Pembrokeshire County Council

Economic Profile of Pembrokeshire

Final Report from PACEC

June 2015

Contents

1 EXECUTIVE SUMMARY

1.1 Introduction

This economic profile of the county of Pembrokeshire has been prepared to form a strong and detailed evidence base to support policy and decision-making. It draws upon analysis of economic indicators and benchmarking with other areas of Wales and the UK, analysis of local strategic policy, interviews with stakeholders, a survey of local businesses, and workshops with local business owners and policymakers. The information has been "SWOT" analysed to draw out the Strengths and Weaknesses of the area, and Opportunities and Threats to prosperity.

1.2 Location & Geography

The geography of Pembrokeshire has considerable influence on local economic activity. Its beautiful coastline attracts tourism and its ports service a nationally important local economic cluster of energy-based activity as well as marine industries such as passenger and freight transport and fishing. It is largely rural in nature, and agriculture is an important sector.

Pembrokeshire's peripheral location and the dispersed nature of its small settlements affect the mobility of the labour market, the viability of industries requiring face-to-face contact and networking (such as personal services and business-to-business services), and the importance of transport infrastructure. Its labour market is self-contained: most people who work in Pembrokeshire also live there, and vice versa.

1.3 Strategic Policy Context

Pembrokeshire's economy has suffered a number of recent shocks from large-scale closures in the defence and energy sectors. Skills and employment support policies are largely shaped around mitigating downside effects such as redundancy and long-term unemployment.

Pembrokeshire's longer-term goal is to stimulate organic growth through investment in skills, research and innovation. The region's strengths include clean energy, sustainable tourism and the rural economy.

At the regional level, Pembrokeshire is aligned with Carmarthenshire, Neath Port Talbot and Swansea as part of the Swansea Bay City Region. The City Region's ambitions are set out in the *Economic Regeneration Strategy 2013-2030,* which calls for a connected and prosperous City Region driven by the skills and enterprise of its residents. The strategy identifies productivity as its primary challenge.

1.4 Business and Employment

Employment in Pembrokeshire stood at 44,200 in 2013, a 2.8% increase since 2009. This is a more rapid increase than in Wales (0.6%) or Great Britain (1.6%).

Pembrokeshire has significant concentrations of employment in:

- Accommodation and food service (2.05 x GB share of employment)
- Arts, entertainment and recreation (1.61x)
- Construction (1.52x)
- Extractive industries (2.27x)

The concentration of employment in business services (professional, scientific, technical, administrative etc.) in Pembrokeshire is extremely low.

We have compared the industries with local concentrations of employment in Pembrokeshire to those that are supported by national growth to identify the following 4 key sectors:

- Strength/Opportunity: Tourism
- Strength/Opportunity: Energy and the Marine Economy
- Strength/Opportunity/Threat: The Rural Economy
- Weakness/Opportunity: Business Services

PACEC's survey of local businesses found firms were more concerned by the state of the general economy (economic/market uncertainty in particular) than any other specific constraint. Access to markets/clients and access to finance are the next most commonly-mentioned constraints. Transport, local culture for innovation, quality/skills of labour force, and support for finance are viewed as major local weaknesses.

1.5 Labour Market and Skills

The population of Pembrokeshire was 123,300 in 2013. The county grew rapidly between 1999 and 2008 and steadily since then. The age profile of the population shows significantly fewer 20-39 year olds than Great Britain as a whole but correspondingly more people over the age of 55. This is driven by significant out-migration between the ages of 18-20 to seek higher education outside Pembrokeshire (~500 people per year) which is not matched by people returning aged 22-24 (~140 people per year)

The employment rate in Pembrokeshire is similar to Wales as a whole, but there are more self-employed people and fewer full-time employees. Unemployment is low. There is a higher percentage of retired people than in Wales as a whole.

Current data implies that Pembrokeshire has a slightly lower share of people with no qualifications, and slightly more with degree-equivalent qualifications, than the Swansea Bay City Region as a whole and than the Welsh average, though the reported differences and sample size are relatively small. Despite this, surveyed businesses report significant skills shortages, suggesting that it is quantity of and access to labour, rather than overall quality of labour that may be a constraint in Pembrokeshire.

1.6 Tourism

The tourism sector in Pembrokeshire employs around 3,800 more people than would be expected if Pembrokeshire had a similar sector mix to Great Britain. Over half of these (2,100) work in holiday accommodation and campsites, but there are also significant extra jobs in tourist attractions, clubs, pubs, and bars, and restaurants and cafes.

Specific strengths include international brand recognition and the extent and quality of the natural and heritage tourism offer. However, the industry is constrained by access to skilled labour and accessibility by road, rail and air from the rest of the UK.

Technological advances create opportunities and threats. For example, internet marketing increases the customer pool but also competition, whilst short-term bookings bring both opportunity and additional risk. These advances make long-term business planning more difficult, with tourism businesses more susceptible to volatility factors such as changes in the weather.

1.7 Energy and the Marine Economy

The Port of Milford Haven services an important cluster of employment in the broad energy sector, including petrochemical storage and refining, a Combined Cycle Gas Turbine power station, strategic oil and high pressure gas pipelines, and a 400KV high-voltage National Grid transmission line, which along with significant potential wave and tidal resources is an enabler for a growing marine renewable industry, presenting opportunities for inward investment.

