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South West Wales Regional Economic Delivery Plan: Mid Term Review



SQW

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Contact:

Ross Gill

Tel: 07837 872705

email: rgill@sqw.co.uk

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Executive Summary

Introduction

1. In 2022, the South West Wales Corporate Joint Committee adopted a new **Regional Economic Delivery Plan (REDP)**. Looking ahead to 2030, this set out an ambitious strategy for the development of the region's economy, identifying priorities for intervention and setting out how business, government and other partners should work together to bring them forward. The REDP outlined the region's ambitions for an economy that is more *"resilient and sustainable, enterprising and ambitious, and balanced and inclusive"* and was structured around three Missions, which were:
 - Mission 1: Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy
 - Mission 2: Building a strong, resilient and 'embedded' business base
 - Mission 3: Growing and sustaining the 'experience' offer.
2. Since the adoption of the REDP, much has been delivered. There have also been important changes in the economic and policy context, including the election of a new UK Government, major restructuring in the steel industry and the creation of the Celtic Freeport.
3. In this context, this **Mid Term Review** takes a look at the current state of the region's economy and its key assets and considers recent achievements and barriers, to inform activity over the remainder of the REDP period.

The South West Wales economy and its key assets

4. In 2023, the South West Wales economy generated £16.4 billion in gross value added, supporting 318,000 jobs. **The period since the pandemic has been challenging for the region**, as external shocks (including high energy prices) have disproportionately impacted some of its key sectors. There is still a 20% productivity gap between the region and the UK as a whole which is hard to reduce in the short and medium terms, and productivity growth in the wider UK economy has been weak.
5. However, **the region has significant economic assets which offer potential for long-term growth**. Many of those that were highlighted in the REDP have been backed by recent investment – especially in relation to the region's renewable energy potential. **Several of South West Wales' capabilities will also make a direct contribution to the priorities of the new UK Industrial Strategy**, including in clean energy, advanced manufacturing (including agritech), digital technologies, creative industries, and health and life sciences. Within these sectors, the innovation contributions of the region's universities are significant,

and analysis of the region's strengths highlights important connections with other parts of Wales and beyond.

6. As the REDP observed, the **opportunities linked with these key strengths need to be balanced with the conditions for greater resilience and incremental growth across the region as a whole**, noting the region's SME-based economy and the scope for productivity gain in all sectors. **This is reinforced by the changing technological context**, with the rapid advance of artificial intelligence creating new opportunities at the 'leading edge' and across the economy, and creating new demands for upskilling and workforce retraining.

Delivering the REDP Missions

7. **The Ambitions and Missions that were the core of the REDP remain relevant and valid.** There is evidence of positive progress in relation to the three Missions:

- In relation to **establishing South West Wales as a UK leader in renewable energy and the net zero economy**, this includes the designation of the **Celtic Freeport**, driving forward investment at Port Talbot and Milford Haven, as well as providing a focal point for the development of the offshore renewable industry (and its associated supply chain for the region as a whole). It also includes progress in bringing forward the region's other major energy projects such as Nantycaws Circular Economy Park and Swansea Transport Hub and Port Development. While industrial decarbonisation has involved significant dislocation, the transition to lower carbon steel production at Port Talbot is underway, and there are emerging opportunities in areas such as sustainable fuels.
- In relation to **building a strong, resilient and 'embedded' business base**, the programme funded by the UK Shared Prosperity Fund has had a focus on supporting growth in the wider economy, linked with local opportunity. It will be important to sustain this as the new Local Growth Fund comes into operation. However, the regional approach to innovation support envisaged in the REDP has been harder to bring forward – although will be important in the context of maximising the potential of the region's Industrial Strategy strengths.
- In relation to **growing and sustaining the 'experience' offer**, some major investments have come forward since the REDP was published, including the new Swansea Arena. This has been accompanied by a series of investments in the region's town and city centres and in the heritage and visitor offer.

Focusing on the 'underpinning fundamentals'

8. The three Missions reflect the region's distinctive opportunities and are at the core of the strategy. However, they need to be supported by some **'underpinning fundamentals'** –

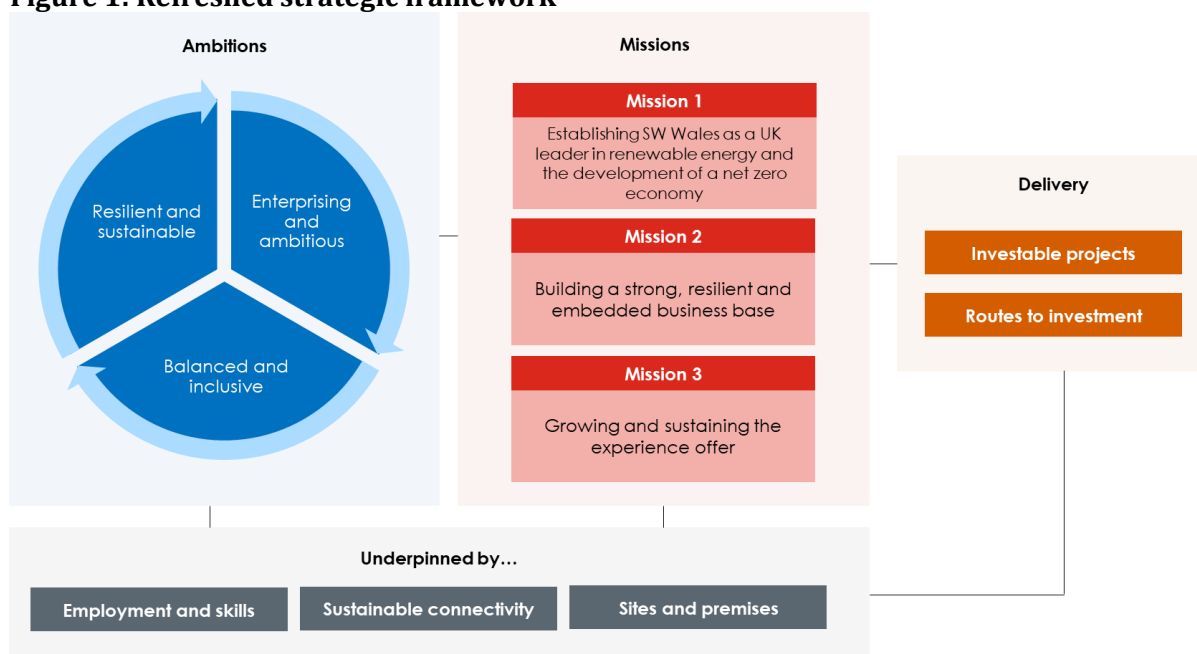
factors that will support all three Missions. Three underpinning fundamentals are identified and given greater prominence than in the original REDP:

- **Employment and skills**, in the context of changing workforce needs, the opportunities presented by the region's strengths and the need to enable more people to access the labour market
- **Sustainable connectivity**, both digital and transport, including the need to make the long-term economic case for investment in the South West Wales Metro
- **Sites and premises**, recognising the significant viability challenges that persist in bringing forward strategic developments.

A refreshed strategic framework

9. A revised strategic framework brings together the Ambitions, Missions and underpinning fundamentals to guide the region's economic priorities:

Figure 1: Refreshed strategic framework



Routes to investment and delivery

10. Alongside the Mid-Term Review, the **project pipeline** developed for the REDP is being reviewed and consolidated. Building on the success of investment to date (including through the Swansea Bay City Deal), there may be a case for the creation of a more flexible **investment fund** to co-invest alongside the private sector in projects that will deliver the Missions – and there may be an opportunity to pursue this in the remainder of the REDP period.

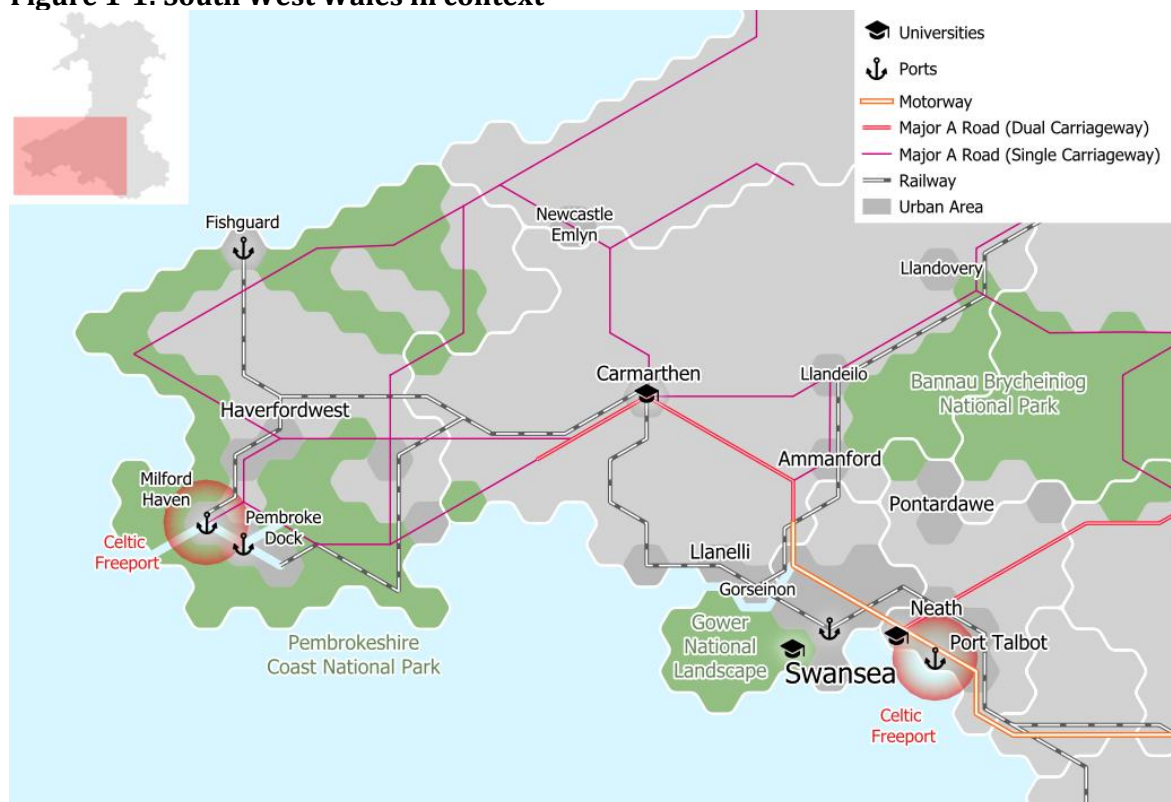
1. Introduction

This report is a Mid-Term Review of South West Wales' Regional Economic Delivery Plan, adopted in 2022. It sets out how the region's economy has performed, outlining its key achievements and the barriers that still need to be addressed, and providing a refreshed assessment of priorities to 2030.

Introducing South West Wales...

