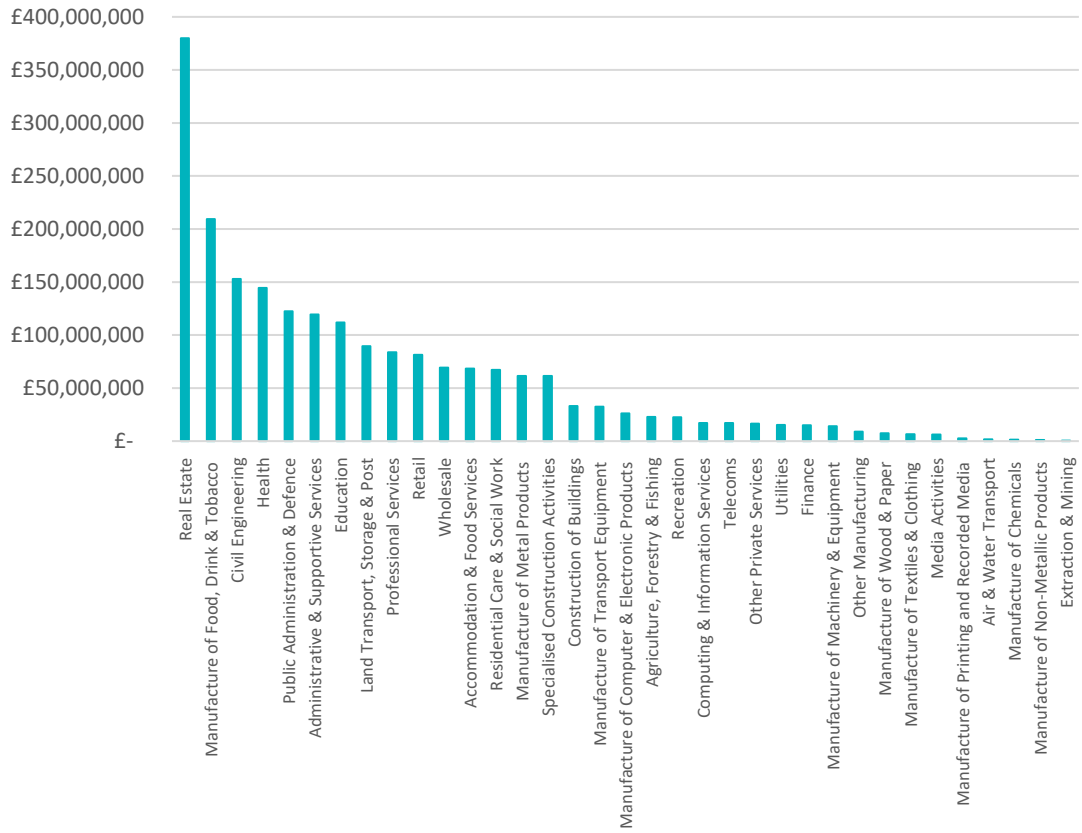


activities. Given the overall scale of the Monmouthshire economy, the prominence of one sector relative to others can be influenced by individual statistical outliers.

6.16 By contrast, sectors that less represented in Monmouthshire in terms of their contribution to GVA compared to adjoining areas include:

- 1 Utilities: accounting for 0.7% of GVA in Monmouthshire compared to 2.4% in Herefordshire, 3.3% in Gloucestershire, 3.6% in the former Bristol JSP area, and 5.2% in the CCR area.
- 2 Finance: again, accounting for just 0.7% of GVA in Monmouthshire – the same proportion as in Herefordshire) but 3.1% Gloucestershire, 3.6% in the CCR area and 4.0% in the former Bristol JSP area.
- 3 Computing and information services: accounts for 0.8% of GVA in Monmouthshire, compared to 1.2% in the CCR area, 1.7% in Herefordshire and 3.3% in the former Bristol JSP area and 3.8% in Gloucestershire. Given the constraints of the SIC classification system, it is possible that the data under-estimates the scale of computing, information and digital related services. This is because such activities typically support other types of businesses, and their counting can get 'lost' in the sector to which the services are provided.

Figure 6.5 GVA by sector in Monmouthshire (2022)

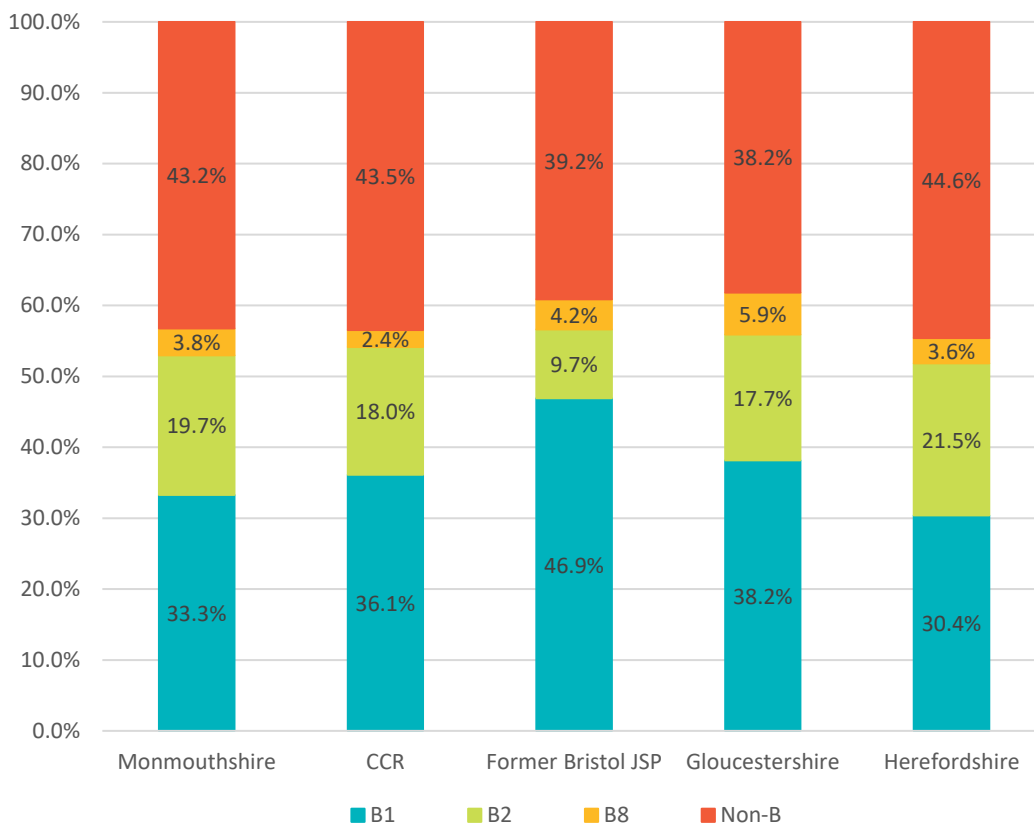


Source: Lichfields analysis of Experian data (March 2022 data release)

6.17

As was the case for employment in B class sectors, Monmouthshire has a lower share of GVA in Class B1 activities (33.3% compared to 36.1% in the CCR area, 38.2% in Gloucestershire and 46.9% in the former Bristol JSP area). The differentials in relation to non-B sectors are lower but the GVA associated with these activities in Monmouthshire (43.2%) is higher than in the former Bristol JSP area (39.2%) and Gloucestershire (38.2%) but slightly lower than in the CCR area (43.5%) and Herefordshire (44.6%).

Figure 6.6 Share of total GVA by B Class sector (2022)



Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

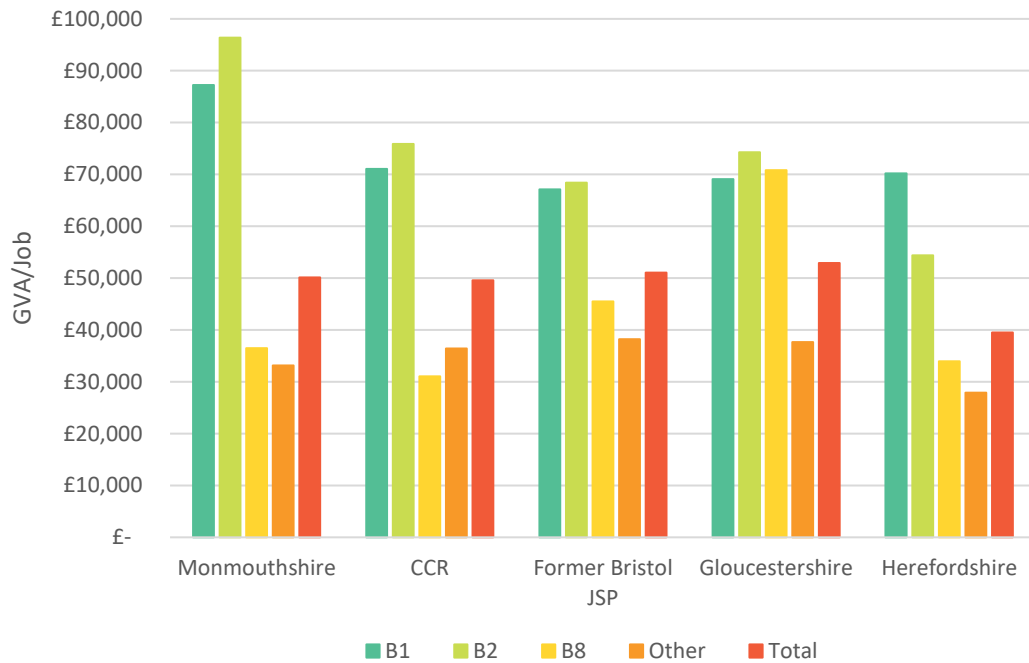
### Productivity (GVA/job)

6.18 Productivity in Monmouthshire (£50,129 GVA/job) is reasonably comparable to the CCR area (£49,602), former Bristol JSP area (£51,042) and Gloucestershire (£52,923). However, Monmouthshire (and the other areas) significantly outperform Herefordshire, where productivity is lower at £39,520 per job.

6.19 Despite overall averages described above, Monmouthshire’s productivity in B1 and B2 sectors is significantly higher when compared to each of the comparator areas. This highlights the opportunity that exists to grow the local economy by concentrating on the continued growth of and support for businesses that require industrial and supporting office space.

6.20 Based on our review of the existing employment stock, ensuring an adequate supply of land and premises will be critical to enabling the growth of and investment in these business types.

Figure 6.7 GVA per job in Monmouthshire and comparator areas by employment use class



Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

### GVA change

6.21

A review of long-term growth between 1997 and 2022 shows that total GVA in Monmouthshire grew by 43.8% – a higher rate than each of the neighbouring areas. This rate of increase was driven by the very high level of growth in GVA in B1 and particularly B2 sectors. This further reflects and underlines the strength of Monmouthshire as an important location for a range of niche industrial activities.

Figure 6.8 Change in GVA from 1997 to 2022 by employment use class



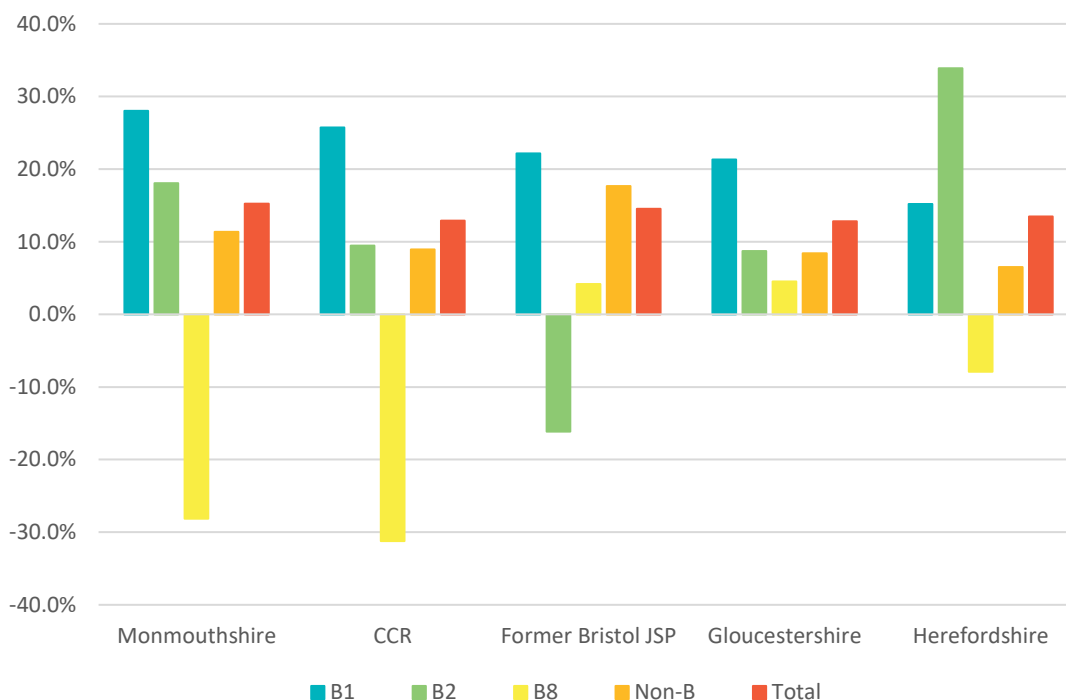
Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

6.22

Over the ten year period between 2012 and 2022, growth in GVA was again much higher than growth in employment and Monmouthshire enjoyed the highest level of overall GVA growth. It also experienced the highest level of growth in B1, B2 (except for Herefordshire) and non-B GVA. This again underlines the robustness of the local economy and the potential for future growth, particularly within the B1 and B2 sectors.

Figure 6.9 GVA change from 2012 to 2022



Source: Lichfields analysis of Experian data (March 2022 data release)

Note: Reference to B1 relates to the former B1 sectors in the English comparator areas

## Business demography

6.23

In 2022, there were 4,575 VAT and/or PAYE registered enterprises in Monmouthshire, equivalent to 10.1% of the total in the CCR city-region<sup>30</sup>. This is almost double the share to total employment in the CCR area and equates to 84 enterprises per 1,000 residents aged 16-64 in Monmouthshire – higher than each of the comparator areas other than Herefordshire (with 97.7 business per 1,000 working aged residents). The relative number of enterprises in Monmouthshire is significantly higher than the wider CCR area which has an average of 47.3 enterprises per 1,000 working age residents. This high level enterprise activity in Monmouthshire relative to the rest of the CCR clearly demonstrates the County’s entrepreneurial culture and its attractiveness to innovative small businesses including sole traders (some of which may be semi-retired).