Challenges include engaging local businesses in the supply chain, internet connectivity, maintaining resilience in the face of a sector dominated by a few large companies at a few large sites (and investing in transfer of skills should the sector contract, based on the experience of the Murco refinery closure).

1.8 The Rural Economy

Agriculture presents a notable opportunity for development of high quality produce and brands. More could be done to promote the quality of Pembrokeshire's agricultural output locally, as well as nationally and internationally.

The sector relies on agricultural grants from the European Union. A decision to leave the European Union following an upcoming referendum could have a detrimental impact on the rural economy in the short term.

Farms in Pembrokeshire have had to achieve scale to survive. This presents additional risk to the rural economy, particularly in light of question marks over EU involvement. Depressed milk prices and poor performance of large retailers (likely to result in a squeeze on suppliers) combine to paint a less-than-optimistic picture for the rural economy in Pembrokeshire.

1.9 Business Services

Business services are marked out as a key sector because of their relative absence in Pembrokeshire, rather than existing strength: the gap amounts to some 6,800 jobs when compared to the GB average. This presents an opportunity as increased remote-working opportunities enable creative and knowledge-based professionals to work from home and take advantage of the quality of life on offer in Pembrokeshire, provided the IT infrastructure is in place to support this.

1.10 Recommendations

Priority recommendations, based on the SWOT analysis as well as direct feedback from stakeholders and workshop attendees, are as follows:

- **Transport and infrastructure improvements** – road improvements / dualling, planning of bus and rail to relieve labour market access constraints, targeting improvements to serve growth areas, improvements to broadband access.
- **Business development/planning** – focusing on clusters of employment and housing in key areas to develop scale and efficiency, stimulating growth with business rate relief, providing targeted financial support
- **Improvements in training/skills** – matching of education and training to growth sectors, expanding partnerships with universities, provide business/career education at school and college to improve retention

- **Engagement and strategic development** – continue public consultation process, monitor economic indicators, conduct mapping exercise to pinpoint areas for 'relocalisation'[1] strategies
- **Linkages with funding opportunities** – focus on developing competitive advantage in marine energy and development of indigenous R&D clusters, productivity gains from improvements in transport and infrastructure.

[1] Relocalisation is a strategy to increase community security, strengthen local economies, and improve the environment and social equity by focussing on the local production of food, energy, and goods, and developing local government and culture.

2 INTRODUCTION, AIMS, AND METHODOLOGY

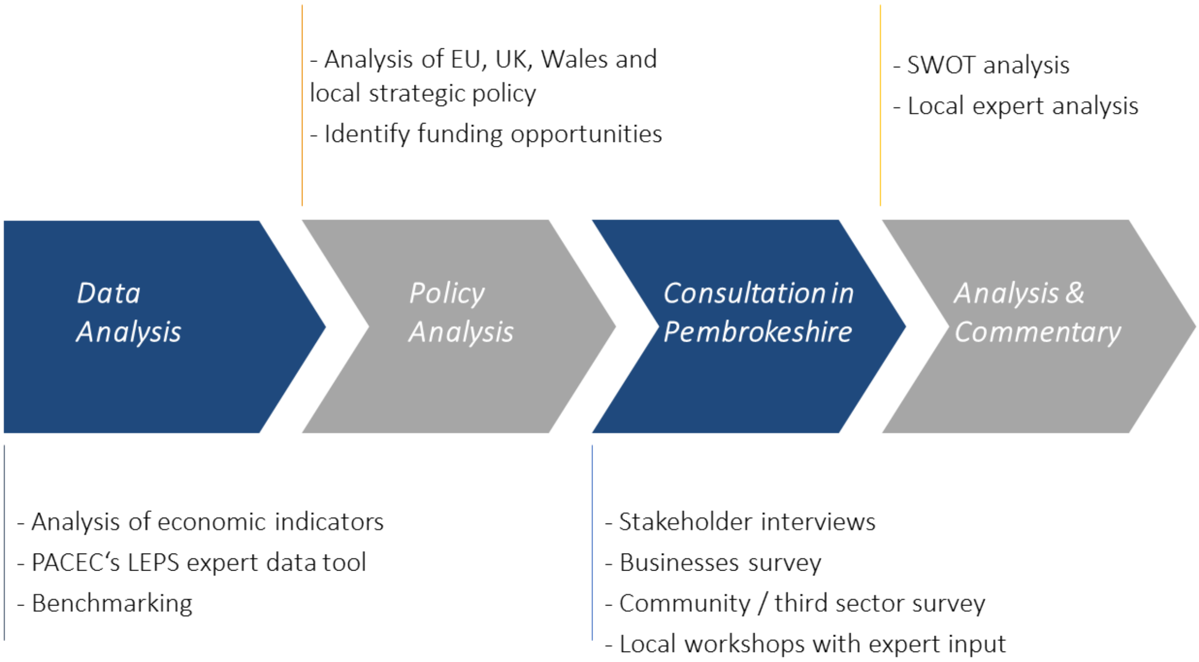
2.1 Introduction and aims

In April 2015 Pembrokeshire County Council appointed PACEC to create an economic profile of the county of Pembrokeshire. The overall aim of the project is to provide a strong and detailed evidence base to support policy and decision-making, specifically:

- Providing an understanding of performance trends and regional characteristics to assist businesses, government, investors and local authorities.
- Supporting the Council in securing development assistance through accumulation of relevant, up-to-date evidence.