- 1.1 Extending from Neath Port Talbot in the east to Pembrokeshire in the west, via Swansea and Carmarthenshire, South West Wales has distinctive economic opportunities and challenges and a unique set of natural and cultural assets.
- 1.2 The region is central to the UK's industrial strategy: in the vanguard of industrial decarbonisation, it contains some of its most significant energy infrastructure and potential. Environmentally, the coastline and countryside – including the Pembrokeshire Coast and Bannau Brycheiniog National Parks and the Gower National Landscape – contribute to a superb visitor offer and quality of life. Culturally, the region encompasses the dynamic, growing university city of Swansea, a diverse and distinctive network of rural towns and an increasingly vibrant Welsh language.

Figure 1-1: South West Wales in context



Source: SQW

... and the Regional Economic Delivery Plan review

- 1.3** In 2022, the South West Wales Corporate Joint Committee (CJC) adopted the **South West Wales Economic Delivery Plan (REDP)**. This set out a ten-year strategy to build a more prosperous and resilient regional economy. It was centred around three **Ambitions** (statements about the nature of the South West Wales economy we want to work towards), supported by three complementary **Missions**:

Figure 1-2: The original Regional Economic Delivery Plan strategic framework



- 1.4** **The Ambitions and Missions remain central to the vision for the region.** As this report demonstrates, much has been achieved over the past few years, and transformational investments, such as in the Celtic Freeport, will bear significant economic fruit in years to come. However, there have also been important changes since the REDP was adopted, with (for example) the election of a new UK Government and a refocused growth agenda, and the accelerating pace of technological change, especially in relation to artificial intelligence.
- 1.5** In this context, the CJC commissioned a **Mid-Term Review** of the REDP. Looking ahead to the rest of the decade, this document updates the original strategy. It outlines how the economy has evolved since the REDP was produced, what has been achieved, and the implications of significant policy, technology and environmental and environmental changes. Taking this into account, it sets out what this means for the region's shared economic priorities and outlines how we will measure progress over the next five years to 2030.

- 1.6** Although there is much that has been achieved, the Mid-Term Review is not simply a record of achievements. Transition to a greener, ‘higher value’ and more inclusive regional economy is a long-term endeavour demanding challenging structural changes – and we have faced difficult global economic headwinds in recent years. We therefore set out the barriers to growth and how these might be addressed, as well as our major opportunities.

Report structure

- 1.7** The report is structured in six main chapters:

- Chapter 2 considers the current economic ‘state of the region’, noting changes in the economic landscape since the REDP was produced and considering the implications for regional strategy.
- Chapter 3 looks at the region’s key economic assets and capabilities, updating the analysis in the REDP and reviewing them in the light of the recent UK Industrial Strategy.
- Taking Chapters 2 and 3 into account, Chapter 4 sets out an updated ‘strategic framework’ – the high level themes and priorities that will guide activity over the next few years.
- Building on this, Chapter 5 looks in further detail at the three ‘Missions’ that guided the original REDP and which at the core of the strategy. It sets out what has been achieved in relation to each of these, where there are barriers to progress, and what remains to be done.
- Supporting the three Missions, Chapter 6 introduces three ‘underpinning fundamentals’ that are important across the economy and will need greater direct focus in the remainder of the REDP period. These relate to *employment and skills*, *sustainable connectivity* and *sites and premises*.
- Finally, Chapter 7 considers the mechanisms through which change will take place – with the aim of securing additional private as well as public investment – and how progress can be monitored.

2. The state of the region

Delivery since 2022 has taken place against a challenging macro-economic backdrop, and in the context of accelerating trends which are transforming the structure of the regional economy – especially in relation to artificial intelligence and decarbonisation. This chapter sets out an overview of the region’s economic performance in the first half of the decade.

The region’s economic geography

- 2.1** With a population of around 705,000 across four counties, South West Wales is a diverse region. Historically, much of the area was an industrial pioneer, driven initially by the coal and metals industries and later by petrochemicals and manufacturing. Over the past 40 years, economic change has meant a challenging period of readjustment – one that is still underway, as the transition of the steel industry demonstrates. But the region’s industrial heritage has bequeathed an important legacy, including leading research and innovation capabilities, its large advanced manufacturing sector and the character and form of its towns and cities.
- 2.2** Reflecting the region’s population distribution and historic industrial development, the largest concentrations of employment are in the east, around Swansea Bay. Swansea itself accounts for around 40% of jobs in South West Wales (and is its main commuter destination), and the area around Swansea Bay and Llanelli is defined in *Future Wales* as a ‘National Growth Area’ for new jobs and housing¹. The east of the region also contains a distinctive and extensive concentration of manufacturing activity around Port Talbot, as well as some of Wales’ most important strategic sites for economic development.
- 2.3** Further west, Carmarthen and Haverfordwest are key regional centres, supporting an extensive rural economy and food industry. Environmental quality is a core asset, with the region enjoying extensive environmental designations, including the two National Parks and the National Landscape, and special protections along much of the coast. This environmental quality supports a large, important and growing visitor and creative economy as well as delivering significant wellbeing benefits to our local residents. The Welsh language is also an important part of local identity, reinforced by recent investment in S4C’s headquarters in Carmarthen.
- 2.4** South West Wales plays a vital role in the UK’s energy security, an issue which has become increasingly salient since the REDP was published. Some 20% of the national gas supply is transported from the liquified natural gas terminals in Pembrokeshire, with the county

¹ Welsh Government (February 2021), [Future Wales: The National Plan 2040](#), Policy 28. Policy 29 defines Carmarthen and the Haven Towns (Haverfordwest, Milford Haven, Pembroke and Pembroke Dock) as ‘Regional Growth Areas’

containing one of only six UK oil refineries. As the REDP set out, the region also has renewable energy potential of transformational significance, especially in relation to floating offshore wind. Linking this energy potential with the region's industrial capacity is at the heart of the vision for the Celtic Freeport, bringing together the ports of Milford Haven and Port Talbot.

- 2.5** Connections beyond the region are important too. The ports at Fishguard and Pembroke Dock provide the main gateway between the south of the UK and Ireland, and some of the opportunities in the Celtic Sea are shared with Ireland and England's West Country. Looking east, there are strong links (and important commuter flows) between the manufacturing clusters at Port Talbot and neighbouring Bridgend; shared issues across the Valleys and the South Wales industrial base; and relatively easy access to opportunities in Cardiff and beyond. Some of these outward connections have strengthened since the REDP was produced, as this review illustrates.

The medium-term economic outlook

- 2.6** The REDP was developed in the aftermath of the Covid-19 pandemic and the sharp economic contraction that was associated with it. Following the end of public health restrictions, the economy 'bounced back' strongly, albeit alongside higher inflation and supply chain pressures and – especially important at local level – lasting structural changes in consumer habits impacting town and city centres.
- 2.7** Since then, the UK economy has faced significant headwinds, some of which were not foreseen when the REDP was prepared. These include the worsening international security outlook and the consequential rise in energy prices, which has been especially significant for UK industrial consumers²; and international trade uncertainty following tariff imposition by the United States. More broadly, the UK's relatively weak productivity growth has been persistent since the financial crisis.
- 2.8** Looking to the future, the Office for Budget Responsibility forecasts real GDP growth of 1.2% in 2025/26, rising to 1.8% by 2029/30³. This compares with an average of 2% per annum in the 2010s and 2% in the 1990s. Productivity (i.e., the value of output for each hour worked, and the key determinant of rising living standards over the long run) is forecast to grow at annual rate of 0.5% in 2025/26, rising to 1.3% by the end of the decade.
- 2.9** This challenging macroeconomic outlook provides the context for a continued policy focus on economic growth, which the Prime Minister has referred to as "*the Government's number one mission*"⁴. South West Wales – and the REDP – ought to have a key role in delivering this, through high-value projects, technology adoption and new approaches to private investment.

² DESNZ (2025), [International industrial energy prices](#)

³ OBR (March 2025), [Economic and Fiscal Outlook](#)

⁴ UK Government (2024), [Plan for Change](#)

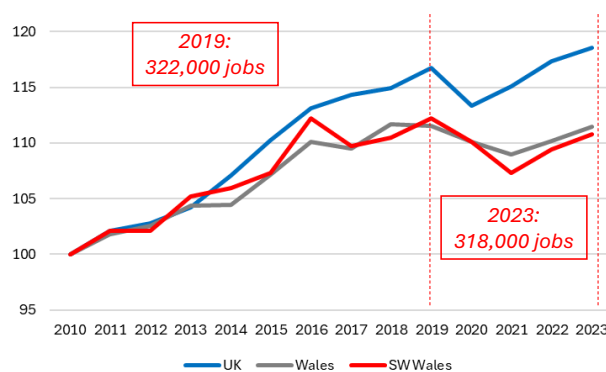
The state of the region: Recent economic performance

2.10 The REDP was accompanied by an *Economic and Strategic Landscape Review* which included an overview of the region's recent economic performance. The following paragraphs update this, providing a snapshot of the 'state of the region'. While these report changes in the data since the REDP was produced, these should not be read as a reflection on the 'effectiveness' of the REDP: official data are always published with a significant time lag, and as the medium-term outlook above demonstrates, regional performance is influenced by broader global and national trends. However, a fresh view of the data can help to highlight where there are challenges and opportunities that need renewed focus.

There has been a return to jobs growth, but there are still labour market challenges

2.11 In the period leading up to the production of the REDP, the region saw strong jobs growth – with an increase of 20,000 jobs between 2013 and 2019. The pandemic led to a sharp contraction in employment (albeit mitigated by various government measures at the time).

Figure 2-1: Index of total jobs (2010=100)



Source: ONS, Jobs Density

2.12 Since then, there has been a return to growth, with about 11,000 jobs created between the 2021 trough and 2023. But **post-pandemic growth**

has been somewhat shallower in South West Wales than in the UK as a whole: by 2023, there were some 318,000 jobs in the region, compared with 322,000 at the 2019 peak.

2.13 There is also **continuing evidence of 'spare capacity' in the labour market**. To some extent, we might expect somewhat slower jobs growth in South West Wales, given the slower growth in the 'working age' population. But job densities (the number of jobs per working age resident) also remain lower than the Wales and UK averages – including within Swansea, despite the city's importance as a regional centre and its net inbound commuting⁵.

2.14 Fewer people are economically active than before the pandemic. For several years, the economic activity gap between South West Wales and the rest of the UK had been closing. But across the country, activity fell after 2020: reversing this has been highlighted as a national policy priority⁶. In Wales, the gap has widened, partly linked with higher rates of ill-health⁷.

⁵ Job densities in 2023 were 0.75 jobs per resident in South West Wales, 0.77 in Wales and 0.86 in Great Britain. Swansea's job density was 0.8, compared with 0.97 in Cardiff.

