

## Report for Education and Economy Scrutiny Committee

<b>Date of meeting:</b>	25 January 2024
<b>Cabinet Member:</b>	Cllr Nia Jeffreys and Cllr Dyfrig Siencyn
<b>Contact Officer:</b>	Sioned E Williams, Head of Economy and Community Department Dylan Griffiths, Economic Development Manager
<b>Department / Service:</b>	Economy and Community

### **1. TITLE OF ITEM:**

#### Gwynedd Economic Development Project

Creating the best possible circumstances in Gwynedd for businesses and community enterprises to thrive, and support the people of Gwynedd into work

### **2. WHY DOES IT NEED TO BE SCRUTINISED?**

- 2.1 On average wages in Gwynedd are among the lowest in the UK and the gap in average household income continues to be significant. The Gwynedd Ni consultation has shown clearly that communities across Gwynedd see the need for support to strengthen the economy's foundations and increase the provision of quality jobs locally.
- 2.2 Under the 'A Prosperous Gwynedd' priority field in the [Council Plan](#) has produced a plan that aims to create the best possible circumstances for businesses and community enterprises to thrive, and support the people of Gwynedd into work. This is an opportunity for the Committee to scrutinise the contents of this plan and the progress of the Economy and Community Department in implementing it to trigger growth in Gwynedd's economy.

### **3. BACKGROUND AND CONTEXT**

#### A CONCISE ANALYSIS OF GWYNEDD'S ECONOMY

- 3.1 A brief profile of the primary statistics relating to the economy of Gwynedd is included in Appendix 1. You will note from this information:
  - The impact of Brexit and the pandemic is clearly visible on the productivity of the economy and on unemployment rates and economic inactivity.
  - In terms of the labour market, in general, the rates of inactivity and unemployment follow the pattern of Wales and the UK
  - Historically, Gwynedd's unemployment rate is below those of Wales and the UK.

- The wealth gap between Gwynedd and Wales and the UK continues and is persistent, and the productivity gap is slowly widening.
  - Although less productive, Gwynedd's economy is more resilient and less vulnerable to the impact of a slump in the global economy.
- 3.2 In order to create a sound basis for our efforts to strengthen the economy across Gwynedd communities and a method of prioritising activities, it was intended to produce a plan for the development of the economy in the period 2023-28. An independent company was commissioned to facilitate the work and on the 1<sup>st</sup> of April 2022 a joint workshop with our main partners in the field to initiate a discussion of the needs and priorities for the period ahead.
- 3.3 At the same time, in March / April 2022 the UK Government announced that Local Authorities were required to lead on submitting applications to the Levelling-Up Fund (LUF) and administering the Shared Prosperity Fund (SPF) between 2022 and 2025. As a result, the time of officers from the Economy & Community Department, and the Economic Development Service in particular, has had to be diverted away from preparing the Gwynedd economy plan and re-directed to manage and administer these funding programmes in Gwynedd and across North Wales in the case of the SPF. The Department also leads the ARFOR programme across West Wales covering Anglesey, Gwynedd, Ceredigion and Carmarthenshire during the same period. This has meant that work on preparing the Gwynedd economy plan has not been completed.
- 3.4 The period of these funds will end in March 2025, leaving uncertainty regarding future resources for supporting the local economy. There will be greater emphasis on working regionally with the development of the Corporate Joint Committee (CJC), the Growth Bid, the Anglesey Freeport, and an Investment Zone in Wrexham and Flintshire. Preparation work will begin early in 2024/25 on arrangements and priorities for developing the economy in future, and it is important that lessons from the experience of current arrangements are learned and that the priorities for Gwynedd are clear for the future.

#### CYNGOR GWYNEDD PRIORITY PROJECTS

- 3.5 The [Cyngor Gwynedd Plan 2023-28](#) states:

*'The foundation for enabling the people of Gwynedd to prosper is ensuring that there are suitable jobs available in the county that enable them to support themselves and their families. Our ambition is to secure:*

- *High-quality jobs*
- *Support for businesses to thrive*
- *Sustainable tourism for the benefit of communities*
- *Strong and resilient communities*
- *Prosperous and vibrant town centres'*

3.6 The Economy and Community Department is leading on three priority projects that have been identified by the Council to achieve these objectives:

- Regenerating Communities and Town Centres
- Promoting our Culture and a Sustainable Visitor Economy
- Creating the best possible circumstances in Gwynedd for community enterprises and businesses to thrive and support the people of Gwynedd into work.