2.2 Study methodology

Figure 2:1: Methodology diagram



Data Analysis: We undertook extensive analysis of a large number of relevant economic indicators using PACEC's Local Economic Profiling System (LEPS) data tool alongside recent local data. The profile draws on records from the Office for National Statistics, such as the Census and the Business Register Employment Survey among other sources.

Policy Analysis: The policy landscape governing Pembrokeshire is complex and involves overlapping structures at multiple levels. We have detailed a number of recent changes which affect the economic outlook for Pembrokeshire.

The county's economic performance was benchmarked against regional comparators: the Swansea Bay City Region, the West Wales & Valleys Convergence area as well as UK-wide and Wales indices.

Consultation: In-depth interviews took place with leading figures in business, the public sector, and the third sector. A survey of 200 businesses and community organisations was distributed and completed online. PACEC also ran two workshops with key stakeholders in the county in order to gain further information on the key issues, the strengths and weaknesses of Pembrokeshire as a business location, the challenges and opportunities for the area, and the priorities for action. The workshops were facilitated by Professor Peter Midmore of Aberystwyth University.

Analysis: We have performed a SWOT analysis using data and knowledge acquired from preceding stages to provide an up-to-date assessment of the outlook for the County. This has included a commentary on key issues and unique characteristics of Pembrokeshire's economy.

3 PEMBROKESHIRE LOCATION AND GEOGRAPHY

3.1 Summary

Pembrokeshire is located at the south west tip of Wales, is largely rural, and has an extensive coastline which hosts many ports and fishing towns. One-third of Pembrokeshire's land consists of the Pembrokeshire Coast National Park, an important conservation site and tourism destination.

Pembrokeshire's main settlements are small and dispersed, the largest being Haverfordwest (with a population of 14,596) and Milford Haven (13,582). Of the 22 principal areas of Wales, only 3 have smaller largest settlements (Monmouthshire, Anglesey, and Powys).

Pembrokeshire's overall area is 1,590 km^2, making it the fifth largest county in Wales. Its 2011 population (122,400) is ranked 13th. Its population density, at 77 people per square kilometre, is the fifth lowest in Wales.

Pembrokeshire's labour market is largely self-contained – most people who work there, also live there, and vice versa. According to the Office for National Statistics there are two main travel-to-work areas within which most journeys to work take place, Haverfordwest and Fishguard in the north, and Pembroke and Tenby in the south.

The nearest large city is Swansea, 60 miles away. The four constituent authorities of South West Wales – Pembrokeshire, Carmarthenshire, Neath Port Talbot, and Swansea – have been strategically combined as the Swansea Bay City Region since 2013.

The geography of Pembrokeshire has a huge influence on local economic activity. Its beautiful coastline attracts tourism and its ports service a nationally important local economic cluster of energy-based activity as well as marine industries such as passenger and freight transport and fishing. It is largely rural in nature and agriculture is an important local industry. Its peripheral location and the dispersed nature of its small settlements affect the mobility of the labour market, the viability of industries requiring face-to-face contact and networking (such as personal services and business-to-business services), and the importance of transport infrastructure. These features will be returned to and developed in the remainder of this profile.

3.2 Location

Pembrokeshire is a rural peninsular county and unitary authority located on the south western tip of Wales. The historical development of the County has been greatly affected by its location and geography. Pembrokeshire's intricate coastline stretches over 140 miles and hosts many ports and fishing towns, making the area an attractive destination for visitors. More recently, it has shown considerable potential as a marine energy centre and a significant number of interests have been expressed to deploy devices around the county.

The county is geographically peripheral and its inhabitants are thinly distributed throughout. The lack of urban centres or extensive transport infrastructure has restricted growth potential in several important sectors.

One-third of Pembrokeshire's land consists of the Pembrokeshire Coast National Park, an important conservation site and tourism destination. The remainder of the county is largely rural with a large proportion of land dedicated to grassland based livestock farming.