⁶ See DWP/ HM Treasury/ DfE (2024), [Get Britain Working White Paper](#)

⁷ Bevan Foundation (2025), [Get Wales Working: Economic activity and ill health](#)

In South West Wales, 73.6% of the population aged 16-64 were economically active in 2024, compared with 78.5% across the UK as a whole. **Increasing activity rates to the UK average would bring around 21,000 people into the labour market.**

2.15 Despite this evidence of labour market capacity, **skills shortages and reported bottlenecks are widespread**. These are especially highlighted by the Regional Learning and Skills Partnership in relation to engineering and construction and linked with some of the major projects (such as those associated with the Freeport) that the region is likely to see over the next few years⁸. Key issues relate to the ageing of the workforce and high levels of replacement demand within a 'working age' population that is growing slowly, and perceptions and understanding of career opportunities, which the Skills and Talent programme funded through Swansea Bay City Deal seeks to address.

2.16 Workforce qualification levels continue to improve. In 2024, 42% of the working age population were qualified to RQF4 or higher: there is still a five percentage point gap with the UK average, although Swansea now outperforms the national picture. But post-16 participation rates are falling, with a widening gap between Wales and the UK as a whole⁹.

Output has shown a recent contraction, within a continuing structural realignment

2.17 South West Wales generated total output (measured in gross value added) of £16.4 billion in 2023. In real terms, the region's GVA contracted by 3% between 2018 (the baseline referred to in the REDP) and 2023. Manufacturing output fell by 21%, with the largest contractions in 'manufacture of basic metals and metal products' (which includes steel, although the data precedes the transition at Tata) and 'manufacture of electrical products and machinery'. Retail, which had grown very strongly in 2013-18, also contracted sharply, reflecting the structural pressures the sector faces. But some other sectors grew quite strongly, notably transport and information and communications activities.

2.18 With the exception of retail, the broad sectoral pattern of growth and contraction reflects trends that have persisted for several years, with a gradual fall in the output share of production and a rise in services. This is mirrored in employment change over the same period, with growth fastest in health and social work, administrative and business services and transport and storage, offset by significant falls in retail and wholesale¹⁰. Nevertheless, manufacturing remains important to the regional economy, accounting for 9% of GVA across the region (14% in Neath Port Talbot and Pembrokeshire¹¹) and some 24,000 jobs, equivalent to 8% of total employment.

⁸ South West Wales Regional Learning and Skills Partnership (2024), [County skills reports](#)

⁹ Universities Wales (2025), Welsh Affairs Committee: Universities Wales briefing

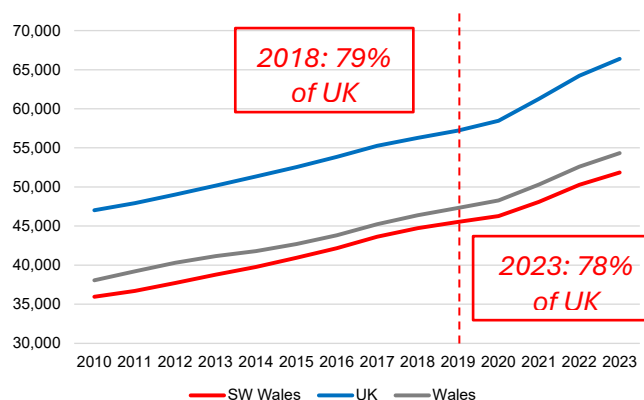
¹⁰ There was also an apparently large fall in accommodation and food service employment, although this sector has seen employment growth over the longer term. Contraction is likely to be driven by the aftermath of Covid and rising costs.

¹¹ 'Manufacturing' includes oil refining and related activities, which account for almost 80% of Pembrokeshire's manufacturing output.

Productivity has increased, but there is a significant gap with the rest of the UK

2.19 Productivity (GVA generated per filled job) was around £51,800 in 2023, about 78% of productivity in the UK as a whole, and slightly below the average for Wales. The productivity gap has been persistent over time, and is essentially unchanged since the 2018 baseline referenced in the REDP. This persistence is unsurprising, since productivity differentials between regions tend to change slowly¹². The region's gap with the UK average is shared (although not always to the same extent) with most other city regions with an industrial heritage¹³.

Figure 2-2: Productivity (GVA per filled job, £)



Source: ONS, Current price (smoothed) GVA (B) per filled job

2.20 Productivity growth is a necessary (although not necessarily sufficient) condition for sustainable economic development: higher output per worker ought to translate into higher pay and living standards. Consequently, the REDP, like the UK and Welsh Governments, places a strong emphasis on increasing productivity.

2.21 The REDP noted some specific drivers of relatively low productivity, including the structural shift from relatively high value manufacturing to lower value services¹⁴, and the types of activities that take place within sectors (typically, headquarters activities, research and development, etc. will generate higher output per worker). However, it also observed that there are productivity gains to be made throughout the economy, including in activities that are often considered 'lower value', through technology adoption, better management systems, and so on. This will be important to South West Wales, given the relative absence of larger firms, and reinforces a dual focus on both increasing the stock and size of firms at the 'leading edge' and supporting growth and entrepreneurship across the board.

¹² Because those regions at the 'leading edge' continue to grow, so areas that are lagging need sustained *higher* growth to catch up.

¹³ All the non-London English city regions (apart from Bristol/ West of England), and Cardiff Capital Region, have lower productivity than the UK average, for example – although all are somewhat more productive than South West Wales.

¹⁴ See University of Cambridge/ Cambridge Industrial Innovation Policy (2022), [Understanding sectoral sources of aggregate productivity growth: A cross-country analysis](#)

The total business stock has been static, but there are positive indicators of entrepreneurship

- 2.22 There were 28,000 businesses (measured as ‘local units’) in 2024.** In line with the UK and Wales as a whole, numbers have fallen marginally since the pandemic, with longer term growth somewhat lower in South West Wales than elsewhere. Business survival rates for businesses started in 2018 and later are also lower in the region than in the UK overall.
- 2.23** ‘Enterprise density’ is also lower, with some 662 businesses for every 10,000 people in 2024, compared with 739 across the UK. However, survey data indicates an increase in early stage entrepreneurship (i.e., people thinking about or in the process of starting a business)¹⁵.

Good progress in digital connectivity and ambitions for transport investment

- 2.24** The REDP reported excellent progress since the previous strategy in bringing forward **improved digital connectivity**. This has continued since, with the £55 million Digital Infrastructure Programme funded through the City Deal ensuring access for the hardest to reach rural communities and investing in gigabit-capable connectivity to major economic sites. While an urban-rural divide still exists, 63% of premises in Pembrokeshire and 65% in Carmarthenshire were able to access ultrafast speeds by 2025, compared with very low penetration at time of the REDP¹⁶.
- 2.25** Since the REDP was prepared, the Welsh Government has published its transport strategy, *Llwybr Newydd*, setting out a strengthened focus on **sustainable transport** in the context of the climate emergency and the ‘town centres first’ approach to development prioritised in *Future Wales*. In this context, a new draft Regional Transport Plan has been advanced, and proposals continue to be developed for the Swansea Bay and South West Wales Metro. Investment to date remains limited – but current delivery of a transformed regional system in Cardiff Capital Region illustrates the potential of a more ambitious approach, set out in greater detail in Chapter 6.

Significant and persistent inequalities

- 2.26** Across Wales, the proportion of households living in poverty has been broadly static for the past two decades, and generally higher than in the other UK nations, reflecting the impact of structural and economy-wide factors, and compounded in recent years by high energy prices and cost of living pressures.
- 2.27** Across the region, concentrations of disadvantage are significant, principally in the main urban centres of Swansea, Llanelli, Neath, Port Talbot and Pembroke Dock, and in the upper Valleys. Many of these are persistent over time, although across the region, ambitious

¹⁵ Mark Hart/ Welsh Government (2024), [Global Entrepreneurship Monitor Wales Report 2023](#).

¹⁶ Ofcom, [Connected Nations 2025](#). The equivalent figures for Neath Port Talbot and Swansea are 79% and 89% respectively, compared with national figures of 77% for Wales and 85% for the UK.

regeneration schemes – such as Transforming Tyisha in Llanelli and the comprehensive retrofit programme at Penderry in Swansea – have come forward with success. But while disadvantage is often spatially concentrated, it is frequently dispersed – Pembrokeshire has one of Wales’ highest rates of child poverty, for example, largely driven by the prevalence of widespread low pay¹⁷.

- 2.28** Recent research highlights the role that barriers to work have in entrenching poverty, reinforcing the challenge of rising economic inactivity levels highlighted earlier (poverty rates are highest among those who are unemployed or economically inactive), as well as the challenge of low pay and limited opportunities for progression¹⁸.

Nationally important strategic sites... but significant challenges in bringing them forward

- 2.29** The region benefits from some very important strategic sites, some of which are of UK-wide significance in terms of their scale and location, and which are central to realising the opportunity presented by the Celtic Freeport. There has been progress in recent years in developing new employment and residential opportunities on major brownfield sites, linked with new infrastructure, such as at Coed Darcy and Port Talbot Harbourside, and strategic employment locations such as Cross Hands have also come forward. However, the scale of remediation and other works required at major sites such as Baglan Energy Park mean that development is unviable without sustained, long-term and substantial investment.
- 2.30** Across the region, power supply is also an increasingly significant barrier to delivery. Electricity demand is rising, linked with decarbonisation and the ever-growing demand for data. But unless there is sufficient grid capacity, major sites will stall, and there is a pressing need for investment in the power network at national scale.

Implications for the Mid-Term Review

- 2.31** The formal economic data highlight significant challenges, in the context of recovery from the pandemic, external shocks which have disproportionately impacted the region’s key sectors, and a UK economy which has shown slow growth.
- 2.32** However, contextual data present a backwards, rather than a forward view, and economies are slow to change in response to regional policy interventions, given the strength of economy-wide factors. The ‘state of the region’ gives a snapshot of current performance – but the underlying asset base and progress in practical delivery are also important and are considered in the following chapters.

¹⁷ Joseph Rowntree Foundation (2025), [Poverty in Wales 2025](#)

¹⁸ Ibid.

Accelerating transformational changes

The REDP highlighted three **transformational trends** that will impact all aspects of economic life, relating to **digitalisation**, **decarbonisation** and **demographic change**.

While these remain relevant, the pace of change is accelerating, changing the way we think about future opportunities and challenges.

In relation to digitalisation...

Digital transformation has been a key driver of economic strategy for some time. The REDP highlighted transformational impacts in relation to **disruptive effects on industry** as the convergence of technologies drive the creation of new industries (wearable devices and gaming, for example); **impacts on the labour market**, as automation changes the way work is done and the skills required; and **impacts on services**, as new digital routes to access health, care and other services open up.