3.7 The progress of these projects was reported to the Cyngor Gwynedd Cabinet on 7 November 2023, and there will be an opportunity here to scrutinise in greater detail the Department's progress in implementing the plan to support Gwynedd enterprises to thrive and support the people of Gwynedd into work. The Regeneration Framework, the Town Centres Improvement Programmes, the Visitor Economy Plan and the Gwynedd LleChi Plan have all been the subject of scrutiny reports to this Committee previously, and there will be an opportunity to scrutinise these further in 2024.

A Prosperous Gwynedd Priority Project:

*Creating the best possible circumstances in Gwynedd for community enterprises and businesses to thrive and support the people of Gwynedd into work.*

3.8 Here is Cyngor Gwynedd's commitment in the Cyngor Gwynedd Plan 2023-28

"We will support businesses and community enterprises in Gwynedd to thrive in many ways such as product development and accessing new markets, helping enterprises to save money by reducing waste and using technology effectively, supporting businesses in Gwynedd to trade together and prioritise helping enterprises that commit to paying a 'real living wage' to their employees. We will encourage businesses to make the most of the Welsh language, develop more business units for letting, and strive to ensure that the North Wales Growth Deal projects benefit the people of Gwynedd. In addition, we will help the people of Gwynedd to fulfil their potential and support those who are excluded from the labour market to return to employment and will work with employers to assist them to secure sufficient workers.'

3.9 The following table provides an update on the project:

Overview	What we want to achieve during the <b>FIRST</b> year 2023-24 (milestones):	December 2023 update
<p>We will support businesses and community enterprises in Gwynedd to thrive in many ways such as product development and accessing new markets, helping enterprises to save money by reducing waste and using technology more effectively, supporting businesses in Gwynedd to trade together and prioritise helping enterprises that commit to paying a 'real living wage' to their employees. We will encourage businesses to make the most of the Welsh language, develop</p>	<p>We will have targeted funding from the UK Government's Shared Prosperity Fund to strengthen the foundations of Gwynedd's economy.</p>	<p>£1.5 million was secured from the Shared Prosperity Fund to provide financial and practical support to businesses in the county through Cyngor Gwynedd</p> <p>Including the above, a total of £4.8m of the Gwynedd Shared Prosperity Fund allocation was committed to schemes under the Supporting Local Business priority; including a combination of money directly to local enterprises and funding for schemes that will provide support to our businesses.</p>
	<p>We will have worked together with partners across North Wales to ensure benefits to Gwynedd from the North Wales Growth Deal.</p>	<p>The Council continues to play a prominent and proactive role in supporting the realisation of the North Wales Growth Deal plans, paying particular attention to the plans that offer the greatest benefit to Gwynedd, in the Digital Programme, Energy Programme and the Tourism Agri-food Programme</p>
	<p>We will have confirmed arrangements for implementing the ARFOR Programme with west Wales partners and the Welsh Government.</p>	<p>The governance arrangements of the ARFOR Programme have been confirmed and the financial offer from the Welsh Government has been signed. Three projects within the programme are now operational:</p> <ul style="list-style-type: none"> <li>• Enterprising Communities - 20 applications approved in Gwynedd worth £917k.</li> <li>• Llwyddo'n Lleol - there are 4 interventions within Llwyddo'n Lleol: Testing; Venture; Career and Settling In. The programme targets young people</li> </ul>