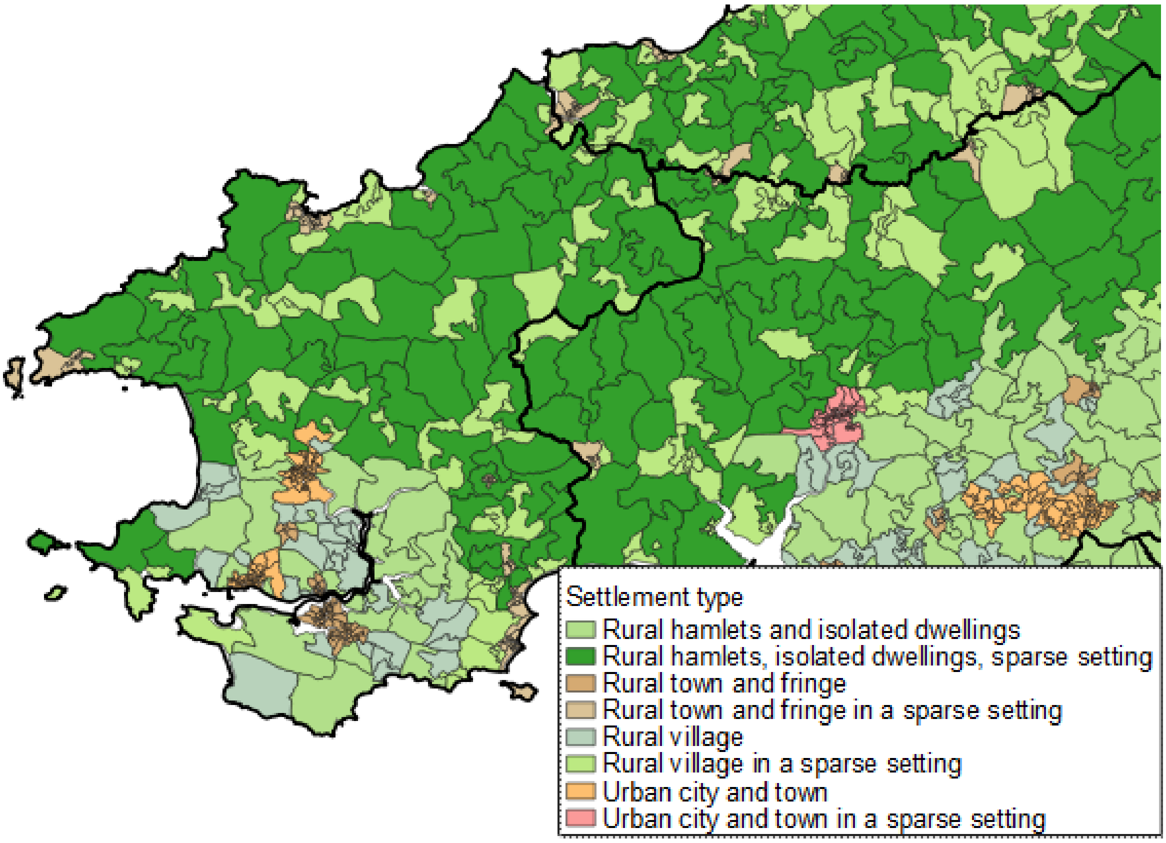
3.3 Population: density and dispersion

Pembrokeshire's population as of the 2011 Census was 122,400[2]. The principal settlements are the county town of Haverfordwest (14,596) and Milford Haven (13,582). Smaller settlements are found at Pembroke Dock (9,753), Pembroke (7,552), Fishguard (5,139) and Tenby (4,696).[3] Of the 22 principal areas of Wales, only 3 have smaller largest settlements (Monmouthshire, Anglesey, and Powys).

The office for National Statistics classifies the Census output areas in England and Wales by their urban or rural, size of settlement (hamlet, village, town, city) and dispersion ("sparse" or not). The figure below shows that most of Pembrokeshire is classed as rural and most of the north of Pembrokeshire is classed as in "a sparse setting" (i.e. low population density, dispersed settlements).

[2] The latest estimate for 2013 is 123,300 (ONS Mid-Year Population Estimates) – but 2013 figures are not available for individual settlements.
[3] Data from Census 2011 statistics for built-up areas (ONS). Fishguard is defined to include Fishguard and Goodwick.

Figure 3:1: Rural urban classification



Source: Rural urban classification; ONS; PACEC.

Pembrokeshire's overall area is 1,590 km^2, making it the fifth largest county in Wales. Its population is ranked 13th out of 22. Its population density, at 77 people per square kilometre, is the fifth lowest in Wales - Carmarthenshire has similar population density, Gwynedd and Ceredigion are lower and Powys is lowest of all.

3.4 Connectivity and Infrastructure

3.4.1 Road

The main road into Pembrokeshire is the A40, which runs through Haverfordwest before looping north to Fishguard. Connected A-roads provide access to Milford Haven, Tenby and Pembroke Dock. The most significant of these is the A477 where a recently opened new section of road has both improved safety and reduced travel time. Road access into the north is provided by the A487, which passes along the coastline into neighbouring Ceredigion through the coastal settlements of Fishguard and Newport. The limited capacity of these roads, in particular the A40, has led to seasonal spikes and congestion. Efforts are currently under way to dual parts of the road to relieve traffic.

3.4.2 Train

The West Wales Lines from Swansea approach Pembrokeshire through a single line in the south and, branching at Whitland just outside the eastern border of the county, broadly mirror the shape of trunk roads in the county, with services travelling into Pembroke and Pembroke Dock via Narberth and Tenby, to Milford Haven via Haverfordwest, and to Fishguard.

A direct daily service from Milford Haven to Manchester also exists.

3.4.3 Ports

There are several important ports situated along Pembrokeshire's coastline. Chief among these is Milford Haven Waterway: a deep natural harbour and one of the biggest ports in Europe by traffic volume[4], it has been developed since 1960 to service the petrochemical industry. The Waterway houses the Fish Docks and forms the core of the Haven Waterway Enterprise Zone, home to a number of new energy companies. Pembroke Dock and Fishguard Harbour provide several daily passenger services out of Pembrokeshire (including the connection to Rosslare in the Republic of Ireland) and there are special trains to connect with the arrival and departures of the Stena Line ferry that operates between Fishguard and Rosslare.

Pembroke Power Station opened in 2012 near Pembroke Dock to take advantage of the availability of a high pressure supply of natural gas from the new Liquid Natural Gas import and storage facilities. This is the UK's largest and Europe's most efficient Combined Cycle Gas Turbine power station.