More recently, the widespread adoption of **artificial intelligence** is already having profound effects. Since ChatGPT was launched in 2023, the number of firms using AI has grown rapidly, with the majority of companies estimated to use AI in part of the business¹⁹. Many applications are aimed at increasing efficiency: improving productivity through the automation of existing (and increasingly sophisticated) tasks, with potentially significant workforce implications. But AI also has a role in reducing the costs and time associated with product development, as options are easier to identify, trial and evaluate²⁰.

In relation to decarbonisation...

South West Wales has already been more visibly impacted by decarbonisation than most places: historically a major centre for energy-intensive industries (especially steel), the transition of the Tata works at Port Talbot to electric arc furnace production will lead to a reduction in carbon emissions at the same time as a sharp contraction in employment, and investment to mitigate the impacts is underway. More broadly, the transition of the region's industrial base will need to run alongside action to decarbonise housing and transport systems, and investment in electricity generation and grid capacity.

In relation to demographic change...

Over the next 20 years, the region's 'working age' population is projected to fall. Working lives are already getting longer and more varied, but over time, the labour market is likely to tighten, reinforcing the need to drive up productivity and to use technology effectively.

¹⁹ [Financial Times](#), 16 March 2025

²⁰ McKinsey (2025), [The next innovation revolution](#)

3. Key assets and capabilities

The three missions set out in the REDP were rooted in an analysis of the region's economic distinctive strengths. This chapter reviews these: first, it uses the new UK Industrial Strategy as a framework to consider key sectoral capabilities, before identifying the wider range of regional assets that will underpin future growth.

Key regional capabilities through an Industrial Strategy lens

The Industrial Strategy as a framework for analysis

- 3.1** In June 2025, the UK Government published the **Modern Industrial Strategy**²¹. In the context of the challenging global economic context and the acceleration of technology change (especially the advance of artificial intelligence), the Strategy sets out a ten-year plan to “make Britain the best country to invest in anywhere in the world”, with the aim of driving productivity and business growth and supporting higher pay.
- 3.2** The Industrial Strategy will be central in determining UK Government investment and wider policy over the coming years. Several specific commitments in the Strategy are especially relevant to South West Wales, including the reinforcement of the Celtic Freeport as an ‘Industrial Strategy Zone’, and the designation of a new Strategic Sites Fund, and there are several direct references to opportunities in South West Wales²². More broadly, three aspects of the Strategy are especially relevant:
- First, the Strategy has an **explicit focus on eight sectors** (referred to as the IS-8), a group of industries that together account for a disproportionate share of productivity growth. These are: advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences and professional and business services. Collectively, these account for about 66,000 jobs in South West Wales, or around 21% of all employment²³. Within each of the IS-8, the Strategy defines a series of **frontier industries**: key sub-sectors which have high growth potential, strategic alignment (for example with net zero, resilience and regional policy goals) and where there is a clear rationale for government intervention²⁴. By definition, the IS-8 exclude much of the economy (at least directly), including some activities that are very important to South

²¹ UK Government (2025), [The UK's Modern Industrial Strategy](#)

²² In relation to Celtic Freeport, the Tata transition and semiconductor research, development and innovation at Swansea University

²³ Based on an analysis of employment in industrial classifications defined as approximating to the IS-8. However, the IS-8 are non-standard sectors: an alternative dataset has been developed to provide approximations at UK level although further work is needed to provide robust estimates at local level.

²⁴ For further detail of how these are defined, see the Industrial Strategy Technical Annex

West Wales – and we consider these later. But they provide a framework for prioritisation at national level.

- Second, the Strategy has an **explicit focus on place**. This prioritises ‘regional growth’ (i.e., growth outside London, in broad terms) and recognises that the IS-8 industries are concentrated variably in different places. The way in which places are defined depends on cluster geography: for example, ‘Wales’, ‘South Wales’ and ‘Swansea’ are variously recognised as key areas of focus in relation to individual industries, with the implication that some industrial clusters will transcend established regional boundaries.
- Third, there is an **explicit focus on targeting places and clusters that have potential to grow**: where there are existing assets and concentrations of activity, but where performance is not yet at the ‘frontier’. The aim is not necessarily to support new activity *everywhere*, but to concentrate resources on those places with the greatest opportunity to build up (i.e., increase scale) and build out (i.e., build wider links with other clusters).

Identifying the region’s capabilities in relation to the Industrial Strategy sectors

- 3.3** Chapter 2 demonstrated that there is ‘spare capacity’ in South West Wales, in terms of the labour market and physical space for economic development. At the same time, there are significant assets on which to build. Building on this, the tables below summarise the region’s capabilities in relation to the IS-8, highlighting key strengths in **clean energy, advanced manufacturing, digital and technologies, creative industries** and **life sciences**:

Clean energy industries

Key industrial capabilities

Extensive capabilities linked with, and outside the Freeport, including:

Floating offshore wind (FLOW): Nationally significant energy generation potential in the Celtic Sea. Current proposals for 4.5GW capacity (which the Crown Estate estimates could support around 5,300 jobs in port infrastructure, assembly and operations and maintenance), with potential for 24GW in the longer term

Hydrogen: Series of early projects in Pembrokeshire and Port Talbot, with scope for export of green (FLOW-produced) hydrogen.

Sustainable fuels, including sustainable aviation fuels (inc. potential for sustainable aviation fuel production facility at Milford Haven)

Carbon capture and storage, including potential carbon capture plant to decarbonise Pembroke power station

Marine and tidal energy, including Marine Energy Hub at Milford Haven and Swansea Transport Hub and Port Development

Onshore energy opportunities in wind, solar, biomass and waste-to-energy, including Nantycaws Circular Economy Park

R&D&I capacity

Key institutions include the **Offshore Renewable Energy (ORE) Catapult** at Milford Haven, University of South Wales’ **Hydrogen**

Clean energy industries

	Centre at Baglan, and Swansea University's SPECIFIC Innovation and Knowledge Centre (capture and storage of solar energy)
Key barriers	Developing supply chain capacity (and associated skills development). Competition from elsewhere, especially locations with more established supply chain links. Some sub-sectors remain nascent (e.g., hydrogen). Need for significant investment in port infrastructure

Advanced manufacturing

Key capabilities and potential	Key capabilities identified include: Green manufacturing, including the decarbonisation of the steel sector and the development of materials/ technologies to support the offshore renewable sector Agricultural technologies, linked with the region's large agricultural and food production sector (and links beyond the region to the major agritech concentration at Aberystwyth) Battery technology – not currently with a presence in the region, but with potential for development linked with clean energy supply Transport technologies, including the Global Centre for Rail Excellence (GCRE) at Onllwyn and an existing automotive supply chain sector
R&D&I capacity	Significant assets at Swansea University , including the M2RI materials and manufacturing research institute and the forthcoming SWITCH facility; the High Value Manufacturing Catapult at Baglan; and TWI's Technology Centre Wales
Key barriers	Significant pressures on high energy consumption manufacturers. Lack of large 'anchor' manufacturers: the sector is largely SME based. Access to premises and workforce skills to support expansion.

Digital and technologies

Key capabilities and potential	The Industrial Strategy highlights cybersecurity, quantum technologies and semiconductors as relevant frontier sub-sectors. These are all relatively small in South West Wales. However...
R&D&I capacity	University assets are very important. These include Swansea University's Centre for Integrative Semiconductor Materials , which plays an important role in the South Wales semiconductor cluster principally focused on Cardiff and Newport. Swansea also has a significant presence in computer science, including the

Digital and technologies

	Computational Foundry and Swansea Security Lab and the CyTREC cybersecurity research centre.
Key barriers	Limited local company stock, despite strong academic capabilities.

Creative industries

Key capabilities and potential	Growing film and TV presence, for example linked with S4C Yr Egin and the concentration of production companies attracted there. There is a distinctive focus on Welsh and Welsh-language content, within which the SW Wales offer is complementary with that in Cardiff (the UK's third largest film and TV cluster) and elsewhere in Wales. There is also a growing digital creative sector, especially in Swansea.
R&D&I capacity	Yr Egin is co-located with UWSTD, which also operates a series of research centres within the Institute of Science and Art
Key barriers	Building critical mass and workforce attraction and retention

Life sciences

Key capabilities and potential	Small business presence, although a substantial programme of applied research linked with the NHS (e.g., ARCH, a collaboration between Swansea University and the Swansea Bay and Hywel Dda University Health Boards) and HDdUHB's TriTech Institute. The new Pentre Awel development at Llanelli also seeks to attract health and life science firms alongside its healthcare and wellbeing offer. Swansea University also hosts the Natural Products BioHUB, one of five UK Green Economy Centres funded by UKRI, focused on the use of natural products in the agricultural, pharmaceutical and manufacturing industries.
R&D&I capacity	Swansea University's Institute of Life Science hosts several spin-out companies alongside university research activity. In the field of health data, Swansea University also hosts one of six Health Data Research UK (HDR-UK) sites, supported by the SAIL population health databank, hosted at Swansea and developed in partnership with NHS Wales and UKRI
Key barriers	Small existing commercial presence, despite significant academic strengths, and scope to align with larger concentrations in South East Wales

3.4 The other three Industrial Strategy sectors – **defence**, **financial services** and **professional and business services** have fewer distinctive assets in South West Wales, with the latter two

principally catering to locally-generated demand. However, there are some specific local capabilities, such as Swansea University's Legal Innovation Lab – and there are links from the defence industry into the region's wider manufacturing and digital sectors.

- 3.5 Looking across the Industrial Strategy clusters, there are significant regional strengths in some areas.** These are of leading national significance in relation to clean energy, with some nationally important assets with scope for growth in relation to advanced manufacturing, digital and technologies, creative industries and life sciences. In several of these, 'outward facing' links are important – for example, with Aberystwyth in the case of agritech, to Cardiff in film and television, and across South East Wales in advanced manufacturing and industrial decarbonisation.

Beyond the Industrial Strategy

- 3.6** The REDP described four '**distinctive economic strengths and opportunities**', which provided a platform for the development of the strategy Ambitions and Missions. These align with the Industrial Strategy capabilities set out above:

Energy infrastructure and low carbon potential

- 3.7** Describing the first identified strength, the REDP noted that *"our energy infrastructure is extensive, and we have some of the UK's greatest low carbon energy potential"*. The key opportunities are set out in relation to 'clean energy industries' above, and since the REDP was produced, substantial work has been done to articulate the scale of the opportunities and to bring them forward: this is discussed further in the next chapter.