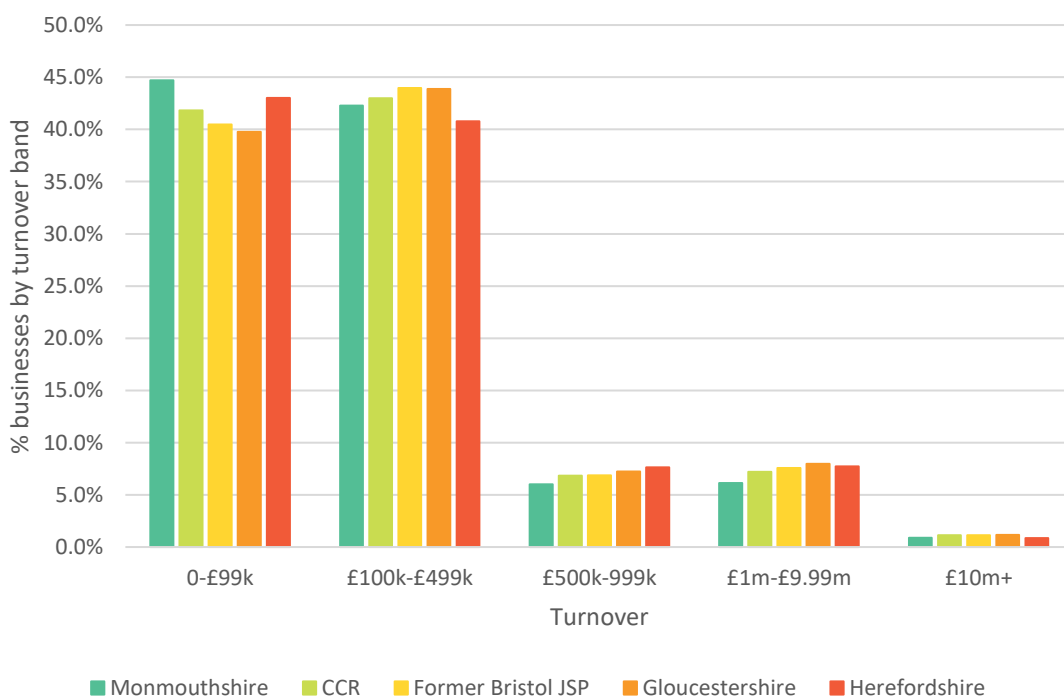
6.24

The overwhelming majority of businesses operating in Monmouthshire are small scale, with 44.7% of all businesses operating with a turnover of £0-99,000 per annum and with 0-9 employees (91.6%). Small businesses (measured by both turnover and employee numbers) account for a higher proportion of businesses in Monmouthshire than the comparator areas. In turn, there are fewer medium-sized businesses (measured by 50-249 employees) in Monmouthshire (1.1%) than the CCR area (1.7%) and Bristol JSP area (1.6%). However, very large businesses (with 250+ employees) account for a similar proportion of total businesses in Monmouthshire (0.3%) as in the CCR area (0.4%) and the Bristol JSP area (0.4%). The same is also the case for very large businesses measured by turnover (£10m+) (0.9%) to the CCR area (1.1%) and Bristol JSP area (1.1%).

<sup>30</sup> Experian, 2023.

6.25 Whilst the vast majority of business in Monmouthshire are micro-sized in nature, it is unlikely that these businesses account for an equivalent proportion of economic output /GVA. This is simply explained by the fact that the productive capacity (labour, capital and land) of the County is spread across all types and sizes of businesses with larger firms inevitably accounting for significant chunks of economic output. However, small businesses with less than 10 employees generate a significant proportion of GVA, which we estimate to be around 30% of total economic output<sup>31</sup>. This reflects the strong entrepreneurial characteristics of Monmouthshire labour force and the obvious draw the County has to innovative, knowledge-intensive workers (which includes semi-retired people).

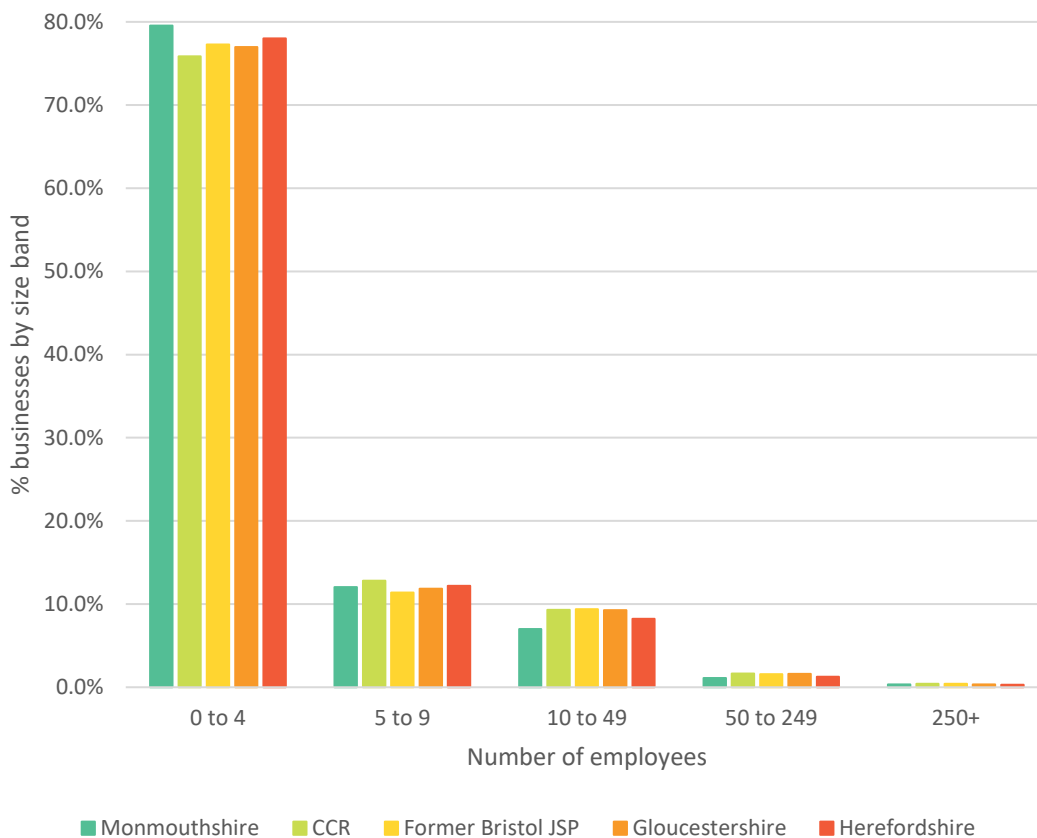
Figure 6.10 Proportion of businesses by turnover band



Source: ONS IDBR

<sup>31</sup> Estimate subject to verification. Relevant IDBR data was unavailable at time of writing.

Figure 6.11 Proportion of businesses by size band



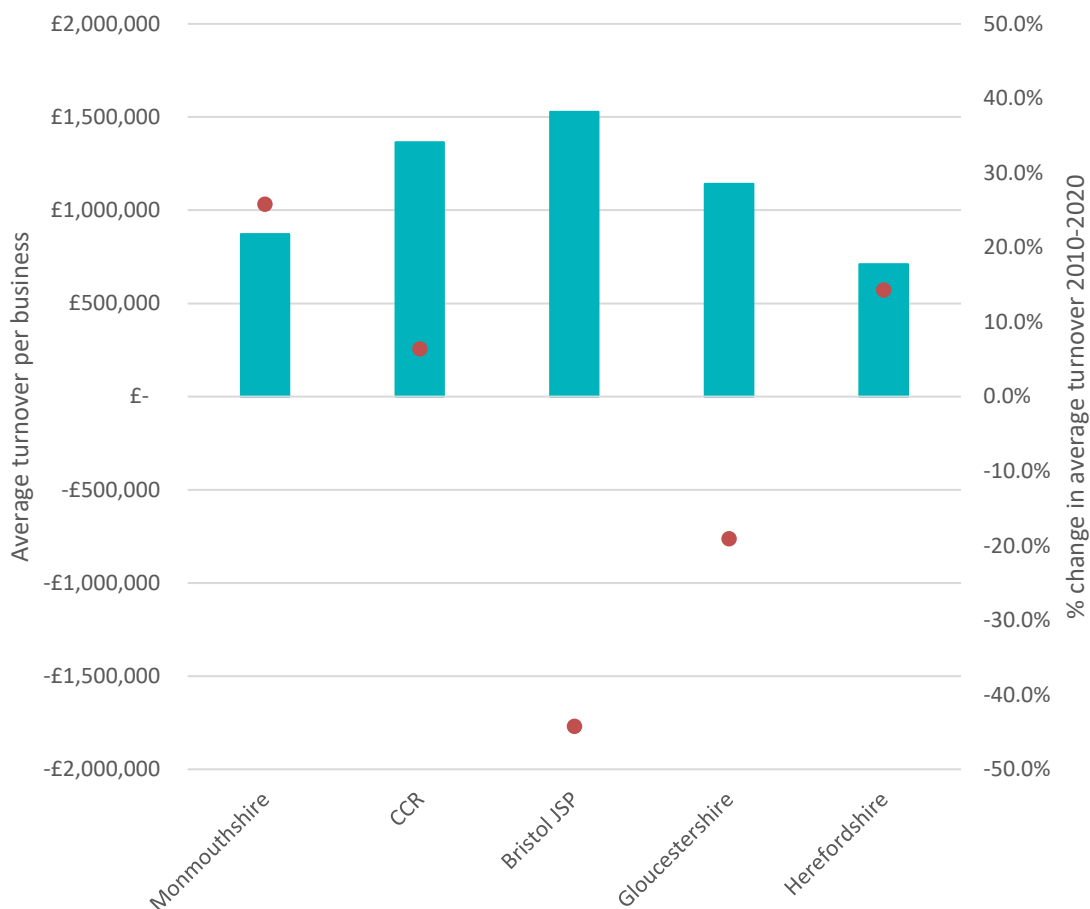
Source: ONS IDBR

6.26

Turnover per business in Monmouthshire is lower than in each of the comparator areas (except Herefordshire). This is clearly explained by the over-representation of smaller businesses in the County relative to the other areas. However, turnover per business in Monmouthshire increased by 45.1% between 2010 and 2020 and by 151.5% between 2004 and 2020. On both counts, Monmouthshire has outperformed the wider CCR area. Indeed, some of the comparator areas have experienced a decline in turnover per business (Bristol JSP area: -27.2% 2010-2020; -36.0% 2004-2020, Gloucestershire: -2.0% 2010-2020; +76.7% 2004-2020; Herefordshire: +27.1% 2010-2020; +52.5% 2004-2020). Overall, this analysis indicates the robustness of the Monmouthshire economy and highlights the importance of supporting the needs of the County’s diverse small business base.



Figure 6.12 Average turnover per business and change 2010-2020 by area



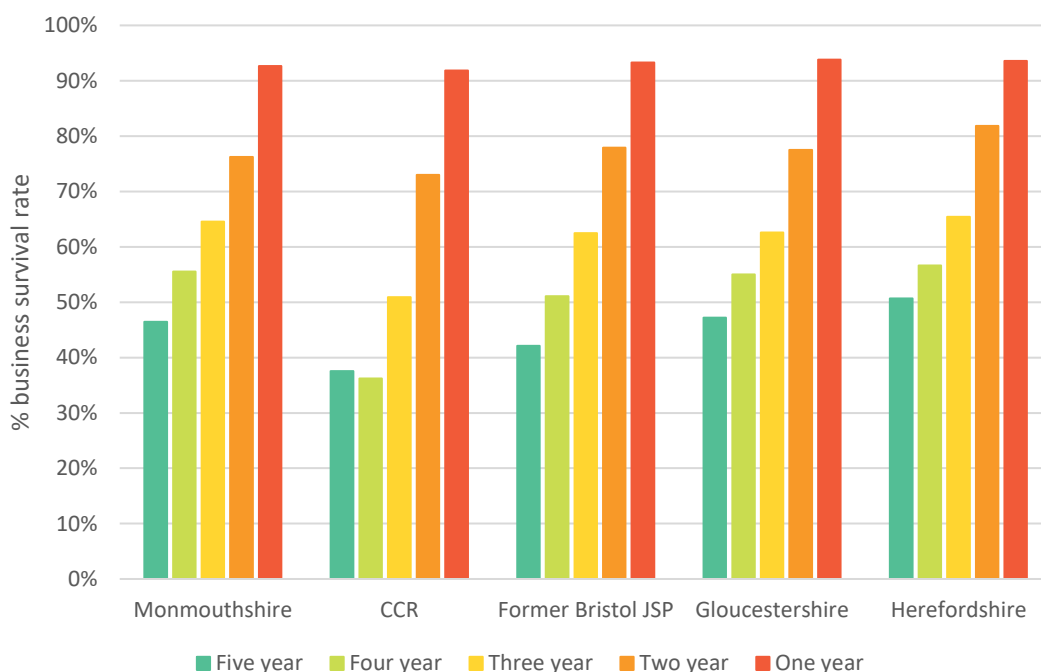
Source: ONS IDBR

- 6.27 By contrast, growth in the total business count was lower in Monmouthshire over both periods of time (15.3% 2010-2020; +41.9% 2004-2020) than in each of the comparator areas except for Herefordshire (+11.2% 2010-2020; +35.6% 2004-2020). The former Bristol JSP area experienced the highest growth in business count (+30.7% 2010-2020; +73.0% 2004-2020), followed closely by the CCR (+29.5% 2010-2020; +68.2% 2004-2020).
- 6.28 Importantly, lower rates of business growth in Monmouthshire does not necessarily reflect any underlying weakness in the economy but is more likely to be indicative of some of the constraints facing the establishment of new and growing businesses in the County. This includes the apparent shortfall in readily available sites and premises.
- 6.29 The number of enterprises that commenced trading in Monmouthshire increased by 9.5% over the period from 2016 to 2021, from 420 enterprises being birthed in 2016 (accounting for 10.3% of the total stock of enterprises) to 460 in 2021 (accounting for 10.9% of the total stock of enterprises). The level of change in the number of new registered enterprises in Monmouthshire is lower than the CCR region (growth of 22.8%) and Herefordshire (24.3%), but higher than Gloucestershire and the Bristol JSP areas, both of which experienced a decline in the number of new enterprises (-1.3% in Gloucestershire and -8.6% in the Bristol JSP area).

6.30 However, Monmouthshire experienced the lowest increase in enterprise deaths (+9.9%) from 2016 (355 deaths, equivalent to 8.7% of total stock) to 2021 (390 deaths, equivalent to 8.5% of total stock). By comparison, the wider CCR region experienced a significant increase in enterprise deaths of 34.5% over the same period, as did the Bristol JSP area (+20.5%) and Gloucestershire (+24.7%). Herefordshire experienced an increase in business deaths of 11.2% from 2016 to 2021.