3.4.4 Air

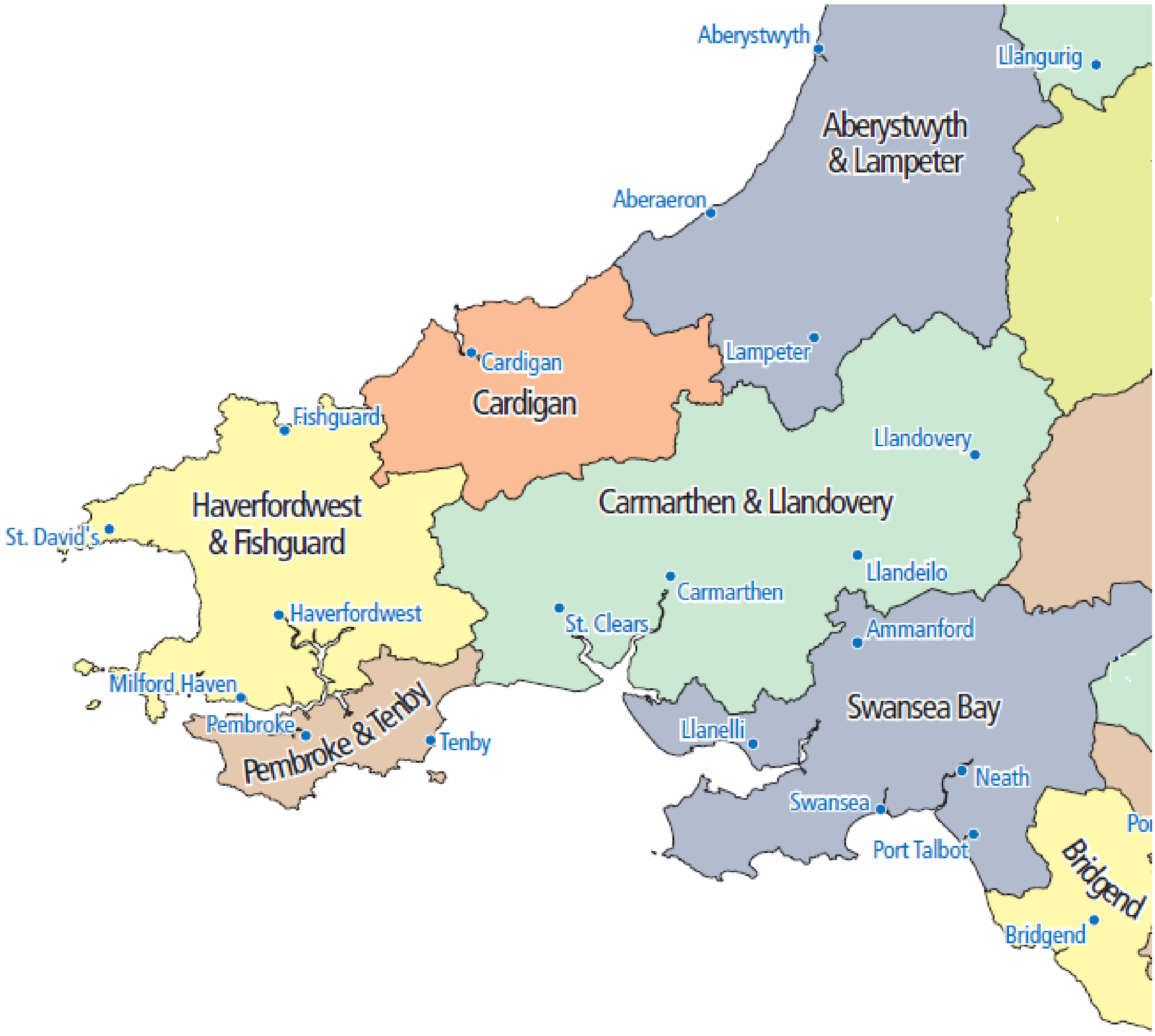
Pembrokeshire County Council owns and operates Haverfordwest Airport (formerly RAF Haverfordwest), two miles north of Haverfordwest and is responsible for its development to support business and general aviation activity. The airport is mainly used for private aircraft and organised pleasure flights although a specialist air charter service is based there. The nearest airport offering regular scheduled flights is in Rhoose (Cardiff)

[4] Milford Haven is the third largest in the UK by cargo tonnage after London and Grimsby and among the top 20 in Europe, according to the AAPA World Port Rankings 2013

3.4.5 Journeys to work

Reflecting the services of Department of Work and Pensions offices, the Office for National Statistics has defined two Travel to Work Areas (TTWAs) in Pembrokeshire: Pembroke & Tenby, and Haverfordwest & Fishguard. This area definition uses the data from the 2001 Census and has not yet been updated[5], but it is still likely to be relevant as the fundamental geography of the area has not changed, with Pembrokeshire's main settlements concentrated in the west of the County, away from the borders with Ceredigion and Carmarthenshire. The figure below shows the two TTWAs in context, bordering larger commuting areas centred on Cardigan and Carmarthen & Llandovery.