Nationally and internationally significant university research assets

- 3.8** There is a strong higher education presence in the region: Swansea University and University of Wales Trinity Saint David together accounted for almost 37,000 students (at undergraduate and postgraduate) level in 2023/24. The REDP highlighted strengths in advanced data science, health and medicine and engineering and manufacturing. These are all highly relevant to the region's wider industrial opportunities, and – as noted above – academic capabilities in some fields are ahead of commercial exploitation. Beyond research strengths, the universities have also been important in bringing forward business innovation space (such as UWTSD's Innovation Matrix facility in Swansea) and in delivering collaborative programmes with business.
- 3.9** Universities in Wales currently face significant challenges, linked with falling international student numbers and participation rates and rising costs. In this context, it is important to note the contribution that the universities make to regional economic development. **Looking ahead to the rest of the decade, sustaining and growing the universities' presence and impact on the wider economy will be key to realising the potential of the REDP.**

The wider business community

- 3.10** While the Industrial Strategy has a clear focus on those sectors most likely to drive sustained productivity growth, the REDP noted the need to strengthen the ‘breadth and depth’ of the region’s business base, recognising that there are opportunities for growth across the economy, not just in those activities at the ‘leading edge’.
- 3.11** Using the Government’s (indicative) Industrial Strategy sector definitions, the IS-8 account for about 56,000 jobs in the region – about 18% of all jobs. Even if these sectors see significant growth, most people will still be working in other parts of the economy, including in sectors (such as the visitor economy) that are very significant in parts of South West Wales. Firms with indications of high growth and innovative capacity are quite widely distributed sectorally²⁵, and there is scope for productivity gain in all sectors (especially where firms are able to benefit from external advice)²⁶. We also note the region’s challenges in relation to relatively low enterprise density.
- 3.12** In that context, **a strategy that seeks to support wider business growth alongside the development of capabilities in the IS-8 remains valid.**

Environmental quality and sense of place

- 3.13** Finally, the REDP defined the region’s distinctive identity as a key asset. This related to the role that of ‘quality of life’ in attracting visitors and investors, and the importance of businesses’ and other institutions’ relationships with the communities in which they are based. This remains very relevant to South West Wales’ offer.

Implications for the Mid-Term Review

- 3.14** The Industrial Strategy provides an additional lens through which to consider the region’s key capabilities. There is strong alignment between the Industrial Strategy and regional strengths, especially in relation to clean energy, in which some of the region’s assets are nationally significant: clearly, South West Wales has the scope to make a substantial contribution to Industrial Strategy objectives, and there is direct recognition in the Strategy of some of the region’s strengths. However, a broader approach to the regional economy also remains valid – driving business growth and productivity gain across the board in the context of a mostly SME-based economy. This is taken into account in reviewing the REDP’s strategic framework, which we consider in the next chapter.

²⁵ Analysis of Beauhurst data for South West Wales

²⁶ Enterprise Research Centre (2024), [The State of Small Business Britain 2024: Rising to the Challenge](#)

Changes in the wider policy context

Although the Industrial Strategy is highly relevant to South West Wales, it is not the only development in the wider policy context.

UK

At **UK** level, the Industrial Strategy is itself sequential to the Government's *Plan for Change*, published in 2024²⁷, setting out its 'missions' for the Parliament. This also includes a series of milestones, including a target to raise living standards in all parts of the UK, and a commitment to increase domestic energy production.

Since summer 2024, several other strategies have been adopted. These include the *Clean Power 2030 Action Plan*, reinforcing the commitment to ramp up renewable energy production²⁸, and the *AI Opportunities Action Plan*, supporting cross-economy adoption of artificial intelligence and investment in 'foundational' infrastructure, such as computing power, data centres and skills²⁹. The *Get Britain Working White Paper* sets out an objective of reducing worklessness and economic inactivity, especially in the context of a rise in ill health-driven inactivity in recent years³⁰. Finally, the 2025 Spending Review set out Government commitment to the creation of a new 'Local Growth Fund' to replace the UK Shared Prosperity Fund, although the detail of how this will be managed in Wales is to be determined.

Wales

The **Welsh Government** adopted a new *Economic Mission* in 2023, with an ambition for a "stronger, fairer, greener Welsh economy"³¹. This sets out four national priorities, relating to a 'just transition' and green prosperity in the context of climate change; the 'everyday economy'; enabling young people to access fair work and skills; and investing for growth, including through *Wales Innovates*, the national innovation strategy. *Future Wales*, the National Development Framework is also relevant, especially in its designation of the Swansea Bay and Llanelli National Growth Area and the Carmarthen and Haven Regional Growth Area, and in its commitment to a 'town centres first' approach to development³².

Regionally

In **South West Wales**, the *Regional Energy Strategy* was adopted in 2021, and a draft *Regional Transport Plan* has been consulted on. We say more about these and their relationship with the CJC in Chapters 6 and 7.

²⁷ UK Government (2024), [Plan for Change](#)

²⁸ UK Government (2024), [Clean Power 2030 Action Plan](#)

²⁹ UK Government (2025), [AI Opportunities Action Plan](#)

³⁰ UK Government (2024), [Get Britain Working White Paper](#)

³¹ Welsh Government (2023), [Economic Mission: Priorities for a stronger economy](#)

³² Welsh Government (2021), [Future Wales: The National Plan 2040](#)

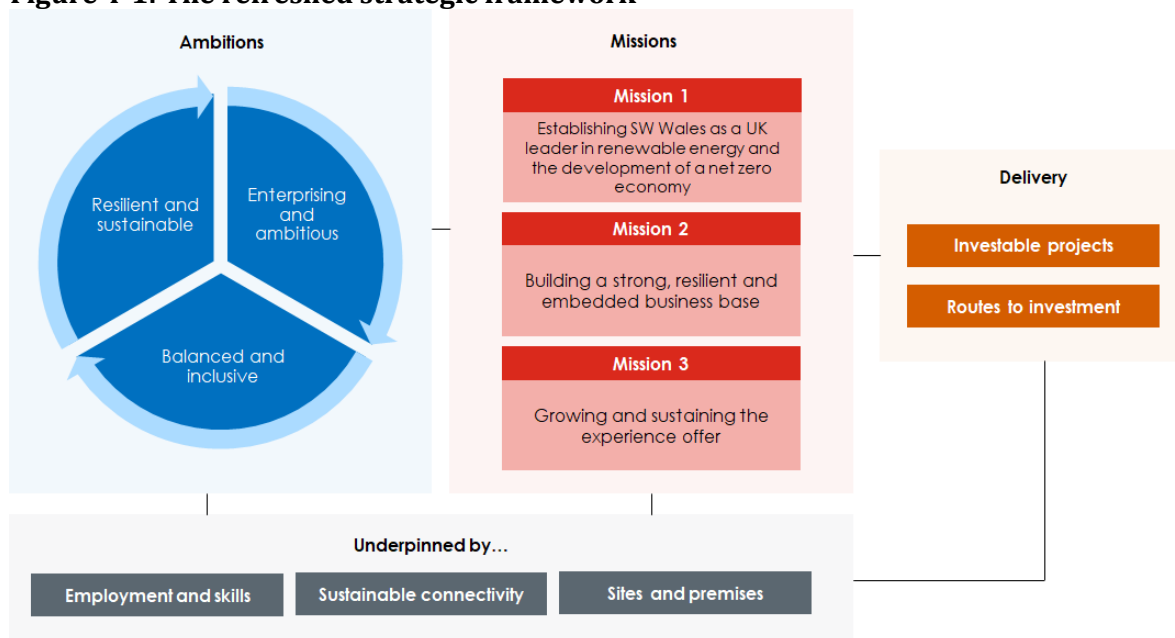
4. Reviewing our Ambitions and Missions

Although the economic and policy context has evolved, the long-term **Ambitions** and **Missions** set out in the REDP continue to address the region's opportunities and challenges. This chapter reviews the REDP's strategic framework and identifies some additional, 'underpinning fundamentals' that will be important to the region over the remainder of the decade.

A refreshed strategic framework

- 4.1** The strategic framework set out in the REDP articulated three **Ambitions** (statements about the nature of the South West Wales economy that we want to work towards), supporting three **Missions** (more specific priority areas on which action should be focused).
- 4.2** The Ambitions and Missions remain relevant, and the strategic direction of the REDP remains right in the evolving economic and policy landscape. But we have also identified a need for a renewed focus on some important themes that run across, and are relevant to, all three of the Missions. The revised strategic framework is illustrated below, and unpacked in the sections that follow:

Figure 4-1: The refreshed strategic framework



Source: SQW

The three Ambitions

- 4.3** The three Ambitions seek a region that is:

- **Resilient and sustainable:** able to adapt to technology change and the impacts of digitalisation, resilient to climate change and decarbonisation, and leading towards an economy that has a more resilient and 'embedded' business base and supply chain network.
- **Enterprising and ambitious:** in relation to the region's long-term energy opportunity, able to capitalise on changing market conditions and new opportunities, and open to innovation and new investment.
- **Balanced and inclusive:** with an approach to economic growth that is spatially balanced across the region and recognises local distinctiveness, recognises a balance between innovation at the 'leading edge' and sustainable growth across the economy, and enhances environmental and community assets.

4.4 The three Ambitions are not unique to South West Wales: they are overarching goals, rather than specific calls to action. But they remain relevant and reflective of the type of economy that we want to achieve. In particular, the focus on 'resilience' is especially important in the light of the rapid changes in technology and industrial structure outlined in the earlier chapters - although as we have set out, there is some distance to go before the economy envisaged by the Ambitions is fully achieved. **Over the next five years, all the actions undertaken by the CJC and the local authorities in support of regeneration and economic growth will continue to be focused on achieving them.**

The three Missions

4.5 The three Missions are at the heart of the strategic framework. They emerged from the evidence prepared to support the REDP and focus on the specific areas for action that respond to the region's long-term opportunities and challenges, and are:

- Establishing South West Wales as a UK leader in renewable energy and the development of a net zero economy
- Building a strong, resilient and 'embedded' business base
- Growing and sustaining the experience offer.

4.6 **The three Missions remain central to the REDP.** They are reinforced by the evolution of the economic and policy landscape over recent years, have been widely used by partners in 'making the case' for investment, and are distinctive to the needs and potential of the region.

Three underpinning fundamentals

4.7 However, there are some important issues facing the regional economy that cut across all the Missions (and will contribute to the overall Ambitions), but which were not sufficiently articulated in the original REDP. These relate to:

- **Employment and skills.** In the short term, this relates to the post-pandemic challenge of rising economic inactivity and the evidence of an imbalance between apparent capacity in the labour market alongside skills bottlenecks. In the longer term, the transformational trends identified in Chapter 2 (especially digitalisation and the advent of artificial intelligence) will have profound implications for the future world of work.
- **Sustainable connectivity.** The REDP recognised the need for transport investment as a route to improved accessibility to employment, and as an essential element in achieving the region's decarbonisation ambitions. But there is an opportunity to be bolder, recognising the role that transport can play in driving more sustainable development patterns in the long term, and in making the case for a step change in investment.
- **Sites and premises.** Delivering against all the Missions will mean bringing forward opportunity locations for growth – whether within town and city centres, or on key strategic employment sites. But viability remains a major challenge across the region and there is a need for a new focus in addressing it.