<p>more work units for letting, and strive to ensure that the North Wales Growth Deal projects benefit the people of Gwynedd. In addition, we will help the people of Gwynedd to fulfil their potential and support those who are excluded from the labour market to return to employment and will work with employers to assist them to secure sufficient workers.</p>		<p>11-35 to raise awareness of the job opportunities available in the ARFOR Region; Enterprise and opportunities to return to their indigenous community.</p> <ul style="list-style-type: none"> <li>• ARFOR Challenge Fund - the ARFOR Challenge Fund is for looking for innovative solutions to Local/County and Regional challenges and ensuring opportunities to learn about the connection between the Economy and the Language. 146 expressions of interest have been received across the region, with 59 of these from Gwynedd. 54 organisations from Gwynedd have attended the Challenge Workshops and 8 organisations from Gwynedd have applied to the ARFOR Challenge Fund and the applications are valued at £668,192.</li> </ul>
	<p>We will have reviewed and established new arrangements for engaging with businesses and sharing information.</p>	<ul style="list-style-type: none"> <li>• An independent review of the business support team's engagement with local enterprises has been undertaken with recommendations for the future.</li> <li>• Additional methods of contacting the service through the website and WhatsApp have been introduced.</li> <li>• A wider engagement plan is being drawn up.</li> </ul>
	<p>We will have launched a Business Support Fund</p>	<ul style="list-style-type: none"> <li>• New business support funds have opened at the beginning of August following securing the funding (mainly through the SPF). £2.1 million of funding has been secured to be distributed to businesses.</li> <li>• The demand for assistance from the funds has been extremely high. 165 applications requesting £11.36 million of support have been received.</li> <li>• £520k of support has already been allocated to 35 businesses, and the decisions process for the remaining budget is coming to its conclusion.</li> </ul>

	<p>We will have organised events to celebrate the accomplishments of Gwynedd businesses.</p>	<ul style="list-style-type: none"> <li>• A regular series of visits to prominent businesses in Gwynedd were programmed for Cabinet Members and five have already been held in 2023/24.</li> <li>• The Gwynedd Business Day <a href="mailto:Busnes@gwynedd.llyw.cymru">Busnes@gwynedd.llyw.cymru</a> was held on 22 May with 35 businesses attending and others joining virtually.</li> <li>• A discussion panel and a display of local businesses' products were held at the Eisteddfod.</li> </ul>
	<p>We will have secured planning permission to develop 10 new work units.</p>	<ul style="list-style-type: none"> <li>• The Council's Cabinet has confirmed funding for the scheme.</li> <li>• Detailed designs have been completed and planning permission secured.</li> <li>• Detailed designs and tendering documentation have been prepared, and the appointment procedure is about to start.</li> <li>• Welsh Government have been motivated to become a partner in the scheme</li> </ul>
	<p>We will have entered an agreement with the Welsh Government to provide a Support into Work programme.</p>	<ul style="list-style-type: none"> <li>• The Communities for Work Scheme – funded through Europe – ended as expected in July 2023.</li> <li>• An extended agreement to realise the Communities for Work Plus programme has been accepted by the Welsh Government which will secure £681K in 2023/24.</li> <li>• An additional £172k has been secured from the Nuclear Decommissioning Authority, to extend our provision to support local residents who are looking to increase their earnings (up to October 2025).</li> </ul>

		<ul style="list-style-type: none"><li>• A further £700,000 to support the residents of Gwynedd to achieve to the best of their ability in the world of work has been secured from the UK Shared Prosperity Fund (until the end of 2024).</li><li>• To date in 2023/24, <u>101</u> people in Gwynedd have secured employment after being supported.</li><li>• Six jobs fairs were held to bring together local employers and individuals seeking work. The fairs were attended by 364 individuals, and there was an average of 17 employers at each fair.</li></ul>
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3.10 You will note from the table above that the Department has made good progress against the commitments for 2023-24 and there are clear arrangements in place to achieve the main milestones for 2024-25. However, some clear risks have been highlighted over the year which we wish to draw the Committee's attention to:

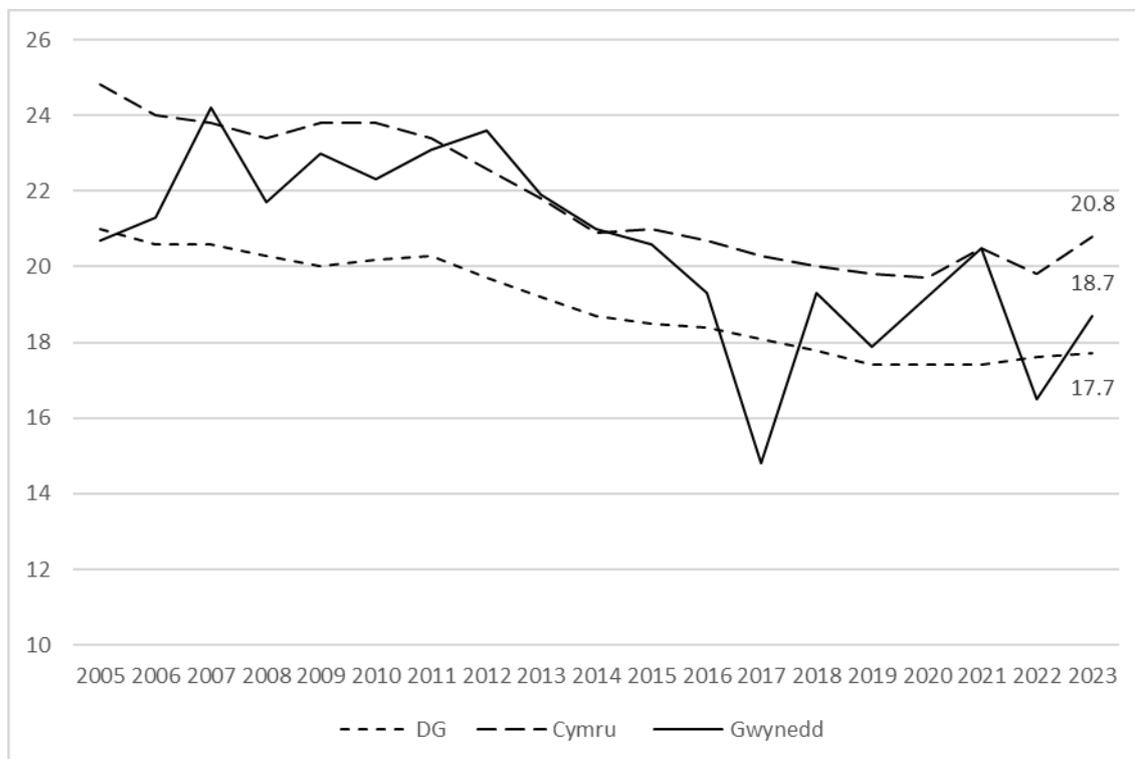
- The response of Gwynedd businesses and enterprises to the SPF and ARFOR funds significantly exceeded the funding available. With applications in excess of £11M and only £2M available, it is therefore inevitable that most businesses are going to be let down. Good bids will have to be rejected as there is not enough money available to respond to the demand.
- The funds have highlighted the variations in the ability of businesses within certain sectors and areas to respond to funding opportunities.
- Along with the high demand, the absurdly short timeframe for implementing the funding programmes is preventing efforts to support areas and sectors that are unable to respond immediately.
- The short timeframe for the implementation of the financial programmes means that the Department has to recruit a large number of temporary posts. With all the programmes ending simultaneously in March 2025, 12 posts will be under threat within the Department. The number will be much larger across organisations in the county.
- There is significant uncertainty about the size and administration of any funds after March 2025 which hinders our ability to plan ahead.
- The squeeze on public budgets more widely increases the pressure. The Welsh Government is already cutting back on the funding they provide to Local Authorities within areas such as support for the unemployed.
- Significant investments in the county, including the Growth Deal projects, are subject to increased risk as they are developed as a result of any change in long-term policies and commitments by the Welsh and UK Governments