Figure 3:2: Travel to work areas



[5] Updated ONS TTWAs are expected in July 2015 – see http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html

Source: Office for National Statistics, 2007 (Crown Copyright)

The Swansea Bay TTWA is also significant as Swansea is the nearest large city: it has a population of 179,485 and is around 60 miles away by road. The four constituent authorities of South West Wales – Pembrokeshire, Carmarthenshire, Neath Port Talbot, and Swansea – have been strategically combined as the Swansea Bay City Region since 2013. Later in this report (in the "Population and Labour Market" section) we provide an up-to-date analysis of commuting into and out of Pembrokeshire using the latest 2011 Census data, but in summary, 87% of the employed people who live in Pembrokeshire work there, and 89% of the people who work there also live there.

3.5 Conclusion

Geography plays a key role in economic activity in Pembrokeshire. The county's long and rugged coastline attract millions of tourists and its ports service a wide variety of energy, marine and sea transport businesses. It is largely rural in nature and agriculture is an important local industry. Its peripheral location and the dispersed nature of its small settlements affects the mobility of the labour market, the viability of industries requiring face-to-face contact and networking (such as personal services and business-to-business services), and the importance of transport infrastructure. These features will be returned to and developed in the remainder of this profile.

4 THE STRATEGIC POLICY CONTEXT

4.1 Summary

Pembrokeshire's population is small and its economy has suffered disproportionately from large-employer closures in recent years. Skills and employment support policies are largely shaped around addressing perennial challenges of redundancy and long-term unemployment. Pembrokeshire's longer-term goal is to stimulate organic growth through investment in skills, research and innovation.

Budgetary constraints in the current environment have affected policy priorities. Direct funding for programmes has slowed and the region's reliance on public sector jobs no longer looks sustainable.

A number of the region's strengths, including clean energy, sustainable tourism and the rural economy all stand to gain in the current policy landscape.

The lack of a strong research base or major university challenges the viability of the research and knowledge-led strategic model promoted by policymakers at every level, although early-stage research collaborations with Swansea University in the Pembrokeshire Science Park offer potential opportunities for funding and development.

4.2 Introduction

Pembrokeshire's economic development is strongly influenced by policy themes at the local, national and European levels.

Table 4:1: Policy framework

European & National Level Economic Policy Agenda					
	Europe		**UK**		**Wales**
2010	*Europe 2020*	→	*Plan for Growth*	→	*Economic Growth: A New Direction*

A number of common issues emerge at each of these levels in respect of Pembrokeshire, including the need for sustainable development, skills for key sectors and knowledge-based economic growth.

Europe 2020 emphasises 'smart, sustainable and inclusive' growth centred on knowledge and innovation. Its key aims include increasing the employment rate, key sector skills and improving R&D performance as outlined in Horizon 2020.

The Welsh Assembly's economic strategy *Economic Renewal: A New Direction (2010)*, acknowledges the limitations on publicly-funded initiatives in the post-financial crisis era. It notes that government 'cannot create jobs and prosperity in the wider economy' but can provide 'the conditions and framework to allow the private sector to flourish', signalling a departure from direct assistance in favour of supporting growth environments. The Welsh Government have supported a number of key initiatives in Pembrokeshire in line with the aims of this strategy. Projects include the Haven Waterway Enterprise Zone and Marine Energy Pembrokeshire, funded on a co-ordinated basis with European assistance on many projects.

At the regional level, Pembrokeshire is aligned with Carmarthenshire, Neath Port Talbot and Swansea as part of the Swansea Bay City Region. The City Region's ambitions are set out in the *Economic Regeneration Strategy 2013-2030,* which calls for a connected and prosperous City Region driven by the skills and enterprise of its residents. The strategy identifies productivity as its primary challenge, and has set a target of reaching 90% of UK GVA/job by 2030.

Table 4:2: Strategic Framework for the Swansea Bay City Region

Strategic Aim	Operational Aims	Strategic Aims / Opportunities for Pembrokeshire
Strategic Aim 1: Business Growth, Retention, Specialisation	Helping existing large employers retain staff	Managing relationships with large employers such as VALERO to prevent further job losses. Competitive advantages and specialisation in tourism and renewable energy with strong inward investment opportunities.
Strategic Aim 2: Skilled & Ambitious for Long-term success	Upskilling, better schools, key sector skills	Learning Partnership Framework Significant ESF funding for upskilling and education. Skills Gateway funding in Haven Enterprise Zone.
Strategic Aim 3: Maximising Job Creation for All	Reducing welfare dependency and jobless growth	Framework commitment to further upgrade transport links to ensure labour market access Ongoing ESF funds for job skills training (e.g. Skills for Industry)
Strategic Aim 4: Knowledge Economy & Innovation	STEM / innovation / HEI development	Learning Partnership Framework (targets) Horizon 2020 Energy Challenge Work Programme (£4.2bn) Bridge Innovation Centre / Science Park
Strategic Aim 5: Distinctive Places & Competitive Infrastructures	Connectivity, transport, public services	Joint Transport Plan and City Region 'connected' agenda provide greater opportunities for work mobility. Strong EAFRD rural connectivity & transport funding

4.3 European Structural & Investment Funds for the 2014-2020 funding round

There are four major categories of European funding in Wales. ESF and ERDF are focused on enterprise development, human resources and employment and play an important role in supporting Pembrokeshire's fragile business and labour markets. The agriculture and marine/fishing development funds (EAFRD and EMFF) support environmental sustainability and competitiveness through targeted capital investment. A key feature of the new funding round across all four investment funds is an emphasis on supporting innovation and competitiveness through conducive environments rather than direct subsidies, in line with Welsh and European policy developments mentioned above.