Routes to delivery

- 4.8** The final component in the framework is **delivery**. This involves maintaining an up-to-date pipeline of projects to meet the strategy outlined in the REDP (and the existing project pipeline is being updated alongside this Review). But it also means being innovative and ambitious in relation to new approaches to funding, and leveraging in private investment.

5. The three Missions: Progress and future delivery

The three Missions are at the centre of the refreshed strategic framework. This chapter reviews the progress that has been made in relation to each of them since the REDP was adopted, and sets out the priorities for further action over the next five years.

Mission 1: A UK leader in renewable energy and the next zero economy

The REDP Mission:

“Looking to 2030, we aim to make South West Wales a UK leader in renewable energy. That means taking advantage of our natural assets and our industrial and R&D capabilities to build an internationally significant presence in future fuel technologies and to drive the decarbonisation of our industrial base and the wider economy”.

- 5.1** The REDP noted the scale of the opportunity present in South West Wales, outlined in previous chapters. But it also highlighted key risks for the region, linked with competition from other places and the relatively early stage of some new technologies. It set out the need for a coordinated, strategic approach linked with the long-term Mission.

Delivering the region's low carbon energy projects at scale

- 5.2** There has been substantial progress made in bringing forward South West Wales' major renewable energy opportunities, linked with the Celtic Freeport and other major current and potential investments.

Celtic Freeport

- 5.3** The **Celtic Freeport** is the focal point for galvanising much of the region's potential. The REDP referenced the potential of a Freeport, although the process for determining Freeport locations had not yet been decided at the time. Following a competitive process, the designation of the Celtic Freeport, bringing together sites in Milford Haven and Port Talbot, was announced by the Welsh and UK Governments in March 2023.
- 5.4** The rationale for a Freeport in South West Wales is very strong: the Port Talbot and Milford Haven industrial clusters handle about 20% of the UK's energy supply, and incorporate major energy infrastructure. Milford Haven and Port Talbot also offer quay capacity and land to accommodate operations and maintenance activity and manufacturing and assembly to support floating offshore wind (FLOW) in the Celtic Sea. The scale of this could be very

significant, with up to 24GW generating capacity in the Celtic Sea in the longer term. There is also scope for existing oil and gas infrastructure to be repurposed for hydrogen generation and export, retaining and capitalising on the region's leading role as the energy system decarbonises. In parallel, the Welsh Government has also developed an action plan for offshore wind, developed jointly with industry, the ports and the Crown Estate³³, while the Crown Estate itself has launched a supply chain investment strategy³⁴.

- 5.5** Formally, the Freeport is a series of sites linked with the ports at Milford Haven and Port Talbot, in which tax and customs incentives apply to promote trade and industrial activity. Beyond this, the Freeport has access to seed capital funding to contribute to the early costs of development (especially land remediation, which is often prohibitive), and the ability to retain the business rates generated from additional development to invest in skills programmes to support changing workforce needs. Consequently, the tax breaks associated with the Freeport are only part of the total package, with retained rates playing at least as important a role, and supporting wider benefits beyond the Freeport boundary. More broadly, the Freeport ought to have a wider impact in attracting investment into the region, raising its profile and enabling a 'just transition' for the currently carbon-based energy system.
- 5.6** The REDP noted that despite the region's significant potential, there was a risk that this may not be realised, because some technologies are at an early stage, competing areas may move faster, and local benefits do not necessarily result without the generation of supply chain opportunities. **The Celtic Freeport is a key element in mitigating these risks**, helping to secure land in advance of deployment to enable local manufacturing to be a realistic proposition, developing a supply chain and skills strategy, and providing a 'level playing field' with competitor regions.
- 5.7** It is still relatively early days for the Freeport: the tax incentives regime came into effect in November 2024 (and will last for ten years) and the Freeport full business case was approved in June 2025. However, activity in the offshore renewable sector is proceeding at pace, for example with the Crown Estate's announcement of the lead developers to bring forward 4.5GW of FLOW capacity in the Celtic Sea³⁵. In addition, several new renewable energy developments have come forward, including in green hydrogen production at Pembroke Dock and sustainable aviation fuels at Port Talbot.

Other major investments

- 5.8** Beyond the Celtic Freeport and associated opportunities in the Celtic Sea, other important renewable energy investments include:

³³ Welsh Government (2025), [Offshore Wind Task and Finish Group Action Plan 2026-27](#)

³⁴ Crown Estate (2025), [Powering Offshore Wind](#)

³⁵ Crown Estate (2025), [New frontier for UK offshore wind](#)

- The **Pembroke Dock Marine** project, funded by the City Deal and including a Marine Energy Engineering Centre of Excellence, the Wales Marine Energy Test Area, and port infrastructure, which was opened in 2024
- **Swansea Energy and Transport Hub and Port Development.** Referred to in the REDP under its former name of 'Dragon Energy Island', this project envisages a major solar and tidal power facility in Swansea Bay. Agreements are now in place to enable the first phase to proceed, involving an onshore solar farm, green transport hub and battery manufacturing. The second phase will proceed once development consents are in place, with scope for a tidal lagoon, data centre and other uses.
- **Nantycaws Circular Economy Park** near Carmarthen, providing a regional centre for materials re-use and energy generation, a masterplan for which is currently in development.

The next five years...

- 5.9** Much is now underway, and there ought to be scope for infrastructure delivery and investment over the next five years. This is likely to involve substantial supporting activity – for example in addressing significant electricity grid capacity issues, and in planning for the workforce that is likely to be required (both in terms of skills and in terms of additional residents).

Decarbonising the industrial base

- 5.10** The vulnerability of the region's carbon-intensive industrial base was highlighted in the REDP. Since then, this has been shown in sharp relief by the transition to lower carbon steel production at Port Talbot, which has involved both substantial investment by the UK Government and the private sector, retaining steel production at scale in the region, as well as significant job losses. This has been accompanied by a £100 million Transition Fund, to support those impacted by the transition, as well as investments that will generate additional jobs (especially high-value jobs) and support skills development over the longer term.

- 5.11** Beyond the transition at Tata itself, other developments since the REDP was prepared include:

- Progress in bringing forward translational research infrastructure that will support the industrial decarbonisation process. This includes Swansea University's SWITCH (South Wales Industrial Transition from Carbon Hub) at Port Talbot Harbourside, which is focused on the decarbonisation of the metals sector, and which is now fully funded.
- Continued planning and development of the proposed Global Centre for Rail Excellence at Onllwyn, which will provide an innovation centre for the development of a net zero railway

- Publication of the South Wales Industrial Cluster's Plan for Clean Growth in 2023, with the involvement of a consortium of firms in the region, and with substantial overlap and alignment with the technology opportunities identified by the Celtic Freeport.

5.12 The recent Government commitment to reducing industrial electricity prices ought to help in supporting firms in the transition. But there is a renewed urgency to this theme, given the pace of change and the costs of transition.

Decarbonising the wider economy

5.13 The final pillar of Mission 1 relates to decarbonisation across the economy, for example, through re-using and preventing waste, and decarbonising the transport system and housing stock. In relation to waste management, recycling rates have continued to improve: across the region, they averaged 70.1% in 2023/24, compared with 55.7% a decade earlier³⁶. In relation to housing, the Homes as Power Stations project funded through City Deal has made a major contribution to demonstrating renewable technology and building the supply chain. But there are significant long-term costs, and the comprehensive retrofit of the region's social housing stock will require additional investment, probably at UK Government level.

³⁶ StatsWales, [Annual reuse, recycling and composting rates by local authority](#). Unweighted average of the four local authorities.

Mission 2: Building a strong, resilient and ‘embedded’ business base

The REDP Mission:

“Business is at the centre of our strategy to 2030: it will be through the expansion of existing firms and the start up and attraction of new ones that new employment will be generated and productivity growth secured. That means supporting sustainable business growth – both at the ‘leading edge’ of technology and innovation and across the economy”.

- 5.14** The REDP noted South West Wales’ innovation strengths, especially associated with the universities. However, as well as growing the region’s innovative potential, it also recognised that economic growth has to be broad-based, with scope for productivity gain across the whole economy. The evidence suggests that this assessment continues to be valid: although the Industrial Strategy’s focus on ‘frontier’ industries aligns with some of the region’s strengths and will be an important source of future growth, most employment and business stock is elsewhere in the economy.

Growing the innovative edge and accelerating diffusion

- 5.15** Since the REDP was produced, there has been success in bringing forward additional facilities to support innovative businesses – for example, University of Wales Trinity Saint David’s Innovation Matrix in Swansea, and the 71/72 Kingsway digital and tech facility in Swansea city centre, Swansea Bay Technology Centre at Baglan and the former Palace Theatre building in Swansea managed by Tramshed Tech. Further innovation space under development and in the planning stage includes the Pentre Awel health and wellbeing centre in Llanelli (currently nearing completion), innovation space at Swansea Bay Sports Park on Swansea University’s Singleton campus, and planned facilities at Port Talbot Harbourside. In Carmarthen, Yr Egin has become an important concentration of film, TV and other creative businesses centred around S4C’s headquarters.
- 5.16** The High Value Manufacturing Catapult also now has a presence in the region, within the Bay Technology Centre at Baglan. This forms part of the UK-wide Catapult network, which aims to link businesses with research to help develop technologies that can improve productivity and sustainability. The HVM Catapult joins a series of other academic and industrial R&D and innovation services, including TWI and the SWITCH facility currently under development at Port Talbot (with funding secured for a further advanced manufacturing facility nearby). As set out in Chapter 3, the region’s university assets are also important, with specialisms in engineering, computing and data science and health and life sciences.

- 5.17** There has therefore been a substantial amount of delivery since the REDP was published – and there is more that is well advanced within the planning and development stages. The centres described above also align well with the national Industrial Strategy priorities, as well as regional opportunity.
- 5.18** There has however been less progress made in developing the concept of a ‘virtual research and technology organisation’ promoted in the REDP. The proposition was that the innovation support offer across the region could be better coordinated and made more accessible, with the aim of a “joined-up service across government, higher education and the private sector”.
- 5.19** Less progress against this action area may reflect the demise of some innovation-related programmes since the demise of European funding. But linked with the renewed focus of the Industrial Strategy, and the arrival of some new institutions and facilities in the region (such as the HVM Catapult), there may be scope to revisit a better coordinated approach.

Growing productivity and resilience across the economy

- 5.20** The REDP sought to develop a better integrated system across local and national government, within which a strengthened support offer is linked with the supply of skills and premises and the role of the public sector as a purchaser and commissioner of services.
- 5.21** Since the REDP was produced, there has been consistency in the core of the national offer, delivered through Business Wales and the Development Bank of Wales, and there is evidence that this provides some clarity to the market³⁷. The UK Shared Prosperity Fund enabled this to be supplemented at local level with a range of specialist and support products, within the context of an overall strategy for the region. From 2026, the UKSPF will be replaced by a new Local Growth Fund, the management of which is yet to be determined. For South West Wales, this provides an opportunity to build on the success of existing programmes, reaching a wide range of businesses, and linked with the need to drive business density, start-up rates and entrepreneurship, and resilience and adaptability to change.