6.31 The business survival rates for the five-year period from those forming in 2016 in Monmouthshire was 46.4% which is higher than the CCR (37.5%) and Bristol JSP area (42.1%) averages, but below the Gloucestershire (47.2%) and Herefordshire (50.7%) averages. The survival rates for businesses in Monmouthshire increases to 64.6% for three-year survival for 2018 births and 92.6% for one-year survival from 2020 births.

Figure 6.13 Business survival rates in Monmouthshire and comparator areas (2021)



Source: ONS IDBR

## Implications for strategy

6.32 Analysis of Monmouthshire’s key sectors demonstrate that it is a relatively high value economy with a strong entrepreneurial culture. The dominance of small businesses and a healthy performance in terms of enterprise creation clearly illustrates that Monmouthshire is attractive to innovative, business-focused people including some of which are semi-retired. There is a strong need to support the needs of Monmouthshire’s diverse small business base. This includes the provision of more suitable and readily available sites and premises, the shortages of which may have impeded a degree of latent business growth over the last 10 years.

6.33 The difference in performance of Monmouthshire’s key sectors when using GVA as the metric rather than employment highlights the potential for targeting support for investment in higher value businesses (including professional services, real estate, civil

engineering and high productivity manufacturing). Analysis of sectors by GVA also highlighted that some high value sectors are under-represented in Monmouthshire. These include finance and computing/information services although typically such services would be located in larger urban areas such as Cardiff. Limitations in the use of secondary SIC data also can make it challenging to fully understand the intricacies of an economy such as Monmouthshire's.

- 6.34 Whist focusing on consolidating existing strengths and enabling the growth of well-established sectors to flourish, it will also be important for the emerging economic strategy to pursue a balanced growth strategy. Maintaining and increasing investment into the growth of a range of sectors will support Monmouthshire's ambition to support employment opportunities for all residents, particularly in the context of its intention to increase the delivery of affordable housing and retain and attract younger working age residents.
- 6.35 Monmouthshire's relatively high GVA per job across use classes B1 and B2 when compared with the comparator areas highlights growth opportunities in these sectors given their high value nature and contribution to the County's economy. The continued strength of the B1 and B2 sectors in Monmouthshire since 1997 demonstrates their robust contribution to the local economy, both in terms of GVA and employment opportunities.
- 6.36 Key components of the emerging economic strategy to enable sustainable and balanced economic growth to take place in Monmouthshire include:
- 1 The need for a proactive, market-focused land and property response. Inevitably, this raises implications for local planning policy which needs to be responsive to business need and flexible in approach.
  - 2 Workforce initiatives aimed at reversing the decline in working-age population and equipping local residents with the range of skills require to meet modern business needs. The supply of good quality and a mix of housing types will be an influencing factor in shaping the scale and profile of Monmouthshire's future resident workforce.
- 6.37 A review of Monmouthshire's employment land stock and business demography highlights the county's entrepreneurial business culture, with there being more enterprises per 1,000 working age residents than each of the comparator areas (other than Herefordshire). Smaller businesses account for a higher proportion of businesses in and turnover per business is lower than each of the comparator areas. This highlights a lower representation of larger businesses operating in Monmouthshire, and the shortage of suitable, high quality office space could be a contributing factor to this. The significance of micro and small businesses to the local economy underlines the importance of ensuring that the economic strategy places an emphasis on such enterprises going forwards.
- 6.38 The entrepreneurial nature of businesses in Monmouthshire is highlighted by its increasing rate of business birth rates since 2016, and the fact that it experienced the lowest increase in enterprise deaths when compared with the wider comparator areas. In turn, business survival rates in Monmouthshire are higher than the comparator areas. This is a significant strength which the strategy should seek to build upon.

## 7.0 Supply of Employment Space

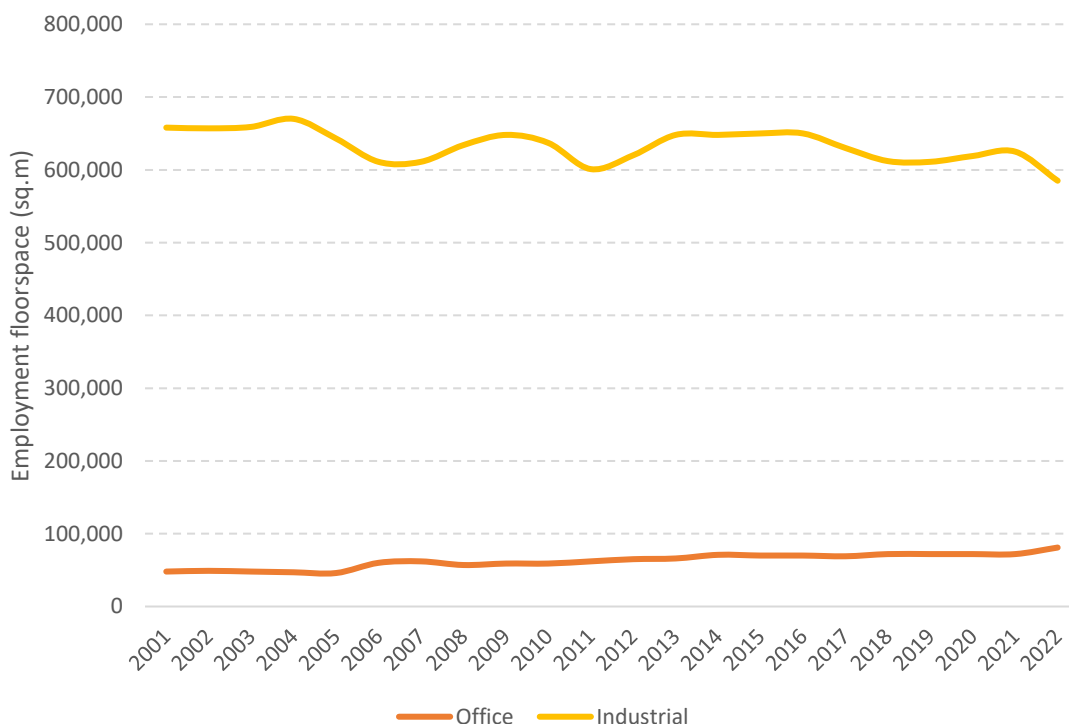
7.1 Based on a review of latest (March 2023) CoStar Property Database, this section provides an overview of the stock of employment space within Monmouthshire as well as the market outlooks for both office and industrial space.

### Existing stock and change over time

7.2 In 2022<sup>32</sup>, Monmouthshire contained 81,000sqm of office floorspace and 585,000sqm of industrial space. Over the last decade, the stock of office floorspace in Monmouthshire increased by 16,000sqm (24.6%). As such, it has performed much more strongly than the CCR (-0.6%) and Wales as a whole (1.2%).

7.3 By contrast, however, the industrial stock in Monmouthshire declined by 35,000sqm (-5.6%) over the last decade. In this respect, it performed poorly when compared with the CCR (+0.8%) and Wales (+0.9%).

Figure 7.1 Office and Industrial space in Monmouthshire, 2001-2022



Source: VOA data (2022)/Lichfields analysis

7.4 Table 7.1 shows the change in office and industrial space in Monmouthshire compared to the wider area of South East Wales and Wales as a whole as recorded by the Valuation Office Agency (VOA) (2022). This shows that overall, the office stock in Monmouthshire has been growing at a faster rate compared to the rest of South East Wales and Wales in the last five, ten and 20 years. By contrast, the industrial stock has seen a faster decline over the same periods compared to the marginal growth seen in the South East of Wales and Wales.

<sup>32</sup> VOA (2022), Employment floorspace

However, in the last 20 years, all geographies have experienced a decline in industrial floorspace.

Table 7.1 Change in Office and Industrial space

	Monmouthshire	South East Wales	Wales
<b>Office</b>			
% Change (2017-2022)- 5 years	17.4%	-2.4%	-1.5%
% Change (2012-2022)- 10 years	24.6%	-0.3%	1.2%
% Change (2002-2022)- 20 years	65.3%	18.9%	20.9%
<b>Industrial</b>			
% Change (2017-2022)- 5 years	-7.1%	0.3%	0.0%
% Change (2012-2022)- 10 years	-5.6%	0.8%	0.9%
% Change (2002-2022)- 20 years	-11.0%	-7.1%	-3.8%

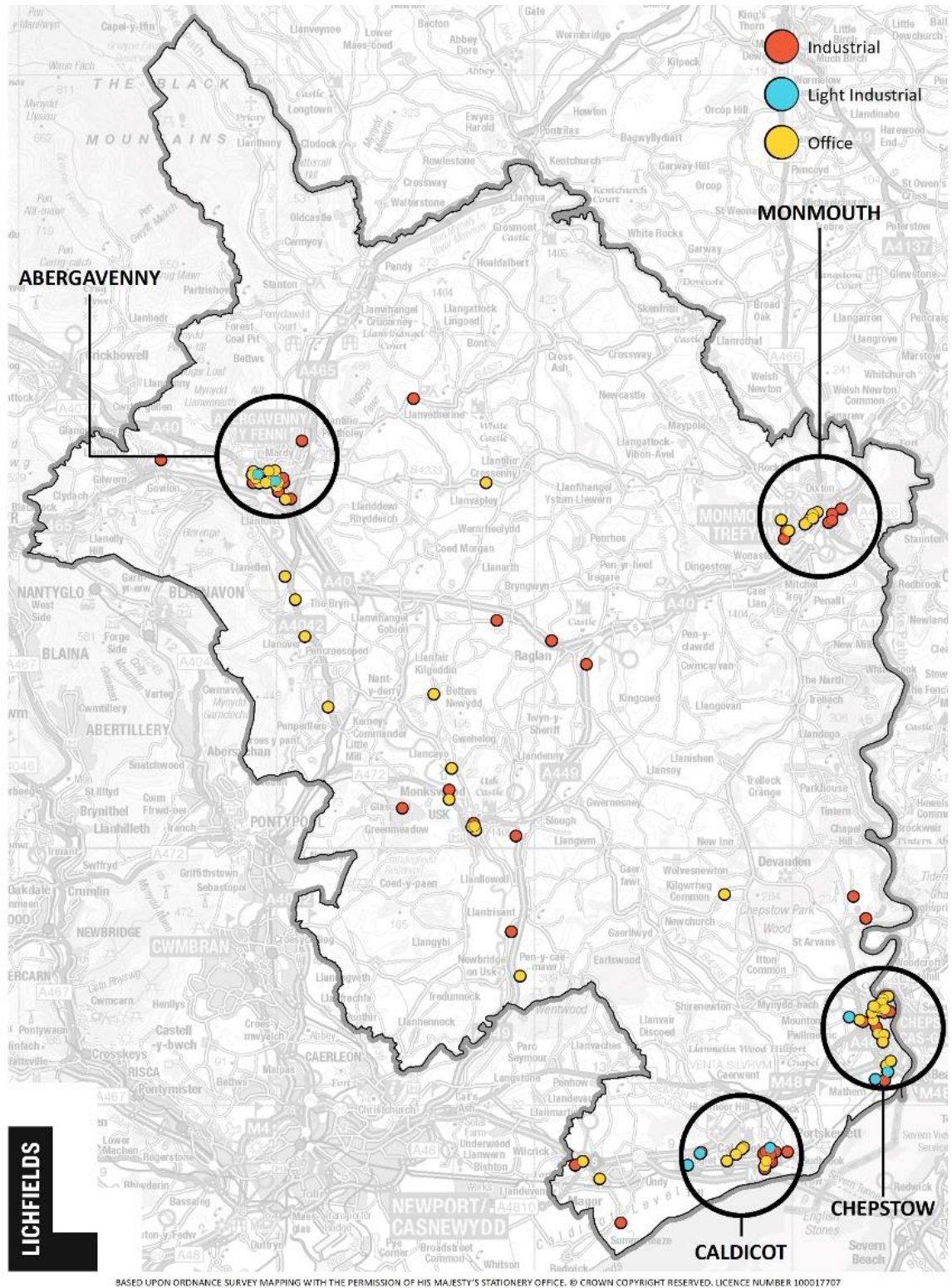
Source: VOA data (2022) / Lichfields analysis

- 7.5 According to latest data from CoStar (March 2023), there are 109 office properties within Monmouthshire which amount to approximately 52,000sqm of office floorspace. As such, Monmouthshire is considered a small office submarket within the wider Cardiff office market. The stock of office floorspace in Monmouthshire is generally quite dated with more than half of its office floorspace (55%) built between the 1960s and 1980s. The vacancy rate of office floorspace has fallen over the last 12 months resulting in a rate of just 0.3% compared to an average of 7.4% within the Cardiff office submarket. This indicates high demand for office space in Monmouthshire with the market clearly operating very tightly with little capacity for churn. Net absorption<sup>33</sup> over the past year for office floorspace was equivalent to 630sqm, which is more than twice the five-year average. Office rents fell by 0.3% over the past year at £13.03 per sqft, highlighting more affordable market rents when compared to the Cardiff submarket at £14.67 per sqft.
- 7.6 By contrast, the industrial market in Monmouthshire is a mid-sized submarket containing 759,750sqm of floorspace across 139 properties. The majority of industrial properties within Monmouthshire were built in the 1980s and 1990s. However almost 20% of industrial stock has been delivered since 2010 including 15,000sqm (2%) being provided within the past three years.
- 7.7 Vacancy levels within the industrial market in Monmouthshire currently stand at 0.1%. Similar to offices, this clearly highlights that the industrial market is operating without additional capacity which is reflected by the very limited availability of floorspace. This is a strong indicator of high occupier demand compared to the Cardiff industrial market which recorded a vacancy rate of 4.6%. This low rate of vacancy is indicative of how industrial supply is being outstripped by demand, a view that is shared by local businesses including property agents (as demonstrated at the business engagement event). Net absorption over the past year in Monmouthshire was equivalent to 17,000sqm, in line with the five-year annual average. Industrial rents increased by an impressive 11.6% according to CoStar over the past 12 months to £5.54 per sqft, the strongest pace of rent growth observed in more than a decade. Despite this growth in market rent, Monmouthshire’s industrial market remains more affordable than the Cardiff industrial market at £6.20 per sqft.

<sup>33</sup> Net absorption is the measure of total sqft occupied (move-in) less than total space vacated (move-out) over a given period. Lease renewals are not factored into net absorption. However, in a lease renewal that includes the leasing of additional space, that additional space is counted in net absorption.

7.8 Figure 7.2 shows the location of all office and industrial properties within Monmouthshire. The map illustrates three main clusters for office properties which are captured within the town centres of Abergavenny, Monmouth, Caldicot and Chepstow with a few scattered offices along the main road networks including the A4042 and the M4. Meanwhile, the main clusters for industrial premises in Monmouthshire are located within Caldicot and Chepstow which benefit from close proximity to the M48 and M4. There are also a few smaller clusters of industrial properties in Monmouth and Abergavenny also benefitting from close proximity to the A40, A4042 and A449 trunk roads.