#### **4. CONCLUSIONS**

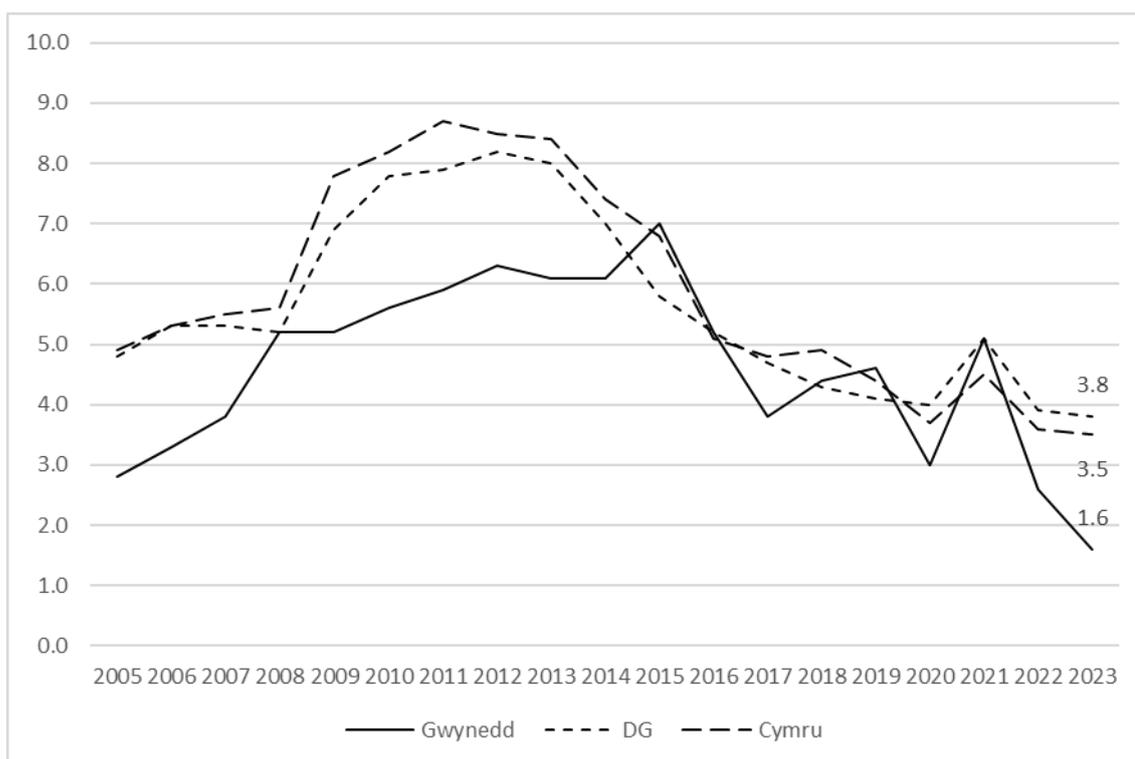
**4.1 Ensuring that individual programmes and schemes are evaluated is particularly important to learn about the impact of project on the local economy. Arrangements are in place to carry out this work and reports will be available for the Scrutiny Committee to consider in 2024/25.**

**4.2 Planning and preparation for the period after March 2025 needs to start as soon as possible.**

## A BRIEF PROFILE OF THE GWYNEDD ECONOMY

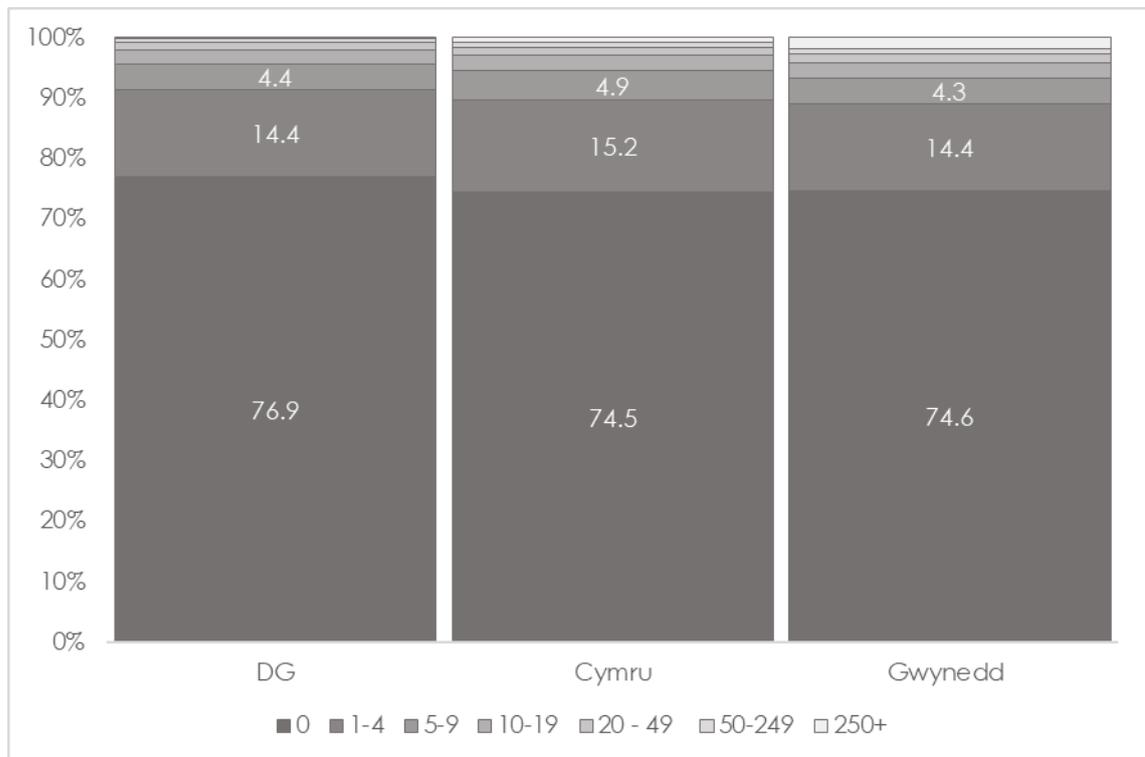
1. The labour market in Gwynedd*Economic inactivity rates (16 to 64 excluding students)*