Table 4:3: European Structural & Investment Funds

European Structural & Investment (ESI) Funds	
European Structural Funds	European Regional Development Fund (ERDF) European Social Fund (ESF)
	European Agricultural Fund for Rural Development (EAFRD) European Maritime & Fisheries Fund (EMFF)

The West Wales & Valleys ESF and ERDF allocations for the new funding round are €800m and €1.2bn respectively, with €650m made available across Wales for rural development funds, supplemented by match funding from the Welsh government. Structural funds are delivered by Specialist European Teams (SETs); the Pembrokeshire SET will oversee disbursement of remaining funds in the county until September 2015.

The new funding round is guided by the Economic Prioritisation Framework, which presents revised investment priorities for the 2014-2020 period. Project proposals must demonstrate both a regional and thematic fit in order to secure ESI funding. The new 2014-2020 ERDF and ESF operational programmes are presented in the context of this framework in Table 4.2 and Table 4.3.

Table 4:4: European Regional Development Fund (2014-2020)

ERDF 2014-2020	Specific Objectives	Key Targets	Thematic Opportunities in Pembrokeshire
Priority Axis 1: Research & Innovation	➢ Increase HEI research funding. ➢ Translation / Commercialisation ➢ Provide risk finance for R&D	10-15% annual increase in HEI research income by 2023 ~50% increase in early stage / venture equity	New partnership with Swansea University at Pembrokeshire Science Park can attract HEI research funding for the first time. New firms at Bridge Innovation Centre (BIC) eligible for research and equity assistance.
Priority Axis 2: SME Competitiveness	➢ Info/support to increase SME startups ➢ Increase SME superfast take-up ➢ SME market access support	8% increase in SME birth rates 9% employment increase in SMEs	Ongoing rollout of Superfast Cymru since Dec 2014 will result in increasing numbers of businesses eligible for Priority 2 assistance. Concentration of start-ups in BIC and Haven Enterprise Zone reduces cost of market access support.
Priority Axis 3: Renewable Energy / Energy Efficiency	➢ Increase small renewable energy schemes ➢ Increase wave/tidal device testing ➢ Increase housing energy efficiency ➢ Reduce peripherality effects through upgrades to Trans-Europe Transport Network (TEN-T)	37 new sites in West Wales / Valleys 7MW to 20MW wave/tidal capacity increase. 5%-10% speed increase on TEN-T roads	Large natural & competitive advantage in marine energy and funded cluster activity at Haven Enterprise Zone. £80m marine energy assistance assigned to West Wales / Valleys area. £85m assigned solely to A40 & A45 upgrades.
Priority Axis 4: Connectivity & Urban Development	➢ Increase labour mobility to/from employment centres ➢ Access to next generation broadband ➢ Increase employment by investing in local regeneration and infrastructure initiatives	5-10% increase in adults able to access public transport within each time band 7% increase in postcodes served by NGA 8% decrease in claimant count.	Upcoming Superfast Infill Phase I. Improved transport links within City Region to improve labour mobility. Large allocation exclusively to West Wales / Valleys

Source: ERDF Operational Programme 2014-2020, Economic Prioritisation Framework v.3, PACEC

Table 4:5: European Social Fund (2014-2020)

ESF Wales 2014-2020	Specific Objectives	Key Targets	Thematic Opportunities in Pembrokeshire
Priority Axis 1: Tackling Poverty Through Sustainable Employment	➢ Improve employability of those closest to the labour market at most risk of poverty ➢ Increase employability of inactive/long term unemployed over 25s ➢ Reduce underemployment / absence rates for employed persons with barriers to sustainable labour market engagement	~10% increase in low-skilled / disabled in work	£36m allocation to West Wales and Valleys only. Reintroduction of successful projects such as ReAct. New Active Inclusion programme targets labour market issues pertinent to Pembrokeshire such as adult unemployed and those made redundant. Plans to build a new Workways programme.
Priority Axis 2: Skills for Growth	➢ Increase skill levels for low/zero skilled ➢ Increase persons with technical skills at intermediate and higher level ➢ Increase number of graduates in R&D ➢ Improve position of women in workplace	~25% long term unemployed gaining work upon leaving	Priority for programmes which address labour market fluctuations New generation of the successful Agile Nation project. Further opportunities for key skills development projects such as Skills for Industry at Pembrokeshire College
Priority Axis 3: Youth Employment & Attainment	➢ Reduce number of NEETs ➢ Reduce number at risk of NEET ➢ Increase STEM take-up and attainment levels among 11-19 year olds ➢ Increase Early Years and Childcare workforce skills	~42% increase in over-25 NEETs entering work (2013-2023)	Opportunity to arrest the outflow of younger persons from Pembrokeshire (this problem is detailed in Chapter 6) and improve retention of skilled talent.

NB – key targets for ESF have been inferred from WEFO data found in the Operational Programme.