Figure 7.2 Office and Industrial Properties within Monmouthshire



Source: CoStar (March 2023)

7.9

As already mentioned, the existing shortage of commercial property was raised at the engagement event as a major challenge for the area's economy. The very limited vacancy



rate means that many businesses have struggled to find suitable premises to meet their ongoing needs let alone future expansion requirements. Whilst it was acknowledged as important that the RLDP should identify and allocate new sites for future development to meet medium and long-term supply needs, many (particularly smaller) businesses rely on a supply of existing premises that are readily available for occupation. Again, this reflects the fact that the shortage of available premises is an immediate and real constraint to both existing business operations and future growth prospects. The co-location of different sized units was also highlighted by businesses as being important in order to enable business growth to take place without the need for relocation.

7.10 Whilst the fact that rental values in Monmouthshire tend to be relatively low is beneficial to businesses in order to control costs, it does create a viability challenge for the market in terms of delivering future supply, particularly for sites with redevelopment/regeneration potential (which typically are more costly to deliver).

7.11 Consequently, in looking to the next ten years, a balance needs to be struck in terms of keeping industrial rents affordable for local businesses whilst not preventing more ambitious regeneration schemes from coming forward. The latter may be achieved through a combination of appropriate planning designations which enable an innovative approach to mixed use development (which can command higher rents) and selective public sector intervention to bridge viability gaps (e.g. through infrastructure or site preparation capital grants). Similarly, the Council may become more involved in direct development itself through joint venture, arms-length regeneration companies and/or proactive recycling of land and property assets under public ownership. Some consideration may also need to be given to controlled allocation of new industrial sites in urban fringe locations which have hitherto been constrained by policy designations.

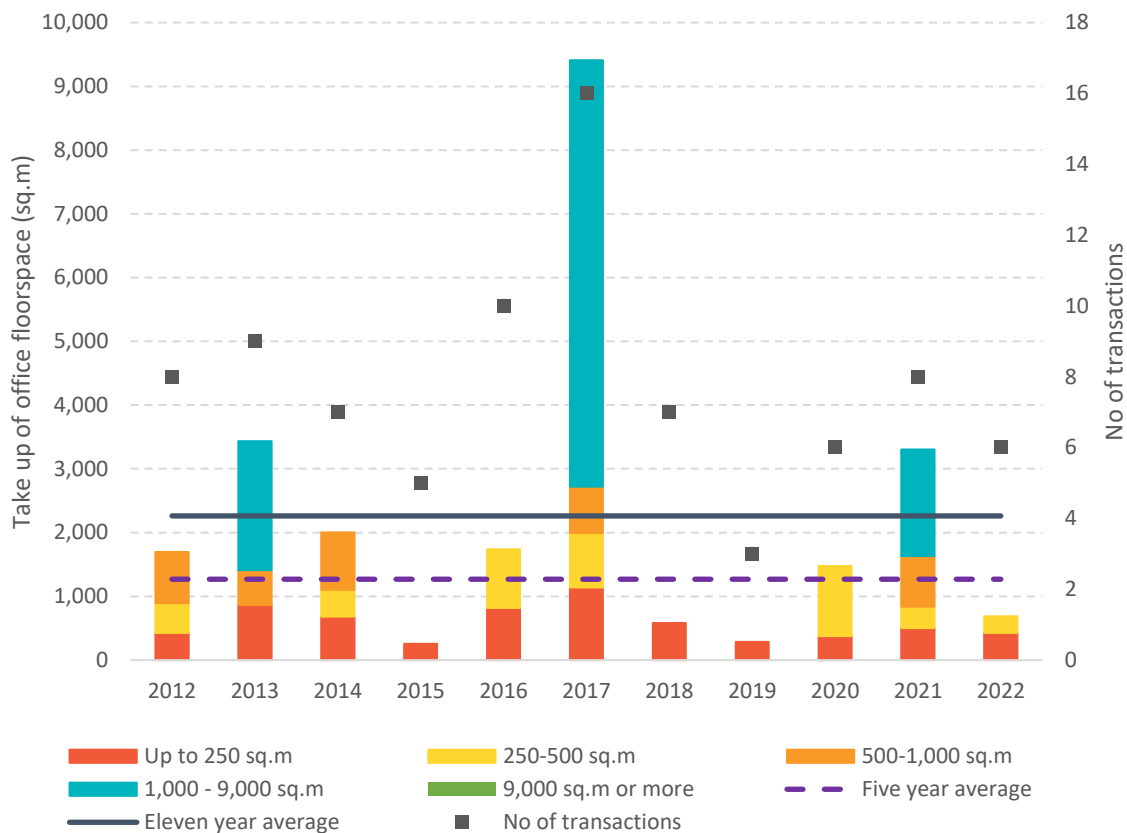
## Take-up

7.12 Total office take-up (including both sales and leases) in Monmouthshire over the past 11 years (2012-2022 inclusive) amounted to 24,880 sqm according to CoStar data. Almost half (42%) of take-up of office floorspace was attributed to large office premises of 1,000-9,000sqm in size, followed by a third of take up (26%) attributed to the smallest size bracket of up to 250 sqm as shown in Figure 7.3. Overall, office take-up in Monmouthshire has been underperforming compared to the eleven-year average with exception to three years (2013, 2017 and 2021) which saw high levels of office take-up. 2022, saw underperforming levels of office demand with only six transactions recorded by CoStar.

7.13 Figure 7.3 shows the number of transactions by size of office premises; in total 69 leases and 16 sales were recorded over the 11 years, an average of 6 leases and 1.5 sales per year. Of note 75% of all transactions were attributed to small office units of below 250sqm.



Figure 7.3 Office Take-Up by Size in Monmouthshire, 2012-2022

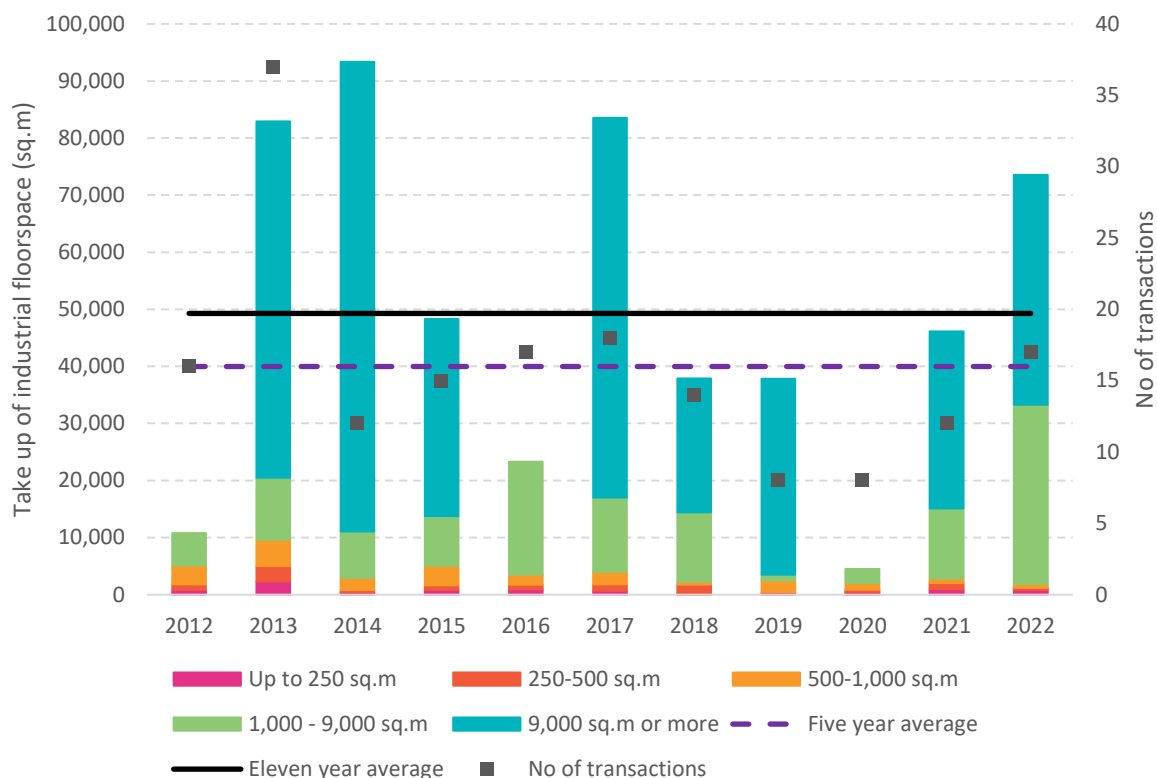


Source: CoStar (2023)/Lichfields analysis

7.14 Total industrial take-up (including both sales and leases) in Monmouthshire over the past 11 years (2012-2022 inclusive) amounted to 542,000sqm, according to CoStar data. Over two-thirds of this take-up (69%) was attributed to the largest size bracket of 9,000sqm and above, with a further 23% falling in the second largest bracket of 1,000-9,000sqm as shown in Figure 7.4. The total quantum of take-up shows signs of recovery in 2022 (above the 2019-pre pandemic levels).

7.15 Figure 7.4 also shows the number of transactions by size of industrial premises; in total 122 leases and 52 sales were recorded over the 11 years, an average of 11 leases per year and 5 sales per year. Notably, 30% of all transactions were attributed to small industrial units of up to 250sqm, followed by 26% of transactions to large premises of 1,000-9,000sqm.

Figure 7.4 Industrial Take-Up by Size in Monmouthshire, 2012-2022



Source: CoStar (2023) / Lichfields analysis

## Implications for strategy

- 7.16 Historically, Monmouthshire has experienced a significantly higher rate of growth in office space compared to South East Wales and Wales over both the short term (2017-2022) and the longer term (2002-2022). However, the existing stock of office space is generally quite dated. In order to compete with neighbouring authorities in enabling new businesses to become established in Monmouthshire, an increased supply of more suitable accommodation is required. This will be particularly important in attracting larger businesses that may otherwise seek to invest in office space in the surrounding area outside Monmouthshire.
- 7.17 The County has very low office vacancy rates, particularly when compared with those elsewhere in the wider Cardiff market. Despite this, prime office rental values per sqft are relatively more affordable. Coupled together, these findings indicate that office space in Monmouthshire may be lower quality and that greater investment is needed in the supply of higher quality employment space.
- 7.18 The recent growth in office space provides a basis to attract new businesses to Monmouthshire, particularly in the context of its lower rental levels. Whilst this is beneficial in attracting businesses, it indicates that the limited overall availability of office space, and high quality of space in particular, may be an obstacle to Monmouthshire’s economic growth capacity at present.

- 7.19 Monmouthshire, South East Wales and Wales have all experienced a decline in industrial space since 2002. However, Monmouthshire has been subject to a greater rate of loss, having declined by 11.0% between 2002 and 2022 (compared with -7.1% in South East Wales and -3.8% in Wales), and by 7.1% between 2017 and 2022 (compared with a growth rate of 0.3% in South East Wales and 0.0% in Wales). The evidence indicates that loss of industrial space in Monmouthshire is not due to a lack of demand but driven by older industrial premises becoming obsolete or unfit for modern occupiers needs. Some industrial land may also have been lost as a result of redevelopment for higher values residential use.
- 7.20 The analysis set out in this section has highlighted a high demand for industrial space with very low vacancy rates. This indicates that industrial supply is likely to being outstripped by demand at present with many needs of businesses not being met. This includes ongoing operational needs today as well as local business expansion requirements and aspirations which will materialise within the next 10 years. Addressing the imbalance between property supply and demand, particularly in the industrial sector should be a primary focus of the Council's emerging economic strategy.
- 7.21 These findings indicate that Monmouthshire's affordable employment space forms a solid basis to attract new economic activity. However, investment is needed into higher quality, more modern, and a larger quantum of employment (particularly industrial) space to accommodate the needs of existing local businesses and provide a reasonable offer to those seeking to invest. Consideration should also be given to ensuring that the distribution of employment premises adequately reflects the spatial geography of demand. Whilst a focus should appropriately be given to the main settlements and locations along key transport routes, focus should also be given to the potential to deliver small business units in other settlements across the County. A broader distribution of employment premises would reduce the need to travel and could boost the sustainability and vitality of smaller settlements. However, it will be important to ensure that the provision of new land and premises follows general patterns of market demand and business need.
- 8.1 Recommendations – towards an economic strategy for Monmouthshire

## 8.0 **Recommendations – towards an economic strategy for Monmouthshire**

### **Introduction**

- 8.1 This section provides a framework aimed at assisting MCC in developing an evidence-based and clearly articulated economic strategy for the County over the next 10-15 years. It sets out our recommendations regarding the potential approach, structure and focus of the strategy along with aspects of the core content which we consider needs to be highlighted consistently and strongly in the supporting narrative.

### **Approach**

- 8.2 The economic strategy should build on Monmouthshire's prevailing strengths and opportunities, focusing on existing businesses and new, home-grown enterprises and enabling them to operate efficiently and achieve their expansion plans 'at home'. This should be combined with a targeted approach at encouraging selective investment which may originate from outside the County (e.g. relocations from West of England or small spin-off businesses seeking a base within the type of environment offered by Monmouthshire). The approach should include a spatial dimension which again focusses on reinforcing and consolidating existing strengths and overcoming identified weaknesses and threats to the future of the County's prosperity.

### **Broad structure of the strategy**

- 8.3 We recommend that the strategy should be structured broadly as follows:
- 1 **Foreword:** Ambitions captured briefly by Leader of Council or senior Cabinet Member such as Cllr Paul Griffiths. This should include a succinct message about the purpose of the strategy.
  - 2 **Context:** A brief history and understanding of Monmouthshire as a place to do business and work and a snapshot of the demographic, socio-economic and commercial context of Monmouthshire. This section should include an overview of the key settlements and a plan to set out its strategic position and spatial relationships with the wider areas of South East Wales and West of England. An overview of the process that has informed the preparation of the economic strategy should also be included in the context section.
  - 3 Summary **SWOT analysis** drawing directly on evidence produced by Lichfields' report.
  - 4 **Vision and objectives** or themes: An overview of MCC's overarching ambitions through the economic strategy with an explanation of how these emerge from the evidence including business engagement. By definition, the vision will be strategic in nature with most of the detail being provided around objectives/themes. However, it should represent a clearly articulated statement of intent and reflect the timescales of the strategy. Recognising that the economic development strategy sits alongside other plans and policies – particularly the RLDP – it will be important to articulate how it will relate to these other plans.