'Annual Population Survey / Local Labour Force Survey: Summary of economic activity' (ONS, Crown copyright, from StatsCymru 15/01/2024)

*Annual unemployment rate (adults 16-64)*

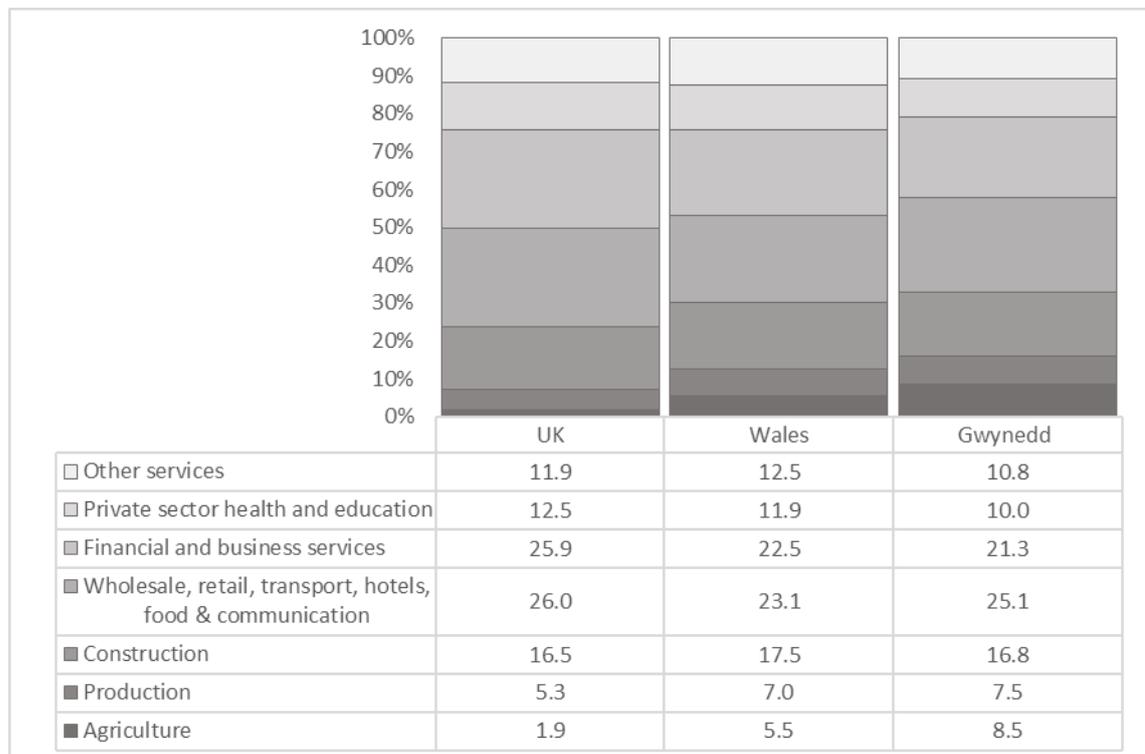
## 2. Structure of the business community

### Number of employees per business (rate) - 2023



'Inter-Departmental Business Register (IDBR)' (ONS, Crown copyright, from 15/01/2024)