³⁷ Llyr ap Gareth and Felix Milbank (2025), [Cultivating Small Business Growth: The future of business support in Wales](#), FSB

Mission 3: Growing and sustaining the South West Wales 'experience' offer

The REDP Mission:

"South West Wales enjoys a superb environment and a unique 'quality of life' offer. This is a key asset for the region, and one which we must protect and enhance. We will make South West Wales known for the quality and breadth of its 'experience offer', bringing together urban and rural environmental quality, 'quality of life' and culture. This will support a high-value visitor economy – but it will also be locally owned and a central part of our investment proposition".

- 5.22** The REDP took a broad view of the concept of the 'experience economy', extending it to include quality of life and quality of place, as well as tourism. It recognised that the quality of the visitor offer and the appeal of South West Wales as a place to live, work and invest are all inherently interconnected. It also noted that several visitor economy trends coincide with the region's offer – in particular, the increased interest in sustainability and a desire for 'authentic' experiences; and it highlighted the opportunity that remote working presents to both retain talent and attract a wider demographic to the region.
- 5.23** There has been success in developing South West Wales' experience infrastructure. Swansea Building Society Arena officially opened in March 2022, as part of an ambitious and ongoing city centre regeneration programme, and has attracted around 750,000 visitors in its first three years. There has also been further investment in the heritage and visitor offer at Pendine and the Hafod Morfa Copperworks in Swansea. While the region's town and city centres have faced significant challenges since the pandemic, all the main town and city centres have seen investment from the Welsh Government's Transforming Towns Programme, or the UK Government's Levelling Up Fund, supporting diversification and environmental and heritage improvements. Across the region, there has also been a focus on 'placemaking', in the major centres and in smaller communities, responding to the Welsh Government's placemaking agenda and in line with the principles set out in the Placemaking Wales Charter.
- 5.24** The REDP also placed an emphasis on actively promoting South West Wales as a visitor and investment location. This is underway, with a new investment website now launched. Looking to the future, there should be opportunities to align with the new Brand Wales programme from next year.

6. Three underpinning fundamentals

Underpinning the three Missions identified in the REDP, we have identified three ‘underpinning fundamentals’: themes that will support all the Missions and which are essential to long-term productivity growth. These relate to employment and skills, connectivity and sustainable transport, and sites and premises. This chapter sets these out, explaining the links to the core Missions.

Employment and skills

Planning for the skills of the future

- 6.1 Achieving the three Missions ought to result in a net increase in the number of jobs in South West Wales: the Celtic Freeport sets out a target of 11,500 jobs linked with activity around Milford Haven and Port Talbot alone. This will create new opportunities for residents in the region, but new jobs will often be linked with different skills requirements. At the same time, the ‘transformational trends’ outlined in Chapter 2 will have fundamental impacts on workforce skills requirements and employment demand across the economy, as (for example) artificial intelligence automates some (increasingly complex) tasks, but opens up the scope for new industries and job creation, and as all employers eventually transition to net zero.
- 6.2 Regionally, the **Skills and Talent** programme funded by Swansea Bay City Deal seeks to understand and promote those skills that will be required to support City Deal-funded projects, focusing on energy, digital, green construction, smart manufacturing and health and wellbeing. As well as mapping current provision and identifying gaps, the programme has funded a series of pilot projects to deliver new approaches to training and to raise awareness. Over the next five years, it will be important to evaluate the success of the pilot projects, identify ways in which they can be scaled up and/ or mainstreamed, and build on them as new opportunities emerge.
- 6.3 More broadly, there has been a significant change since the original REDP in the way in which higher and further education are funded and organised, following the Welsh Government’s recent establishment of a more integrated approach to tertiary education. This emphasises the need to develop “*clearer and more coherent pathways across the tertiary education sector*” in support of identified skills priorities³⁸. While this aspiration is set out at relatively high level at present, it will be important over the next five years to translate it into practical changes at regional level.

³⁸ Medr (2024), [Strategic Plan 2025-30](#)

- 6.4** Reflecting the ageing of the workforce and the gradual decline in the ‘working age’ population over the long term, a key element of this is likely to include retraining and upskilling people who are already in the workforce, with an increasing need for flexible, short course provision.

Reducing the employment gap

- 6.5** In the meantime, we know that there is, in principle, spare capacity in the regional labour market: economic activity and employment rates are below the UK average, and the economic activity gap has widened with the rest of the UK since the pandemic (although substantial progress had been made in narrowing the differential in preceding years). As noted in Chapter 2, increasing the regional economic activity rate to the UK average would bring around 21,000 people into the workforce.
- 6.6** This is also a key UK Government priority: while this will partly be achieved through an increase in the stock of employment opportunities, the wider determinants of economic inactivity and worklessness (such as mental and physical ill-health, length of time out of the labour market, lack of transferable skills, etc.) are complex and often need to be addressed through an individualised approach. Understanding the composition of economic inactivity and contributing to the goals of the *Get Britain Working Plan* by building on previous experience (such as the former Workways + programme) will be important over the next five years. There is no shortage of recent, evaluated experience, both within Wales and from (for example) the English combined authorities: as an initial action, there should be scope for drawing on the lessons of these approaches.

Sustainable connectivity

Digital connectivity

- 6.7** As outlined in Chapter 2, significant progress has been made in bridging the digital connectivity gap between rural South West Wales (mostly Carmarthenshire and Pembrokeshire) and the rest of the UK. This progress since the REDP was produced demonstrates the pace of technology change and the speed with which consumers adapt to improved speeds. The region will need to ensure that it remains competitive – and that communities are not left behind – as those regions in the vanguard of commercial investment pull ahead.

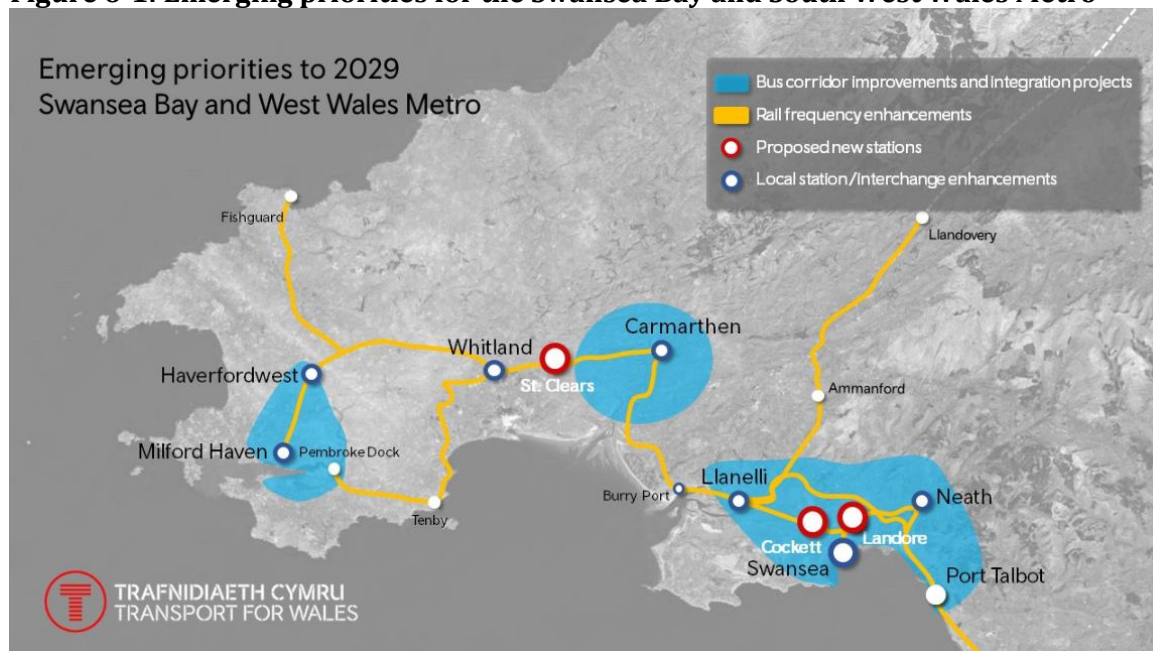
Transport

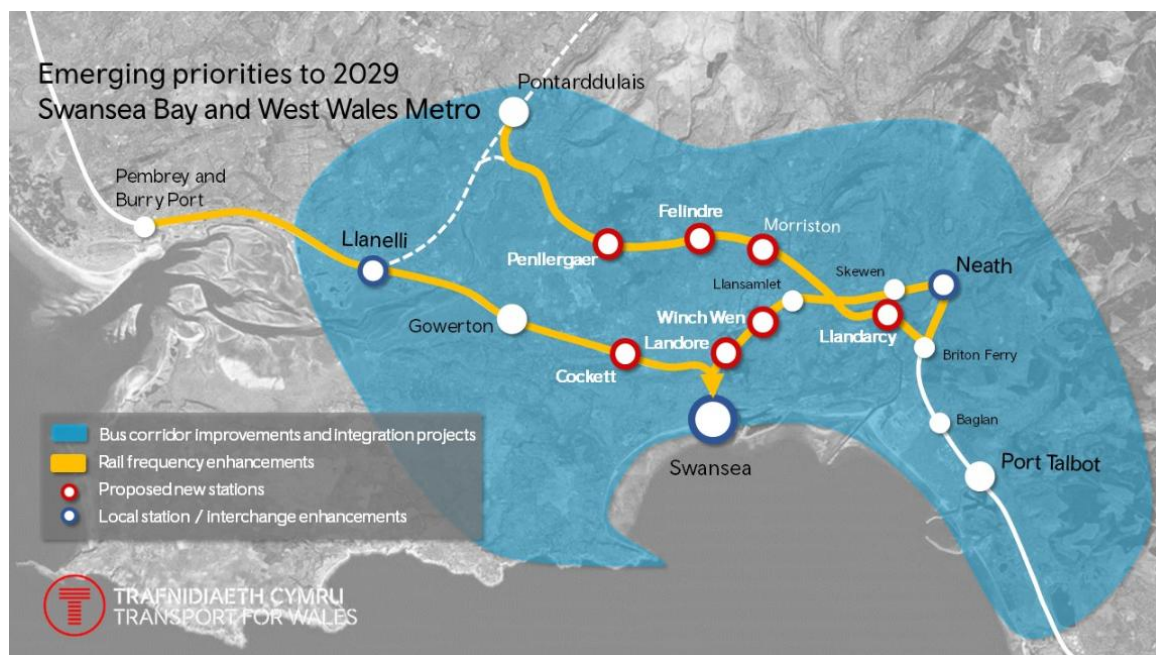
- 6.8** The Welsh Government’s transport strategy, *Llwybr Newydd*, was published in 2021, explicitly setting out a presumption in favour of active and sustainable travel, and against new road schemes (although in South West Wales, some high-priority schemes are being delivered, such as improvements to the A40 in Pembrokeshire, a new bypass for Llandeilo and – just beyond the region – completion of the dualling of the Heads of the Valleys road). Since the

REDP was prepared, several interchange and rail service enhancements have been delivered, and a draft Regional Transport Plan has been prepared by the CJC.