- 5 **Priority actions, delivery, and responsibilities** relating to specific key topics: The strategy should establish clear goals under each objective/theme, define where core responsibilities lie (particularly in terms of what the Council will do) and identify key outcomes that are to be sought and actions that will be implemented within a defined period of time.
- 6 **Performance framework:** Effective local economic strategies should include key outputs and measurement metrics that could be used to measure progress. However, these should be sufficiently flexible to enable the strategy to adapt readily to unforeseen changes and external shocks.

## Recommendations

- 8.4 To help develop the economic strategy, the remainder of this section sets out our recommendations for key building blocks of the strategy. This focuses on:
- 1 Outline SWOT analysis;
  - 2 Rationale for a Vision and core objectives;
  - 3 Delivery considerations; and,
  - 4 Next steps

## Outline SWOT analysis

- 8.5 Monmouthshire benefits from a very high-quality environment, together with thriving market towns. It also enjoys a strategic location on the Welsh border, has relatively low levels of deprivation, and performs very well against a number of economic metrics. The Council has a bold set of aspirations for its future growth and these are supported by a range of clear economic opportunities.
- 8.6 However, as this report has identified, a range demographic and socio-economic weaknesses also exist. Whilst it is important to recognise that it may not be able to overcome all of the challenges that exist in Monmouthshire, a well-conceived and implemented strategy has the potential to drive the local economy forwards in accordance with the identified vision for the area. It is also important for the economic strategy to be clear in the extent to which the Council can directly support the achievement of key objectives. In many ways and in partnership with other primary stakeholders, MCC will maximise its contribution through its role as a proactive, 'can-do' enabler. Its policy role will be important in this regard.
- 8.7 The economic, employment and skills strategy should build on a clear appreciation of the existing context within Monmouthshire. In particular, it should seek to build on existing strengths and overcome weaknesses whilst also seizing identified opportunities and mitigating known threats.
- 8.8 Drawing on the evidence contained within this report, a summary of the local context is set out below.

Table 8.1 SWOT assessmnet

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strong entrepreneurial culture</li> <li>• Low unemployment rate.</li> <li>• High economic activity rate.</li> <li>• High skills of resident population.</li> <li>• High proportion of workforce and jobs in SOC1-3.</li> <li>• Strategic location – within CCR, close links to Bristol area, M4/M48/A449, mainline railway.</li> <li>• High incomes/disposable incomes/spending.</li> <li>• High value economy.</li> <li>• High quality physical environment.</li> <li>• Established niche industrial, tourism and professional services businesses.</li> <li>• Affordable commercial rents.</li> </ul>	<ul style="list-style-type: none"> <li>• Older and rapidly ageing population.</li> <li>• Limited number of younger working people.</li> <li>• High house prices/housing affordability issues.</li> <li>• High level of net out-commuting.</li> <li>• Proportion of people commuting out to higher paid jobs elsewhere.</li> <li>• Significant shortage of readily available industrial premises leaving demand unmet.</li> <li>• Shortage of sites for industrial development to meet medium and long-term need.</li> <li>• Large areas subject to constrained broadband access.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• High value economy and high skills provides strong foundation on which to attract investment from existing and new businesses.</li> <li>• Latent growth potential of the existing business base. This includes the well-established and niche mix of successful businesses in the industrial, tech, tourism, and services sectors.</li> <li>• Growing the diverse, small business base.</li> <li>• Allocation of good quality industrial development sites of an appropriate size and location are strongly likely to be implemented, adding to economic growth.</li> <li>• Housing growth and affordable housing delivery may help rebalance local demographic profile.</li> <li>• Potential to maximise opportunity from strategic location and connectivity.</li> <li>• Increasing retention of spending and enhanced expenditure from a rebalanced population would add value to local economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Projected continued ageing population and increasing old age dependency ratio.</li> <li>• Projected decline in working age population.</li> <li>• Ongoing limited supply of new industrial floorspace affecting ability to attract new businesses and retain existing businesses /facilitate expansion opportunities. This is starting to choke the expansion capacity of the local economy and increasingly force some existing businesses to relocate outside of the County. Deterioration of some basic town centre and high street infrastructure, visitor facilities and public realm (e.g. Chepstow and Caldicot).</li> <li>• Projected (baseline)job decline without targeted intervention including a supportive and proactive local/strategic policy approach.</li> </ul>

## Rationale for a Vision and core objectives

- 8.9 It is clear that the quality of life that exists in Monmouthshire represents a key strength and one that is central to the economic vitality of the County. It attracts people and businesses to the area and encourages them to stay. It provides a basis for some key economic sectors and also gives Monmouthshire its unique identity – something that should be actively promoted as part of the economic strategy. The significance of place identity has been widely acknowledged and is important in fostering a sense of attachment and belonging. In economic terms, this can help to support existing businesses and encourage investment by those already working in the area and those that consider their business could operate competitively in Monmouthshire. Different parts of Monmouthshire have developed their own identity and the strategy should seek to recognise and celebrate the unique characteristics of the different parts of the County in order to encourage business activity and support the vitality of communities.
- 8.10 The strategy should be built on a clear vision for the future of the area and the local economy. In addition to reflecting the sense of place and identity of Monmouthshire as a whole and individual settlements, this should be grounded in an appreciation of the local context. It should set out the aspiration for growth over the period that is to be covered by the strategy whilst also being realistic and appropriate in terms of its ambition.
- 8.11 We would recommend that the vision should be supported by clear strategic themes and objectives. These could be developed from the four ‘p’s’ of:
- 1 **Place** – reflecting the character, ‘brand’ and identity of the area and appreciating the differences that exist between settlements across Monmouthshire. The quality of life and sense of place should be central to the vision. This aspect should also consider matters relating to the environment and climate change, as well as (physical and digital) connectivity between places. In addition, specific attention should be given to the specific needs of Monmouthshire’s network of town centres and local high streets.
  - 2 **People** – building on Monmouthshire’s entrepreneurial culture and strong small business base, the strategy should be people-focused in terms of focusing on achieving a more diverse demographic profile and ensuring that the identified improvements and actions might benefit the local population. Throughout Monmouthshire, the economic growth should be inclusive so that existing inequalities are reduced, and no one is excluded from economic opportunity. This element of the vision should therefore address matters such as the existing and future demographic profile of the area, skills and training, health, the development of strong local communities, and active engagement with all sectors of the population.
  - 3 **Prosperity** – the focus of any economic and employment strategy should be to add value to the local economy. This should be achieved through the promotion of long-term sustainable growth, the creation of competitively paid job opportunities, support to existing and future businesses, the diversification of the economy, upskilling of the local workforce, promotion of well-being and the provision of supporting infrastructure.
  - 4 **Property** – the provision of an appropriate range and choice of suitable space from which businesses might operate is a fundamental pre-requisite to the achievement of

economic growth and efforts should be made to maintain a robust supply of land and floorspace throughout Monmouthshire.

## **Key outcomes and initiatives**

8.12 The strategy should identify the key outcomes that will help to achieve vision and contain a series of strategic objectives which should link to specific actions. Tangible and achievable actions may focus on key issues such as:

- 1 Priority sectors;
- 2 Jobs;
- 3 Skills;
- 4 Land and premises;
- 5 Demographic profile;
- 6 Connectivity;
- 7 Environment and climate change; and,
- 8 Competitiveness and complementarity.

8.13 We consider each of these issues in turn below, although it is important to recognise the cross-cutting themes that exist in relation to these such that they should not be viewed and pursued in isolation. The economic strategy should articulate the connections that exist in respect of these issues so that the resultant economic benefits can be maximised.

### **Priority sectors**

8.14 As this report has identified, Monmouthshire's economy is smaller than that of its neighbours in terms of the number of jobs and aggregate economic output (GVA) levels. However, it is characterised as having some particular specialisms in key sectors such as niche industrial activities, health, retail, accommodation & food and professional services. These are likely to continue to be significant in the future and should be encouraged by appropriate planning and economic development policies.

8.15 In addition, support should be targeted for investment in other high value sectors – such as real estate, civil engineering and high productivity manufacturing – that currently have a high share of GVA in the County. Together with the direction of the wider economy in terms of a greater focus on technology and environmental-based sectors, the existing specialisms create an opportunity for the promotion of environmental and digital sectors as part of the transition towards a low carbon economy.

8.16 The promotion of these key sectors will be assisted by a proactive, market-focused land and property response; the provision of suitable skills and training initiatives; and the delivery of business support – both directly by MCC and through the creation of business clusters and mentoring schemes. Sector-specific interventions should also be considered, as appropriate. These might be related to other initiatives such as the Placemaking Plans for individual towns which have the potential to boost the retail sector, and the visitor events – such as the Abergavenny Food Festival – for which Monmouthshire is famous and which attract large numbers of visitors.



- 8.17 In addition to promoting the expansion of specific growth sectors for which Monmouthshire has an existing or potential future specialism, it will be important to establish a balanced growth strategy whereby efforts are made to maintain and increase investment into the growth of a range of sectors. Such an approach will be important in supporting employment opportunities for all residents.
- 8.18 In respect of all sectors, there should be a clear awareness within the strategy of the significant role that smaller businesses play within the local economy. These should be supported through the provision of suitable premises, support and mentoring initiatives, and the inclusion of small and micro enterprises within any grant funding schemes that might be established in the future.

### **Jobs**

- 8.19 The economic strategy should aim to boost employment by encouraging job creation in different sectors with a range of skills requirements, in order to support the retention of labour and reduce out-commuting. The muted level of past employment trends and projected growth underlines the importance of intervention to deliver a step-change in the local economy. This is particularly important in the context of the RLDP target of an additional 6,240 jobs between 2018 and 2033 (416 per annum). This is more than double the long and medium term past trends (an average of 220 per annum between 1997 and 2022 and an average of 170 per annum between 2012 and 2022) and compares to a forecast decline in employment between 2022 and 2032 (an average of -60 jobs per annum) and an average increase of just 30 jobs per annum between 2022 and 2042).
- 8.20 Whilst it is important to ensure that a wide range of jobs are available for people with different skills and abilities, a particular focus should be placed on supporting the creation of higher skilled jobs – reflecting the imbalance in the proportion of SOC1-3 jobs and resident workforce in Monmouthshire – in order to address and overcome the levels of out-commuting by higher paid residents.
- 8.21 Although MCC is a major employer in its own right, there are limits on the extent to which it can directly create new jobs. In seeking to promote job growth, it should therefore work with the Welsh Government, CCR board, local businesses and local business/trade organisations in order to create the conditions and (if necessary) providing funding and support job creation.

### **Skills**

- 8.22 Guided by the needs of industry and businesses, the economic strategy should support a boost in skills and qualifications to contribute towards a higher value economy – reflecting the fact that whilst Monmouthshire benefits from high levels of educational attainment, there are some gaps in skills which need to be addressed in order to ensure that local people are able to benefit from higher value jobs.
- 8.23 MCC should work with CCR, Western Gateway and education and training providers to identify specific areas that require intervention and develop appropriate courses and training schemes. Whilst residents of all ages should have access to training and development in order to enable them to access employment opportunities locally, this will be particularly important in helping to retain and attract young people into the area,

empower them to shape a future for themselves in Monmouthshire, and equip them to drive the economy towards a higher value future.

- 8.24 Support should be provided to help those running businesses so that they are equipped to increase and maximise their contribution to the local workforce and economy.
- 8.25 Finally, working with the Gwent Public Services Board, Future Generations Commissioner for Wales and the Aneurin Bevan Health Board, consideration should also be given to the way in which physical and mental health support could be made more widely available. This would play an important role in enhancing the health and wellbeing of the local population and boosting economic activity throughout Monmouthshire.

### **Land and premises**

- 8.26 The acute shortage of suitable business premises represents a significant threat to the local economy. If not addressed, it could undermine future growth prospects as existing businesses are unable to expand and new businesses are unable to establish or move into the County.
- 8.27 The identification and allocation of an adequate quantum of high quality, accessible land for employment purposes in the RLDP will be important in this regard but many of the businesses that engaged in the stakeholder events emphasised the need for existing premises that are available for immediate occupation (i.e. in preference to land for development opportunities). This raises the importance of ensuring that employment land allocations are viable and deliverable and that developers are attracted into Monmouthshire to operate. There is a clear imperative to provide for unmet need for industrial and related premises (including appropriate warehousing space).
- 8.28 In addition to considering the provision of new employment floorspace, the RLDP should be supportive of the reconfiguration and change of use of existing buildings for employment purposes. To this end, consideration should be given to the suitability of any Council-owned assets that might be repurposed as commercial floorspace. MCC should explore its own role in the delivery of new employment floorspace, acting on its own, as part of a joint venture with developers/operators, or through the provision of infrastructure that is necessary to open up potential sites or existing premises. It should also consider opportunities to work with lenders in order to incentivise new development in the context of particularly low rental values in the area.
- 8.29 In exploring possible new employment provision, regard should be had for a range of types of business premises including start-up space, small units and grow on space that are suitable for office and industrial occupiers. Consideration might also be given to the role that pop-up units might play in supporting micro-businesses, serving as temporary hubs during specific events, or acting as “meanwhile uses” in advance of the (re)development of a site.
- 8.30 In respect of all sites and premises, it will be important to ensure that they are sustainably located, accessible by a choice of modes of transport (and not constrained by existing congestion) and would not have an adverse impact on the wider environment.
- 8.31 A failure to adequately address this issue could prove to be fatal to the achievement of MCC’s economic growth aspirations.

## Demographic profile

- 8.32 The evidence is very clear regarding the demographic profile of Monmouthshire. It is older – and ageing more rapidly – than its neighbours in the CCR and in England. The ageing population is both a cause and effect of the strong housing market as older people are more likely to be able to compete in the market, at the expense of younger home-seekers that might then be forced to move elsewhere (or not move into Monmouthshire). It raises a wide range of issues relating to the provision of social and healthcare, the vitality of local services and facilities (particularly education facilities) and economic wellbeing if the workforce is ageing and shrinking.
- 8.33 All people should be welcome in Monmouthshire, regardless of their age, but MCC should consider the ways in which it might seek to attract and retain younger people. The measures outlined above in respect of employment and training will inevitably help in this regard. In addition, it is important to recognise the inter-relationship between economic growth and the delivery of new housing. The RLDP proposal to provide an additional 5,940 new homes, together with a requirement for 50% affordable housing provision will be important in responding to the issues of affordability and housing need that exist across Monmouthshire. In addition to the overall quantum of new housing, it will be important to ensure that various types, sizes and tenures are delivered, with adequate provision for first time buyers, second time movers and families. Furthermore, the provision of specialist accommodation for older people might also help to free up housing in the general market for younger people, whilst also better serving the needs of older residents in the County.
- 8.34 MCC should work with NRW and the Welsh Government to resolve the phosphate pollution issue which is affecting the River Usk catchment and preventing the delivery of new homes in the area.
- 8.35 In considering new residential development through the RLDP, MCC should ensure that adequate provision can be made in relation to education, health, community and other local facilities. This will be important in developing sustainable and vibrant communities and ensuring that the needs of all residents are met. It will be of further importance in helping to sustain a transition towards a more balanced demographic profile.