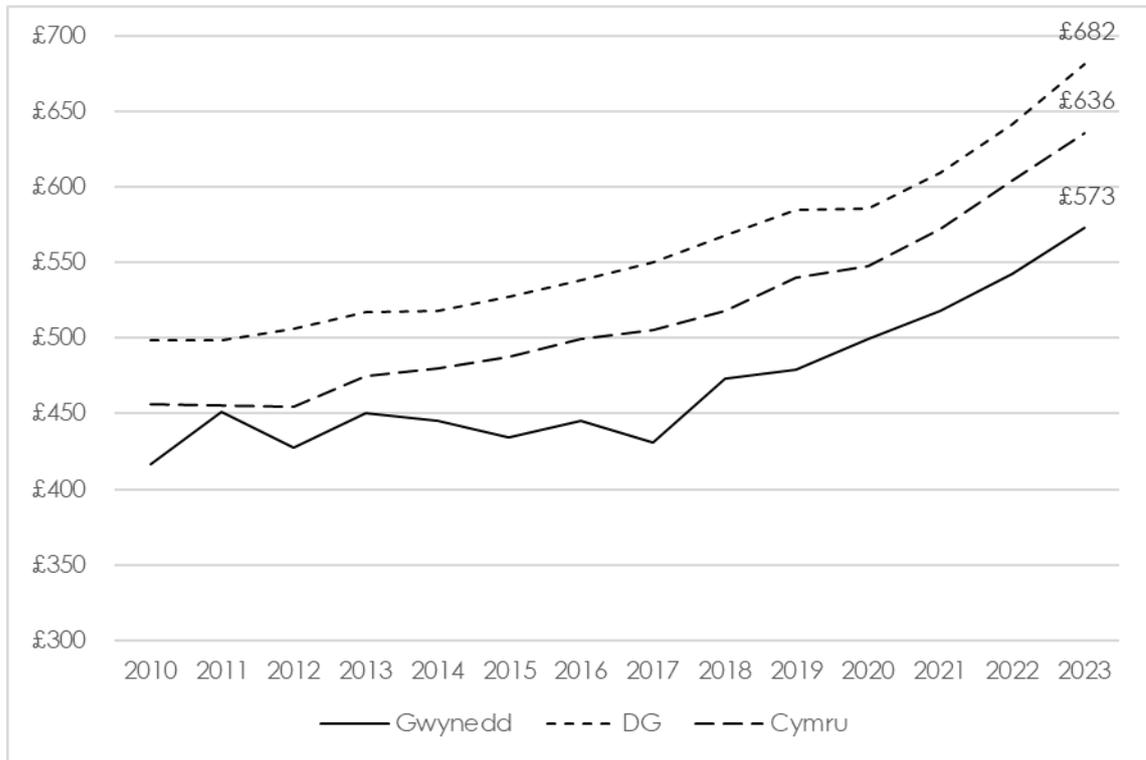
### Number of enterprises in major sectors (SIC 2007) - 2023



'Inter-Departmental Business Register (IDBR)' (ONS, Crown copyright, from StatsCymru 15/01/2024)