- 6.9** Over the medium to longer term, there are **opportunities for an ambitious approach to the region's rail infrastructure** and its integration with other forms of transport. The concept of the **Swansea Bay and West Wales Metro** has continued to be developed since the REDP was produced. Plans developed by Transport for Wales envisage the Metro as incorporating enhancements to existing rail infrastructure, bus corridor improvements and new stations (illustrated below), with – in the longer term – the potential to extend rail infrastructure further along the Amman, Neath and Dulais Valleys using lines currently used for industrial purposes.
- 6.10** As these plans are developed further, there is scope to make the **economic development case for Metro investment**. This is likely to have three elements (over and above environmental benefits): first, improved access to employment opportunities, including through connectivity to strategic sites (such as Felindre) which are currently only accessible by road); second, faster connectivity as a consequence of reduced congestion; and third, the scope for 'transit-oriented development', as housing and commercial space is developed at higher densities around rail interchanges. Given the focus within the REDP on town and city centre regeneration as part of the 'experience economy' Mission, this latter element ought to be important, especially (although not exclusively) in Swansea. The pace of delivery on the Cardiff Capital Region Metro, which is now well underway and with advanced plans for expansion, gives an indication of the potential of a strong economic, as well as transport, narrative.

Figure 6-1: Emerging priorities for the Swansea Bay and South West Wales Metro





Source: Transport for Wales

Sites and premises

- 6.11** South West Wales benefits from a stock of strategic sites with capacity for large-scale economic uses. Some of these are closely associated with the region's core industrial opportunities, such as the series of major sites at Baglan and Port Talbot Waterfront. However, **bringing these forward is challenging due to widespread market failure**, as relatively low land values and (in many cases) very high remediation costs make development unviable without intervention. Given the region's opportunities in relation to Mission 1, **electricity grid capacity constraints** and the costs of connections and other infrastructure reinforce these challenges. Wider research further demonstrates the difficulty of securing development on smaller sites, and in town and city centres, without subsidy.
- 6.12** However, there is a successful history of delivery, including through joint ventures with the private sector, and through the UK Shared Prosperity Fund, the local authorities have operated Property Development Grant schemes to help bring forward smaller-scale development. The Seed Fund operated as part of the Celtic Freeport will also help, and there is a positive approach to strategic site development by the Welsh Government (as evidenced in the Welsh Government's recent acquisition of Baglan Energy Park). In that context, the recent announcement by the UK Government of a new Strategic Sites Fund is welcome.

Key areas for action in the next five years

- Continue to **plan for the region's future skills needs**, especially in the context of the three Missions.
- Strengthen the **focus on access to employment and routes to economic activity**, with the aim of closing the employment rate gap with the rest of the UK, and contributing to the Get Britain Working goal.
- Alongside the delivery of the new Regional Transport Strategy, **build the economic case for longer-term, transformational investment in the region's rail and public transport infrastructure**, where it can support access to employment, open up key growth locations and drive new investment and development linked with better connectivity.
- **Make the case for investment to unlock strategic sites and premises**, especially in those locations that are fundamental to the delivery of the three regional Missions. This will mean a shared approach with the Welsh and UK Government, exploring the potential for new partnership structures and mechanisms to bring forward strategic sites, as funding to bridge the viability gap, as well as addressing significant power supply constraints

7. Routes to investment and delivery

The Corporate Joint Committee is now well established and there is a successful record of project delivery, with further major investments coming forward. This chapter sets out the approach to delivery and to maximising investment over the rest of the REDP period.

Strengthening the Corporate Joint Committee

- 7.1** The CJC was established in 2022 to support strategic development planning and transport planning across the region³⁹. The REDP was one of the first joint strategies adopted by the Committee. In addition, the CJC has adopted the Regional Energy Strategy, and in 2025, consultation took place on a draft Regional Transport Plan. It will also develop a regional Strategic Development Plan, in alignment with *Future Wales*.
- 7.2** The CJC adopted a Corporate Plan in 2023. This incorporates the following vision, which draws on the REDP and other key documents, and is aligned with it:

The Corporate Joint Committee Vision:

“By 2035 South West Wales will be a place where people are living and working within a resilient, sustainable, enterprising, ambitious and climate resilient region that is serviced by world class digital infrastructure and is on track to achieve a net zero carbon economy by 2050, having already achieved its public sector decarbonisation target. The region is an integral part of Wales and is making a strong contribution to Wales as a whole nation.

It will be a distinctive region that tackles health and socio-economic inequality through sustainable growth. It will have vibrant rural places with access to homes, jobs and services, whilst people will also live and work in towns and cities which are a focus and springboard for sustainable growth. Prosperity, innovation and culture are promoted within the region and the importance of a sustainable and engaged agricultural sector is fully recognised.

A prosperous, resilient and equitable region that is maximising upon its on and offshore potential, South West Wales is a place where the Welsh language is thriving and the region continues to be a key contributor towards the national target of

³⁹ Membership of the CJC is the elected Leaders of the four local authorities and representatives of Bannau Brycheiniog and Pembrokeshire Coast National Parks. Representatives of Swansea University, UWTSD and Swansea Bay and Hywel Dda University Health Boards are also invited to attend.

achieving a million Welsh speakers by 2050. Effective collaboration between the region's decision and change makers from all sectors – including private industry – is demonstrated by the fact that the South West Wales Corporate Joint Committee continues to discharge all of its functions effectively. The region continues to feel the benefit from the Swansea Bay City Deal investment portfolio.

The need to enhance the well-being of future generations and ecosystems is firmly embedded within decision making structures that are balanced and inclusive and which recognise the need to sustainably manage our natural resources and reduce pollution resulting in places with biodiverse, resilient and connected ecosystems. People are living and working in connected, inclusive and healthy places with an accessible, sustainable and efficient transport system and where travel is sustainable”.

Source: South West Wales CJC

- 7.3** Earlier in 2025, a Private Sector Advisory Board was established to support the CJC. The Board has been engaged in the development of this Mid Term Review and will have an important role in providing a business voice to inform the CJC's decision-making and the delivery of key economic development interventions.

Developing the project pipeline

- 7.4** Alongside the REDP, a 'project pipeline' was prepared, containing a series of summary business cases for interventions that will support the Ambitions and Missions. This included projects at various stages of development, including some that were fully funded and for which delivery was either underway or imminent, and some that were early-stage project concepts. Since then, important new opportunities have come forward, for example linked with the Celtic Freeport.
- 7.5** The project pipeline has been kept 'live'. In parallel with this Mid Term Review, the pipeline has also been fully reviewed, with the aim of consolidating specific interventions into a series of programmes that can be monitored and added to over time, and which can ensure a ready series of investment proposals to respond to opportunities.

Making the case for future investment at scale

- 7.6** Through the Swansea Bay City Deal, the South West Wales local authorities have demonstrated a strong track record in delivering a major joint economic growth programme over an extended period – and all of the City Deal projects are now either completed or are well on the way to delivery. This has been supplemented in recent years with a series of other major programmes, either delivered jointly or within one of the local authorities – for example the Celtic Freeport, Tata Transition Fund, UK Shared Prosperity Fund and multiple local programmes.

- 7.7** Looking to the future, there is a need to maximise the value of and coordinate existing funds, and secure additional investment. **This will be within a public funding environment which is constrained in overall financial terms, but where there is very positive strategic alignment with South West Wales' priorities and strengths.**
- 7.8** Building on the success of the City Deal and other investments, the REDP set out an ambition to secure a **“devolved regional investment fund”**, which would offer the region the ability to lever in additional funding and bring projects forward on a flexible basis over the long term. There is now a series of devolved investment funds across the UK, some of which (including the Wider Investment Fund in Cardiff Capital Region) are structured to give a partial financial return on investment, as well as an economic and social return, depending on the nature of the project. This would require additional capacity, but the UK Government is committed to further similar arrangements, and there may be an opportunity to make the case.
- 7.9** The case for a devolved investment fund will need to be made carefully and specifically, demonstrating the additional value that this would bring over and above activity at local level and UK and Welsh Government programmes. Building on the analysis earlier in this paper, and the experiences of other regions, it is likely that there will be a focus on:
- Bringing forward **sites and premises** (recognising that the scale of the viability challenge in relation to many of the region's key strategic sites will demand substantial grant investment, although there may be opportunities for a return or partial return on investment in other locations)
 - **Business investment**, where this can lever additional private sector investments and where it is complementary to the support offered through existing institutions such as the Development Bank of Wales.
 - Activities **complementary to strategic transport investment**, for example in bringing forward new development alongside existing and proposed transport links, driving demand for sustainable and public transport.

Monitoring progress

- 7.10** While it is helpful to monitor the performance of the wider economy to give an accurate picture of the context, economic data is always published with a lag, and some of the strategic interventions taken in support of the three Missions will only yield economic impact in the longer term.
- 7.11** However, the REDP set out a series of performance measures against which progress could be measured at intervention level. These are not currently systematically done across projects in South West Wales, mainly because interventions are delivered through a range of programmes, rather than a single consolidated one. Some identified projects are also at an early stage. However, linked with the project pipeline review, we will establish a consistent

series of indicators that will provide a guide to progress for the CJC, drawing on recent experience of programme monitoring for the UK Shared Prosperity Fund. Proposed indicative performance measures are set out below:

Table 7-1: Indicative performance measures

Indicator	Description
Private investment	Additional private investment secured in the region as a result of public support through the REDP
Gross value added	Estimated additional GVA generated as a result of investment
Firm creation and survival	New business starts as a result of REDP-backed activity and survival rates over time
Jobs	Jobs created and safeguarded as a result of investment. The REDP emphasises the quality of jobs (in line with the Economic Contract) and this should be reflected in the performance measure (e.g., employment at or above Real Living Wage and sustained over time).
Access to employment	People entering employment as a result of intervention
Innovation	Research and development into new products, goods and services as a result of intervention. Adoption of 'new to the firm' products or processes as a result of intervention
Carbon reductions	CO2 savings as a result of investment
Modal shift	Increased journeys on public transport/ increased use of active travel as a result of investment.
Visitor spend	Increased visitor spend as a result of investment (assessed through longer-term evaluation)
Gross value added	Estimated additional GVA generated as a result of investment (assessed through longer-term evaluation)



Contact

For more information:

Ross Gill

Associate Director, SQW

T: +44 (0)7837 872705

E: rgill@sqw.co.uk

2nd Floor East
Greenhill House
90-93 Cowcross Street
London
EC1M 6BF

www.sqw.co.uk

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