## Connectivity

- 8.36 Monmouthshire benefits from a strategic location on the Welsh border as is well served by the M4 and various trunk roads. However, its public transport services are limited. Whilst Monmouthshire was initially considered for inclusion within the South Wales Metro system, plans have not been progressed. The South East Wales Transport Commission made a series of recommendations on improvements to rail and bus services as essential alternatives to the M4 Newport relief road and some of these, if implemented, have the potential to benefit Monmouthshire.
- 8.37 MCC should work with the Commission, the Welsh Government, Transport for Wales, Network Rail and bus operators to identify potential improvements to public transport services that would help to improve connectivity across the County and with adjoining areas. This would be important in improving access to services and employment for those living in Monmouthshire.

- 8.38 In respect of digital connectivity, it is acknowledged that there has been significant investment in recent years. However, there are still large parts of the County that suffer from poor broadband coverage. MCC should work with operators in order to ensure that investment continues. Recognising the importance of reliable and fast broadband connections, direct investment by MCC might also be appropriate and beneficial.

### **The environment and climate change**

- 8.39 The combination of a high-quality natural environment and attractive market towns represents a key strength of Monmouthshire. It is an asset that is critical to the strength of the local economy and the quality of life that residents enjoy. The strategy should seek to set economic growth within the context of continued environmental enhancement and should include an ambition for Monmouthshire to lead the way in sustainable rural living. This would reflect the Council's declaration of a climate emergency.
- 8.40 The RLDP should contain policies that direct new development to locations that are not environmentally sensitive so that the natural environment might be protected and enhanced and development itself would not be prone to the risks associated with climate change, for example flooding. Energy efficient and low carbon development should be encouraged through planning policies and MCC should work with developers to ensure that the requirement for sustainable design and construction methods does not undermine the viability of development.
- 8.41 MCC should work with the agricultural sector, the Welsh Government, Food Monmouthshire and Hartpury University's Agri Tech Centre to promote an increased take-up in sustainable farming practices and food production and ensure that the impact of the agricultural sector on nutrient pollution in the River Usk can be significantly reduced.

### **Competitiveness and complementarity**

- 8.42 Monmouthshire does not exist in isolation. It is physically and functionally related to its neighbours and economic growth within Monmouthshire will inevitably impact the wider CCR area and beyond. In 2021, the Welsh Government expressed concern about MCC's RLDP Preferred Strategy. In particular, it considered that the proposed level of growth in Monmouthshire would undermine the role of Cardiff, Newport and the Valleys as the main focus for growth and investment in the South East Wales region. As explained in Lichfields' report of November 2022 to MCC, there is no evidence that growth in Monmouthshire would have a detrimental impact on the wider area. It concluded by stating that:
- “Economic and employment growth in Monmouthshire would not undermine the prospects of surrounding local authorities or the ambitions for the National Growth Area or the Cardiff Capital Region. Rather, it will play an important role in boosting the wider region.”*
- 8.43 We maintain that position and believe that a well-considered and implemented economic strategy, which is aligned with the objectives of the CCR, would ensure complementarity with the wider area in order to achieve the vision for growth across South East Wales.

## Delivery considerations

8.44

If the strategy is to be effective, it must be deliverable. The specific actions must be clearly defined and prioritised with a realistic prospect of being achieved. Inevitably this will require the ongoing development of strong partnerships between the Council and other key stakeholders in the County. Specific consideration should be given to the following delivery considerations:

- 1 **Funding:** In order to maximise opportunities for future Government funding, the economic strategy must be clear with a strong rationale which demonstrates both local need and solid economic growth opportunities. In anticipation of future rounds of Welsh and UK Government regeneration and growth funding programmes, it will be important to make an early start in the identification of potential projects that could be put forward for potential funding. This will require an investment of time and resource to ensure the Council is ready to respond to future time-limited rounds of funding. These projects should be broad ranging which speak clearly to the need priorities which will be identified in the strategy (including skills and training, town centres and high streets, industrial premises, affordable housing delivery, transport and connectivity).
- 2 **Stakeholder partners:** MCC should continue to consolidate and grow an effective network of partnership with key players in the County. In so doing, it should engage closely with these stakeholders during the development of the economic strategy to ensure buy-in and consensus around core objectives and priorities. A strongly collaborative approach will be imperative to the success of the strategy's implementation. This could include working in partnership to develop joint ownership of the long list of projects and interventions required to deliver prioritised actions. Moreover, this collaborative approach should also open up opportunities for the identification of match-funding which will be central to the deliverability of projects. This approach should also provide an effective means by which key stakeholders can commit to taking a leading role for specific projects. Partnership and joint working should be broad and flexible in order to respond to changing circumstances and local need. Key partners will include:
  - a Education and learning institutions;
  - b Training and skills providers;
  - c Local Chambers of Commerce;
  - d Local businesses and business groups;
  - e Local charities;
  - f Tourism and industry bodies;
  - g Business support organisations; and,
  - h Neighbouring authorities including strategic alliances with English authorities to the east of the Severn.
- 3 **Land/space requirements.** As clearly highlighted in this report, the supply of readily available premises and sites to meet immediate and longer-term demand is a critical issue for Monmouthshire's businesses. Consequently, in addition to stress-testing the RLDP's emerging approach to employment land allocations and

redevelopment opportunities, it will be important for the Council to work closely with property owners, investors and developers to explore options for increasing the supply of particularly industrial and warehousing premises in the short-term (1-2 years). This may include the establishment of new joint venture development vehicles aimed at releasing the latent potential of key sites (including those in public ownership). In addition, MCC should carefully examine options for the establishment of an industrial premises delivery programme under scenarios of both with and without Government funding support. Such a programme may be targeted at addressing viability constraints through investment in site infrastructure or enabling works for example.

- 4 **Supporting core infrastructure investment:** A local infrastructure development and funding strategy should be prepared by the Council with thorough engagement with infrastructure owners and providers. This should be targeted at identifying infrastructure needs required to address existing gaps in provision as well as that which will be essential to the delivery of the priorities and objectives established in the economic strategy.
- 5 **Business support:** The Council should undertake a review of existing business support provision in the County and review this relative to need established by the economic strategy. This should identify key gaps leading to stakeholder roles, responsibilities and actions for business support functions being agreed

## Monitoring

- 8.45 Careful monitoring will be essential to ensuring that the strategy is delivered. The approach that is to be taken in respect of monitoring should be specifically identified. This should include an overview of the key metrics to be monitored, the milestones to be assessed and actions to be taken in the event that the monitoring identifies an potential blockages in implementation.

## Next steps

- 8.46 Building on the evidence and associated recommendations set out in this report, the Council should take early action to develop a draft economic development strategy for Monmouthshire. As part of this, a clear approach should be defined and agreed regarding the extent and degree of consultation required. Following on from the business and stakeholder events undertaken as part of this study, the draft strategy should also include a solid phase of further stakeholder engagement. The aim would be to achieve buy-in and general consensus during the strategy development period in order for a sense of common ownership to emerge.
- 8.47 At all times during the strategy development process, the issue of prioritisation should be consistently and regularly applied. Whilst sometimes challenging and with often conflicting opinions, an iterative approach to the identification of priorities can be most effective. By keeping priorities in mind at all times, this provides a discipline to ensure the strategy is meaningful, focused and ambitious, but also achievable.
- 8.48 With the development of achievable priorities in mind but during and after the development of the economic strategy, we recommend that the Council:

- 1 Takes early and collaborative steps in developing a long list of key projects. Importantly, this would be accompanied by a clear rationale, solid evidence and associated **business case** work leading to a set of **funding-ready deliverable priority projects**.
- 2 Prepare a **Development Infrastructure and Funding Strategy**. As highlighted above, this would clearly identify local infrastructure gaps alongside key investments required to deliver priority projects. The strategy would include funding options and identify where core funding gaps exist. In addition, it would contribute to key issues of development viability in so far as it is impacted on by the need for local or strategic infrastructure investment to enable development to be delivered.







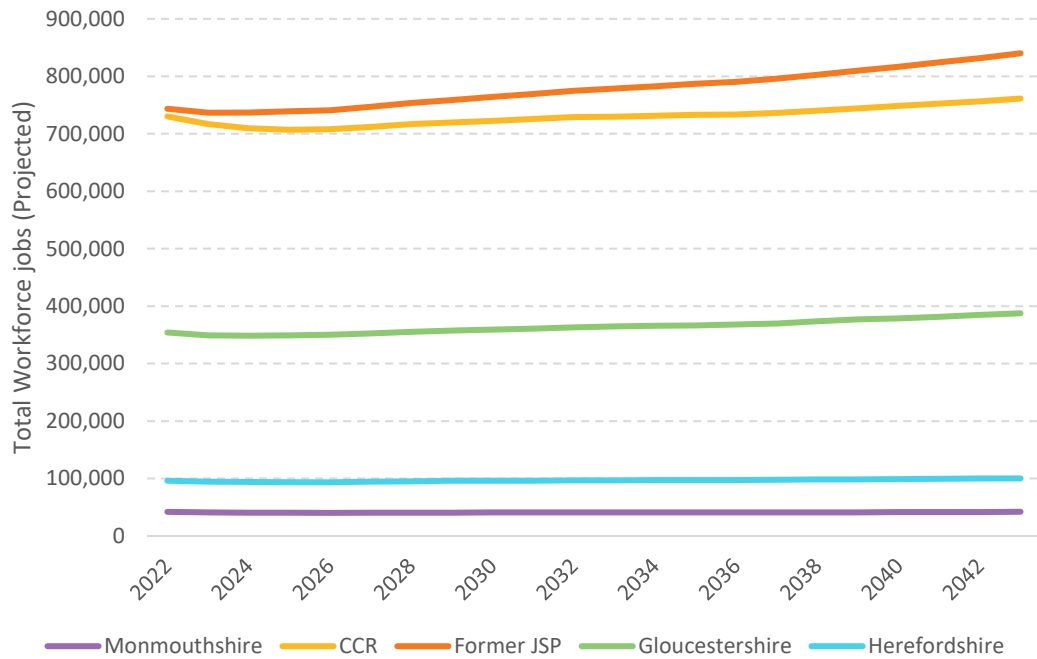
## **Appendix 1 Employment and GVA forecasts**

- 1.1 This sub-section sets out economic projections for Monmouthshire and the comparator areas. Provided by Experian Business Strategies, it is important to highlight that these are baseline forecasts which means that:
- 3 They are strongly influenced by past trends and overall national macro-economic prospects. For example, if the local economy has been constrained by a lack of available premises to meet latent demand, the projections will assume that such constraints will remain in place.
  - 4 They represent a 'policy-off' position. The projections do not allow for any potential local market interventions which may impact on employment and business activity. For example, the effect of RLDP policies such as the allocation of new employment sites to meet latent demand will not be factored in to the forecasts.
- 1.2 Consequently, interpretation of the baseline projections set out below need to be tempered by consideration of these limitations.

### **Employment**

- 1.3 Generally, over the next 20-years, employment in Monmouthshire is projected to stay relatively stable, with a projected loss of just 100 jobs between 2022 and 2043 (equivalent to a loss of -0.2%). Employment growth in the nearby geographies is higher, projected at 3.9% across Herefordshire, +4.3% across South East Wales, 9.5% across Gloucestershire, and +12.9% across the former Bristol JSP area over the same period. Monmouthshire's forecast of flatlining employment growth reflects historic patterns and an inherent demographic imbalance in the County. This represents a 'do-nothing' scenario and points to the need for potential policy interventions to be introduced to counter the risk of economic contraction.

Figure 8.1 Projected employment growth (2022-2043) across Monmouthshire and comparator areas



Source: Experian (2023) / Lichfields analysis

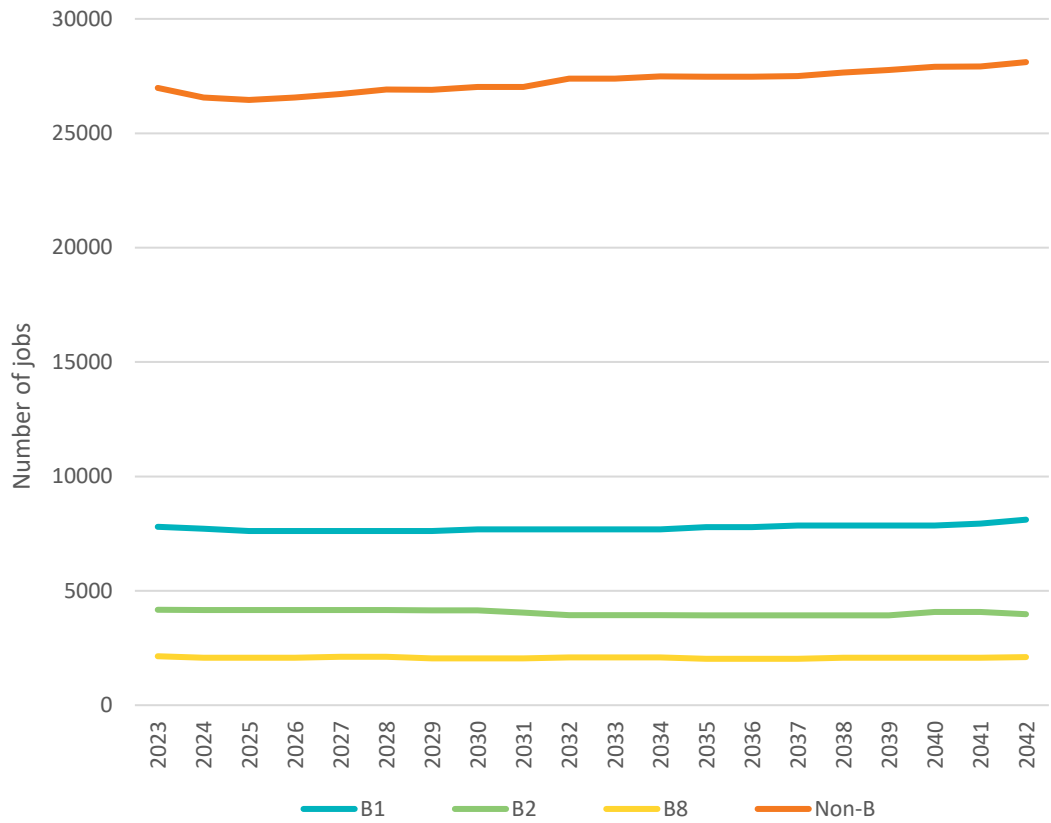
Table 8.2 Projected employment growth (2022-2043) across Monmouthshire and comparators

Location	2022	2028	2035	2043	% growth
Monmouthshire	42,000	40,700	41,000	41,900	-0.2%
South East Wales	730,100	716,700	733,300	761,400	+4.3%
Former JSP area	743,800	753,500	786,800	840,100	+12.9%
Gloucestershire	353,900	355,200	366,700	387,600	+9.5%
Herefordshire	96,400	95,300	97,200	100,200	+3.9%

Source: Experian (2023) / Lichfields analysis

1.4 The forecasts suggest that employment in non-B sectors will increase over both periods and that B1 employment will grow between 2032 and 2042, but that there will be a continued decline in employment in B2 and B8 sectors. These projections need to be treated with a degree of caution, however, in that they are likely to be influenced by national forecasts of overall contraction in industrial activity.