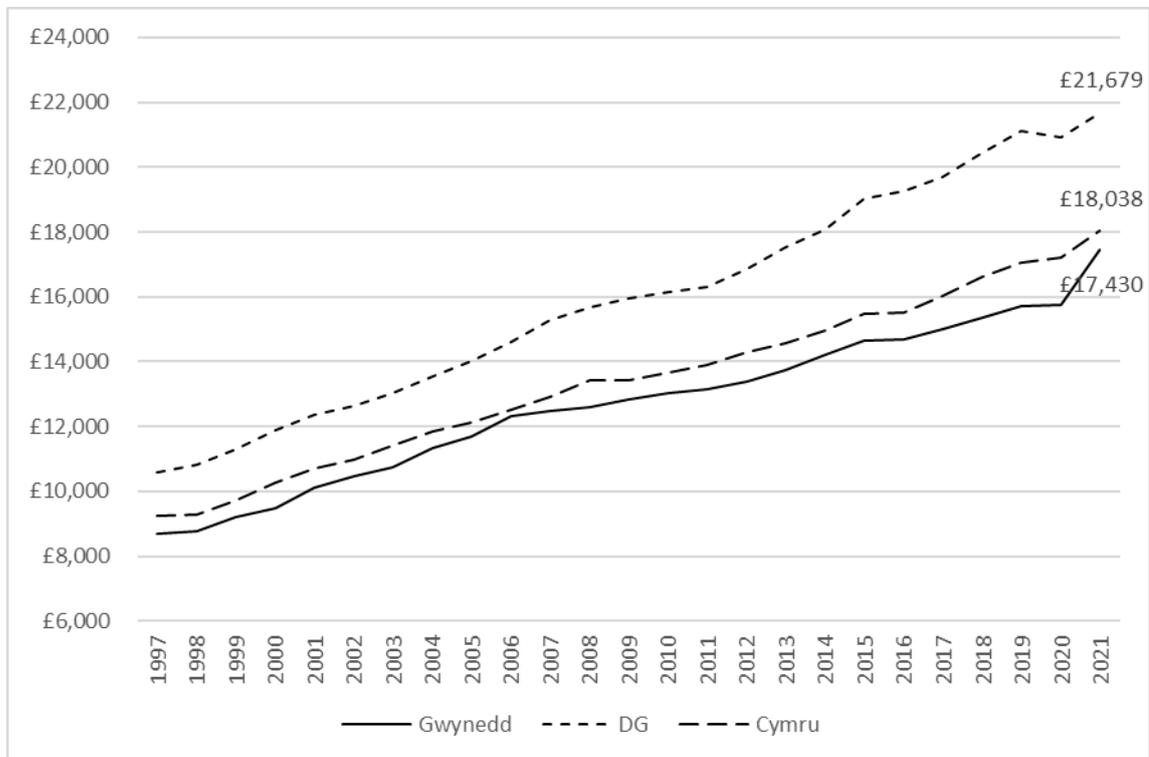
### 3. Performance of Gwynedd economy

#### Average weekly wage (full-time worker)



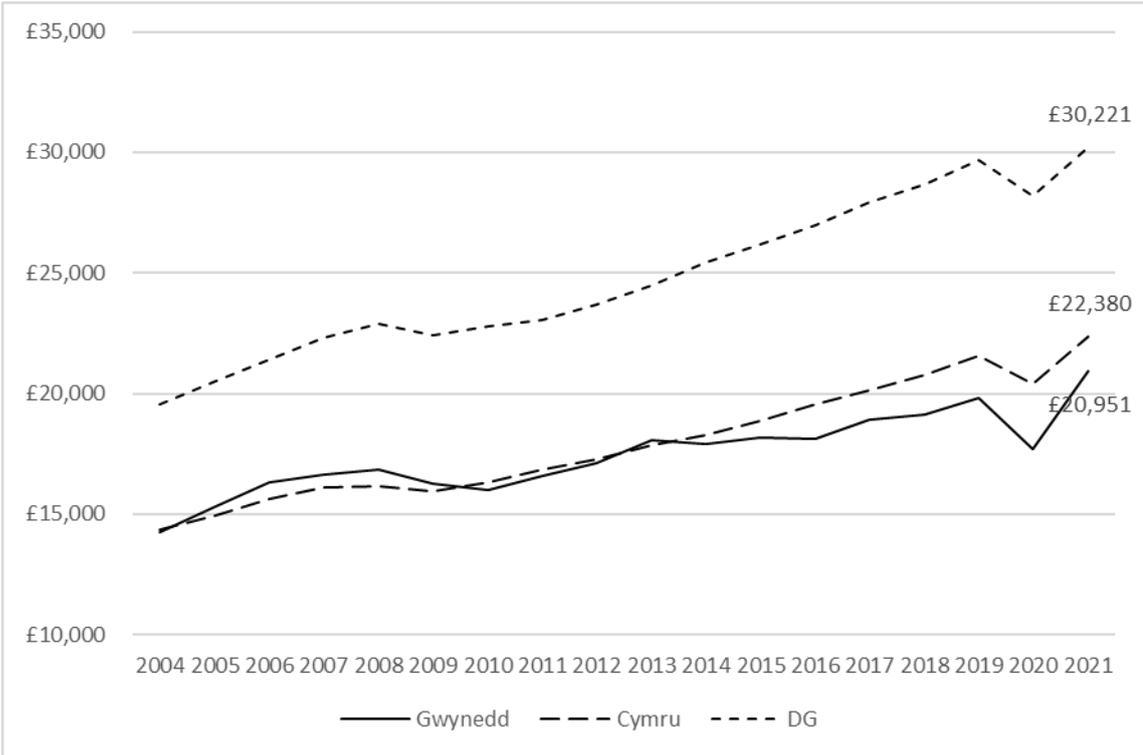
'Annual Survey of Hours and Earnings - resident analysis' (ONS, Crown copyright, from 15/01/2024)

#### Gross Disposable Household Income (per capita)



'Regional gross disposable household income (GDHI) at current basic prices' ONS, Crown copyright, from Nomis 15/01/2024]

Gross Value Added (GVA) per capita



'Regional Accounts' (ONS, Crown copyright, from Infobase Cymru 15/01/2024)