Figure 8.2 Projected employment change in Monmouthshire by broad sector, 2023-2042



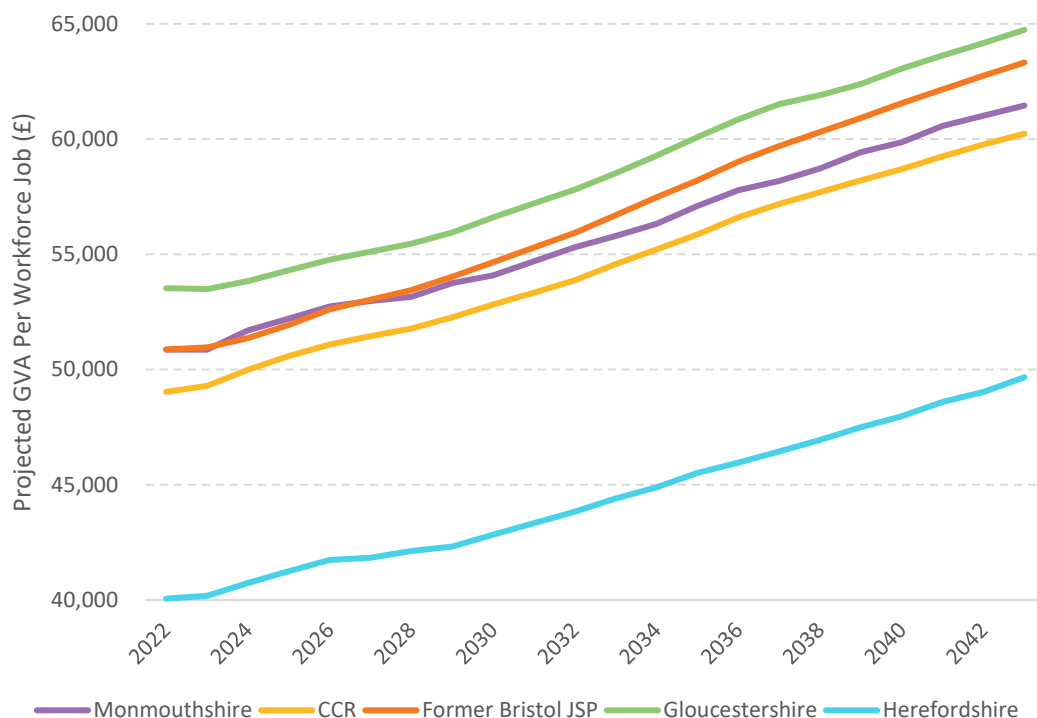
Source: Lichfields analysis of Experian data (March 2022 data release).

### Workforce Productivity

1.5

Workforce productivity is measured by GVA per head. Across all observed geographies, workforce productivity is projected to steadily rise from 2022 to 2043. However, GVA per head in the Former Bristol JSP area is forecast to exceed GVA per head in Monmouthshire by 2027.

Figure 8.3 Projected workforce productivity (GVA per head, 2022-2043) in Monmouthshire and comparator areas



Source: Experian (2023) / Lichfields analysis

1.6 Projected growth in GVA per head in Monmouthshire is generally consistent with projected growth rates across the wider geographies (i.e., around 20-25%). Table 8.3 below breaks down projected growth rates from 2022 to 2043 across Monmouthshire and the comparator areas.

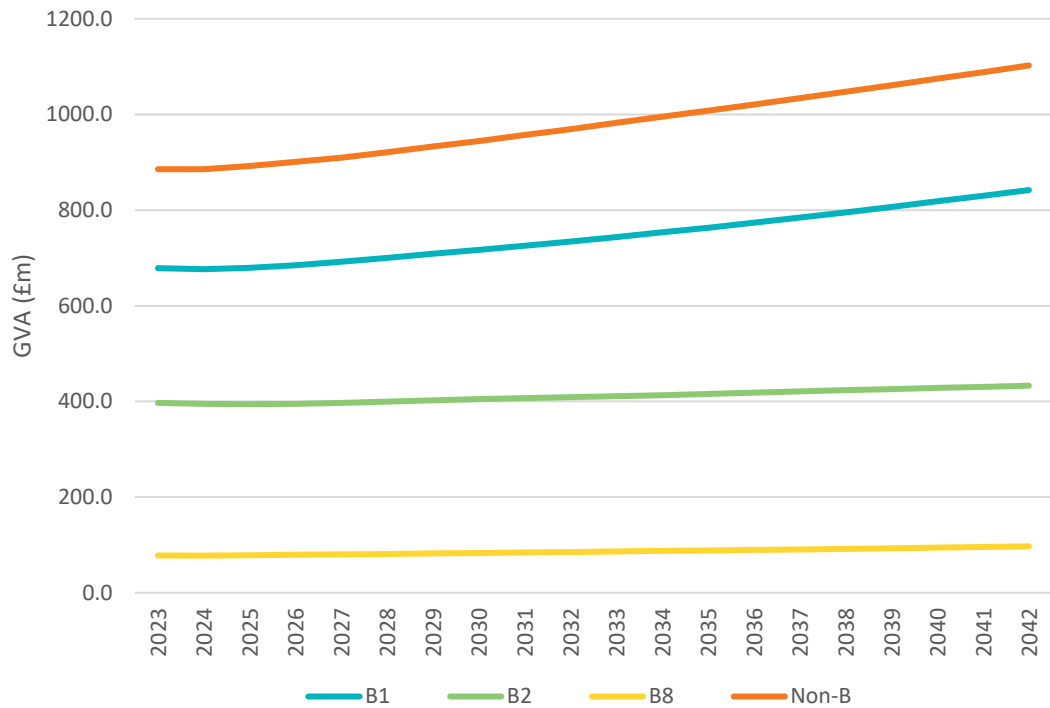
Table 8.3 Projected workforce productivity (GVA per head, 2022-2043) in Monmouthshire and comparators

Location	2022	2028	2035	2043	% growth
Monmouthshire	50,867	53,155	57,105	61,456	+20.8%
South East Wales	49,033	51,779	55,859	60,236	+22.8%
Former JSP area	50,875	53,451	58,215	63,322	+24.5%
Gloucestershire	53,537	55,465	60,085	64,739	+20.9%
Herefordshire	40,063	42,127	45,513	49,671	+24.0%

Source: Experian (2023) / Lichfields analysis

1.7 GVA is expected to increase in all sectors in Monmouthshire over the periods to 2032 and 2042, with the exception of a decline in B2 sectors between 2022 and 2032. Based on our review of the Experian data, the following key sectors are likely to be particularly significant to Monmouthshire in the future: administration & support services, accommodation & food services, civil engineering, health, land transport, professional services, real estate and retail.

Figure 8.4 Projected GVA change in Monmouthshire by broad sector, 2023-2042



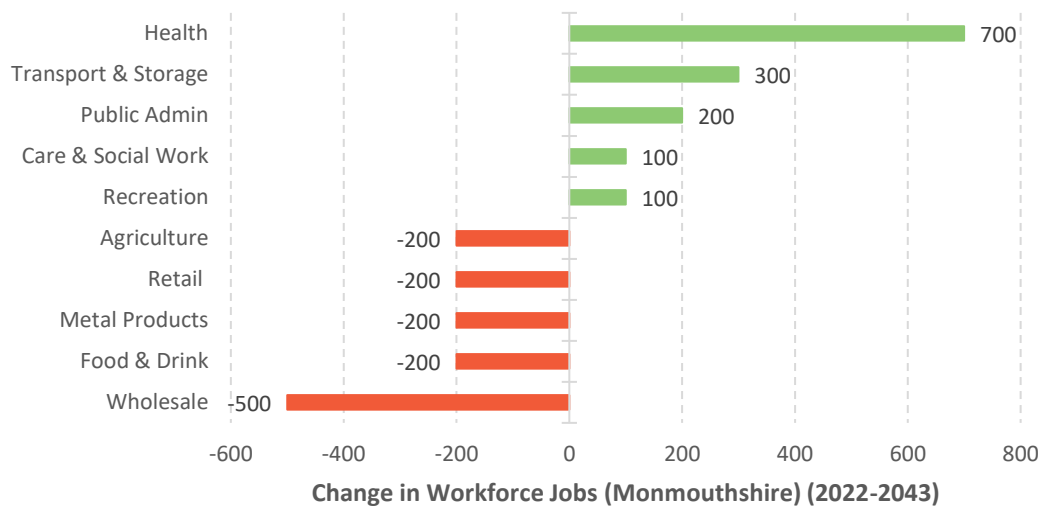
Source: Lichfields analysis of Experian data (March 2022 data release).

1.8 It should be noted, however, that these are policy-off forecasts that are based on macro-economic projections, past trends and the current economic profile of the area. The new economic strategy for Monmouthshire will play an important role in providing the basis for a step change in future economic growth and stimulating an increased level of prosperity within the local authority area.

**Sectoral Change**

1.9 Across the period to 2043, the largest projected growth in employment by sector is predicted in the healthcare sector, and the largest decline is predicted in wholesale. The top five sectors by growth and by decline in employment are presented in Figure 8.5.

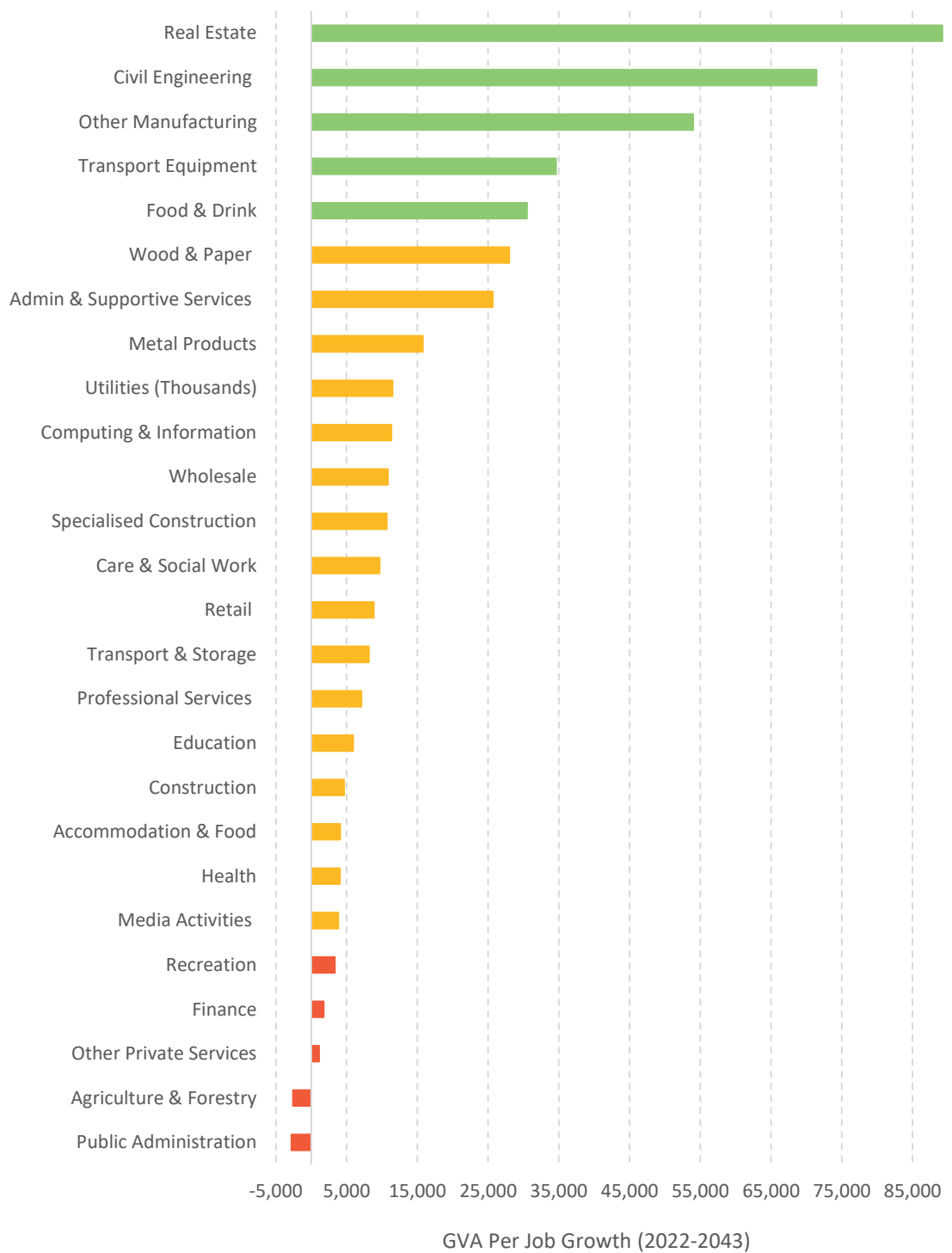
Figure 8.5 Largest projected changes in employment by sector in Monmouthshire (2022-2043)



Source: Experian (2023) / Lichfields analysis

- 1.10 Analysis of Experian data shows that real estate, civil engineering, other manufacturing, transport equipment, and food and drink are projected to be the fastest growing sectors in terms of GVA per job from 2022 to 2043. GVA per job in the real estate sector is projected to grow by £89,222.
- 1.11 By contrast, the slowest growing sectors in terms of GVA per job are projected to be recreation, finance, and other private services. Agriculture and forestry and public administration are forecast to decline in terms of GVA per head, with public administration declining by -£2,803 across the same period.

Figure 8.6 Projected GVA per job growth (2022-2043) in Monmouthshire



Source: Experian (2023) / Lichfields analysis



## **Appendix 2 Business engagement feedback**

- 2.1 This section summarises the comments received from attendees at the two engagement events that were held to inform this study. The first event took place at Monmouthshire County Hall on Wednesday 26 April 2023 and was attended by representatives from the following organisations:
- 1 Creo Medical, Chepstow
  - 2 Microchip, Caldicot
  - 3 Siltbuster, Monmouth
  - 4 Alacrity Foundation
  - 5 Coleg Gwent
  - 6 Mandarin Stone, Monmouth
  - 7 The Angel Hotel, Abergavenny
  - 8 Llanover Estate
  - 9 Materials Recovery Systems, Caldicot
  - 10 M4 Commercial Property
- 2.2 A follow-up session was held online on the evening on Tuesday 23 May 2023. This was attended by representatives of the following organisations:
- 1 Caldicot Town Team
  - 2 Usk Business Network
  - 3 Federation of Small Businesses
  - 4 Monmouth Chamber of Commerce
  - 5 Alan Griffiths contractors
- 2.3 Both events were also attended by MCC officers (economic development and planning) and were chaired by Cllr Paul Griffiths, Cabinet Member for a Sustainable Economy and Deputy Leader.
- 2.4 Each session began with a presentation by Lichfields outlining its main findings from a review of Monmouthshire's social and economic context (sections two to seven of this report). A discussion was then held with attendees about their perception of the key challenges constraining Monmouthshire from growing its economy and how the emerging economic strategy could help the County realise its ambitions.

Table 8.4 Challenges identified constraining economic growth in Monmouthshire

Theme	Comments from attendees	Evidence from analysis	Potential strategy response
<b>Barriers to growth</b>			
Nature of existing employment stock	<ul style="list-style-type: none"> <li>Majority of B2 employment stock located along the M4 corridor close to Caldicot and Chepstow.</li> <li>Office space more concentrated in Monmouth, Abergavenny &amp; Castlegate, Caldicot.</li> <li>Abergavenny also benefits from a larger tourism industry and attracts people because of its retail and gastronomy offer.</li> <li>Many parts of Monmouthshire are suffering from a shortage of employment premises with a significant proportion of latent demand being unmet. This is having a negative impact on the capacity of local businesses to expand or ability to attract new business investment to Monmouthshire (including the start-up of new businesses by Monmouthshire residents).</li> </ul>	<ul style="list-style-type: none"> <li>Largest industries by employment are health, accommodation &amp; food, retail, and professional services.</li> <li>Largest industries by GVA are real estate (statistically, this sector is broadly defined and includes buying and selling of own real estate, renting and operating of real estate, letting and operating of conference and exhibition centres, real estate agencies and management of real estate. Although it is significant locally in GVA terms, it is relatively small compared to the comparator areas), the manufacture of food &amp; drink, civil engineering, health, public administration, administrative &amp; support services, and education.</li> <li>Extremely low vacancy rate for offices of 0.3% compared with 7.4% in the wider CCR indicates a shortage of employment premises.</li> <li>Vacancy rates for industrial premises also extremely low at 1.0%, compared with 4.6% in wider CCR.</li> <li>Office clusters in Abergavenny, Monmouth, Chepstow, &amp;</li> </ul>	<ul style="list-style-type: none"> <li>Important to showcase strong performance of niche industrial activities in Monmouthshire and provide sufficient land and property policy response accordingly. This may require forward-looking but challenging planning decisions to be made in the LDP. Short, medium and long-term supply solutions are required.</li> <li>Increased provision of suitable accommodation of different types and price points to cater for different business types and sizes.</li> <li>Need to provide modern premises that are ready to occupy in the short term along with providing medium to long term opportunities for new land development / redevelopment opportunities. In the absence of this, there is a real danger that well established businesses will relocate away from Monmouthshire. Clearly, the land and premises supply constraints will also be prohibitive to attracting new business investment.</li> <li>Need to respond to the viability challenge arising from low rental values. Whilst affordable rents are important for business competitiveness, they can also prohibit the redevelopment and</li> </ul>

		<p>Castlegate, Caldicot with a few scattered offices along M4 corridor.</p> <ul style="list-style-type: none"> <li>• Clusters of industrial premises in Caldicot and Chepstow, and along the M4 corridor. There are also small clusters in Monmouth and Abergavenny.</li> </ul>	<p>regeneration of existing stock for modern purposes. This may require targeted public sector intervention.</p> <ul style="list-style-type: none"> <li>• Work with development industry to incentivise provision of additional floorspace, for example through grants or business rate reductions to remove the onus on the Council delivering employment land.</li> <li>• Consider Council's role in direct development and joint ventures with property investors and developers.</li> <li>• Determine whether it would be preferable to increase clustering of offices in Monmouth/Abergavenny and warehouses in Caldicot, or distribute these more equally across the County, including small scale (office) provision outside of the main settlements.</li> </ul>
<p>Type of land/premises available</p>	<ul style="list-style-type: none"> <li>• Extreme shortage of B2 &amp; B8 premises, particularly warehouses and distribution centres.</li> <li>• Some businesses considering moving away from Monmouthshire because of the shortage of employment land and premises.</li> <li>• Because of the type of employment being offered by the businesses attending the engagement event, working from home is a less suitable option than what is being considered by some public sector organisations – drive to have people</li> </ul>	<ul style="list-style-type: none"> <li>• In addition to the identified shortage of employment premises, analysis found that office and industrial premises are older than those in the wider South East Wales region which is likely another deterrent to businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritise the delivery of 'ready-to-occupy' premises alongside new land for development aimed at meeting medium to long term needs.</li> <li>• Potential to better utilise existing employment premises where planning constraints prohibit expansion. This could include redeveloping offices for shared office spaces with hot desking that could be used by multiple companies.</li> <li>• Adopt a permissive approach to the refurbishment of existing commercial premises in order to improve the quality of existing stock.</li> </ul>

	<p>back in the office / warehouses etc where possible.</p>		
<p>Movement of businesses to Monmouthshire</p>	<ul style="list-style-type: none"> <li>The lack of premises is affecting the level of interest from inward investors although some businesses are seeking to relocate from Bristol as a high proportion of their staff live in Monmouthshire.</li> </ul>		<ul style="list-style-type: none"> <li>Recognise the potential benefits of attracting new investment to Monmouthshire, based on its strategic location, but balance this with an appreciation of the local growth capacity of existing business which will remain the bedrock of the County's economy. Develop targeted promotional activities accordingly.</li> </ul>
<p>Skills</p>	<ul style="list-style-type: none"> <li>A number of attendees cited a shortage of appropriately skilled workers as a barrier to growth.</li> <li>Whilst Monmouthshire has good secondary school educational facilities, there is a shortage of local, vocationally-focused technical colleges and training facilities. This has the impact of forcing school leavers out of the County and preventing the training and re-training of adults of various ages and stages of their careers. Furthermore, the lack of locally available skills and training facilities acts as a significant constraint to the competitiveness of existing businesses and the attraction of new and expanding businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Evidence that the population of Monmouthshire is highly educated, and more so than the population of the wider CCR area. This reflects evidence that a higher proportion of residents in Monmouthshire are employed in SOC major groups 1-3 when compared with the comparator areas.</li> <li>Comparison of workplace and resident median weekly earnings indicates that a high proportion of people commute out of Monmouthshire for higher paid jobs.</li> </ul>	<ul style="list-style-type: none"> <li>Work with education and training providers to consider options for the development of well-defined skills academies/provision of new courses in existing facilities and local outreach centres to plug skills gaps in certain sectors. This will be critical in helping control the leakage of working-age residents away from the area, enable the growth of existing businesses and attracting new businesses to Monmouthshire.</li> <li>Recognise that being able to demonstrate a secure pipeline of workers would help attract businesses – particularly applicable to larger companies looking to invest in Monmouthshire.</li> <li>Initiatives to enhance overall skills development offer in order to boost retention of most highly skilled workers and ensure the balance between the</li> </ul>

			skills required by local jobs and the skills of the local population.
Accessibility – digital and physical	<ul style="list-style-type: none"> <li>• Access identified as a major factor restricting growth in and around Chepstow and Caldicot in particular because of congestion along the M4 corridor.</li> <li>• Indication that there is a need to invest in infrastructure as well as employment land/premises and skills in order to make sites more successful to businesses already operating in Monmouthshire.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited number of railway stations and limited scope for rail connections across the County e.g. from Chepstow up to Monmouth.</li> <li>• Limited bus routes across the County connecting towns and providing access from rural areas to larger towns.</li> <li>• Whilst digital connectivity has improved over recent years as a result of increased investment, it is still patchy across the County. This is a particular issue in more rural areas, however there are also a number of premises in urban centres with poor connectivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implications of the South East Wales Transport Commission in relation to the provision of improvements to public transport services in order to enhance the range and choice of sustainable transport options.</li> <li>• Continue to increase investment in digital connectivity to attract more businesses and make working from home a more feasible option for workers considering moving to Monmouthshire.</li> </ul>
<b>Planning related barriers</b>			
Development Management	<ul style="list-style-type: none"> <li>• Numerous attendees identified planning as a barrier to extending existing employment premises – this is a widespread issue for offices and warehouses.</li> <li>• Most businesses in Monmouthshire are seeking ‘ready made’ premises rather than greenfield sites. This is partly because planning is considered to be too difficult, and partly because a lot of the businesses seeking to expand are small and require new floorspace immediately and lack have the</li> </ul>		<ul style="list-style-type: none"> <li>• Some of the planning issues that were raised are beyond the control of MCC. However, appropriate, flexible and permissive RLDP policies will be important to encourage and support commercial development.</li> <li>• Prioritise the delivery of ‘ready made’ premises that will be readily available for smaller businesses by incentivising developers and through proactive measures by the Council – targeted at those already located in Monmouthshire and those seeking to relocate to or invest in the County.</li> </ul>

	<p>capital to invest in building new premises.</p> <ul style="list-style-type: none"> <li>• Distribution and warehousing companies feel constrained by a lack of space, and land availability.</li> </ul>		<ul style="list-style-type: none"> <li>• Support the refurbishment and/or redevelopment of existing premises in particular so that they are more modern and flexible in nature, and better able to accommodate varied businesses. This will make better use of already developed land in areas where planning constraints, such as flooding, restrict expansion opportunities.</li> </ul>
Utilisation of strategic sites	<ul style="list-style-type: none"> <li>• Concern expressed about landowners sitting on sites allocated for commercial uses in anticipation of them being delivered as mixed use or residential sites.</li> </ul>		<ul style="list-style-type: none"> <li>• Ensure that existing allocations that have not been implemented are subject to scrutiny if they are to be retained in the RLDP.</li> </ul>
<b>Identity of Monmouthshire</b>			
Demographic profile	<ul style="list-style-type: none"> <li>• A number of attendees were interested in the area's demographics profile which underscores some of the key economic challenges.</li> <li>• Challenge of school capacity potentially limiting the number of young families moving to Monmouthshire.</li> <li>• Shortage of affordable nursery spaces may also be a factor constraining growth in Monmouthshire given that it restricts women from returning to work.</li> <li>• Attendees at the second engagement event described the differing demographic profiles of</li> </ul>	<ul style="list-style-type: none"> <li>• Ageing population and declining working age population – particularly evident when comparing with each of the comparator areas (other than Herefordshire)</li> <li>• Monmouthshire has a higher old age dependency ratio than each of the comparator areas (except Herefordshire), and it is expected to increase substantially by 2033 and 2043.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific measures to support the growth and diversity of available job opportunities amongst young people will be important in helping to attract and retain them in Monmouthshire, contributing towards a rebalancing of the local demographic profile.</li> <li>• There is a direct relationship between the ageing population and the level, type and tenure of housing provision in Monmouthshire. An increase in the supply and range of housing (including increased levels of affordable housing) through the RLDP will help to address some of the key housing barriers that are faced by young people in Monmouthshire.</li> </ul>

	different towns and the need to cater for these within the economic strategy.		
Business identity	<ul style="list-style-type: none"> <li>• Indication that some businesses feel unwelcome in Monmouthshire because of its aspiration to attract higher paid jobs at the risk of losing / deterring large distribution companies.</li> <li>• Attendees questioned whether Monmouthshire has a specific business identity. This lack of identity could be contributing to Monmouthshire's challenges in attracting businesses.</li> <li>• Different identities exist for different areas e.g. Caldicot has more of an industrial identity whereas Abergavenny is more food and retail oriented. This diversity should be recognised and embraced within an economic strategy.</li> </ul>		<ul style="list-style-type: none"> <li>• Establish a clear identity for Monmouthshire as a business location, drawing in particular on its quality-of-life benefits and its existing economic strengths.</li> <li>• Focus on the strengths and unique economic functions of each individual town to build up their own identity and promotional profile, e.g. Abergavenny's food identity.</li> <li>• An objective for the strategy could be to maintain town centres that are currently thriving – offer a varied range of independent stores etc; seen to retain money in the local economy.</li> </ul>
Quality of life	<ul style="list-style-type: none"> <li>• Agreement that Monmouthshire is a great place to live, work, to be in nature, has good schools etc – no surprise businesses are interested in moving there. Challenge more relates to physically not being able to move.</li> <li>• Whilst towns across the County are varied, they offer different aspects that have a common theme: good quality of life.</li> </ul>	<ul style="list-style-type: none"> <li>• The Welsh Index of Multiple Deprivation dataset measures deprivation using different metrics which can be used to give an indication of the quality of life in Monmouthshire. Monmouthshire ranks better overall than all other authorities in the CCR.</li> <li>• Monmouthshire performs particularly well in respect of the health, income, employment,</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt a personable tone throughout the strategy to highlight Monmouthshire's quality of life and its appeal to various aspects e.g. access to the outdoors, retail and food offer.</li> <li>• Use this to attract businesses and workers to invest in Monmouthshire.</li> <li>• Underline the role that the quality of place plays as a driving force for economic profile and opportunity.</li> </ul>

		education, housing, and community safety domains.	
Potential overlap with tourism strategy	<ul style="list-style-type: none"> <li>Recent tourism and economic challenges relating to Covid-19 and Brexit – facing issues with staffing. Attendee from Hotel stated they were trying to employ locally but struggling to find staff.</li> <li>Attendees suggested further capitalising on events already taking place in the County to expand the tourism industry, e.g. the Abergavenny Food Festival.</li> </ul>	<ul style="list-style-type: none"> <li>Vision Monmouthshire 2040 identified that Monmouthshire’s economy outperforms wider CCR region in some areas, like tourism revenue and jobs.</li> <li>Food, leisure and accommodation sectors identified as one of the key sources of employment in the local economy.</li> </ul>	<ul style="list-style-type: none"> <li>Build on the identity of Monmouthshire as a whole, as well as that of the individual towns to attract more visitors and diversify tourism attractions in the County.</li> <li>Advertisement of Monmouthshire’s identity to neighbouring authorities could attract workers to fill roles in hotels, restaurants etc.</li> </ul>







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