European Agricultural Fund for Rural Development (EAFRD)

The European Agricultural Fund for Rural Development (EAFRD) is match-funded by the Welsh Government and administered through the new *Rural Development Plan* (RDP), part of the Common Agricultural Policy (CAP). The RDP is managed in Pembrokeshire by the Local Action Group through the *Local Development Strategy* (LDS), which permit submission of Business Plan bids by local delivery organisations. This structure makes RDP an important and wide-reaching source of funding in Pembrokeshire, supporting an array of different voluntary and community organisations as well as remote rural businesses and transport services and LEADER initiatives.

The CAP’s key farming intervention in Wales is the Glastir programme, which pays farmers to manage water, soil and energy/carbon use in lieu of direct subsidies, complementing Pembrokeshire’s existing suite of sustainable development policies.

European Marine Fisheries Fund (EMFF)

The Welsh Government administers EMFF monies through the Marine and Fisheries Strategic Action Plan 2013, managed by the local Fishing LAG. Recent flagship projects have included part-funding the Milford Fish Docks redevelopment. The fund will help support diversification and conservation in Pembrokeshire’s coastal communities in line with other policies such as the National Park and Pembrokeshire Council Local Development Plans.

4.4 Sector-specific policies

Sector-specific policies have changed markedly in recent years, and a number of policy areas including transport are now co-ordinated at the City Region level.

Transport

Pembrokeshire has worked with its City Region partners to form a collaborative Local Transport Plan, the *Joint Transport Plan for South West Wales 2015-2020* (or City Region LTP).[6] Plans in Pembrokeshire include strategic upgrades of Fishguard Harbour and the expansion of Haverfordwest airport.

ERDF priorities for the new funding round will provide an opportunity to further grow the sector and help integrate Pembrokeshire into wider European transport networks. Priorities 3 and 4 provide support for improved road linkages with Wales and England and a greater number of maritime connections with the Republic of Ireland.

[6] Previously these were packaged as Regional Transport Plans and administered by SWWITCH

Energy

Wave and tidal energy are considered key growth sectors and strategic priorities. The Welsh Government works with Marine Energy Pembrokeshire to support enterprise and labour market development through the Jobs Growth and Skills Growth Wales initiatives.

The Welsh Government's energy policy is communicated through *Energy Wales*: *A Low Carbon Transition* (2012) and *A Low Carbon Revolution – The Welsh Assembly Government Energy Policy Statement* (2010), which promise to 'undertake a whole system transition to low carbon energy' by 'unlocking the energy in our seas.' A Low Carbon Revolution targets utilising 10% of the potential tidal stream and wave energy off the Welsh coastline by 2025.

Skills and Enterprise

The Regional Learning Partnership (South West Wales & Central Wales) has developed the *Regional Employment & Skills Framework*, designed to implement Strategic Aim 2 (see Table 4.1) of the Swansea Bay Economic Regeneration Strategy, aimed at improving education and key sector skills. The Partnership advises on skills, training and funding needs and operates e-learning initiatives as well as the Learning and Skills observatory.

Skills and enterprise are central policy concerns at the European, Welsh and City Region levels and play a key role in improving productivity and innovation. ESF and ERDF funding is co-ordinated with Welsh Government money to support this, with a central emphasis on cluster activity in the Haven Waterway Enterprise Zone.

Tourism

Tourism strategy is co-ordinated at the national level through the *Partnership for Growth: the Welsh Government Strategy for Tourism 2013-2020*, which aims to increase tourism earnings in the country by 10% or more by 2020.[7] The County Council has created the Visit Pembrokeshire marketing brand to promote tourism in the area, with strategic development managed by the Destination Pembrokeshire Partnership through the *Pembrokeshire Destination Management Plan 2013-2018.* The Plan aims to modernise and broaden the appeal of tourism in Pembrokeshire by improving tourism infrastructure and, importantly, take steps to reduce seasonality and create an all-year market.

[7] In September 2014 the Regional Tourism Partnerships (RTPs) were defunded and most of their functions assumed by Visit Wales.

5 BUSINESS AND EMPLOYMENT

5.1 Summary

Employment in Pembrokeshire stood at 44,200 in 2013, a 2.8% increase since 2009. The County enjoyed a more rapid employment recovery than Wales or Great Britain as a whole, which grew at 0.6% and 1.6%. The industrial sectors in Pembrokeshire with the highest absolute employment in 2013 were

- Wholesale and retail (7,400, down 500 since 2009)
- Human health and social work activities (6,800, up 1,200)
- Accommodation and food service (6,400, up 600)
- Education (4,900, down 100).

Pembrokeshire has over twice as large a share of employment in accommodation and food services as Great Britain as a whole. The other 3 large sectors mentioned above have typical employment concentrations – they employ large numbers of people wherever people live.

Pembrokeshire has significant concentrations of employment in:

- Accommodation and food service (2.05 times GB share of employment)
- Arts, entertainment and recreation (1.61x)
- Construction (1.52x)
- Extractive industries (2.27x)

The concentration of business services in Pembrokeshire is extremely low.

SWOT analysis, comparing local concentrations of employment in Pembrokeshire to industries that are growing nationally, identifies the following 4 key sectors:

Strength/Opportunity: Tourism
Strength/Opportunity: Energy and the Marine Economy
Strength/Opportunity/Threat: The Rural Economy
Weakness/Opportunity: Business Services

The local businesses surveyed were more concerned by the state of the general economy (economic/market uncertainty in particular) than any other specific constraint. Access to markets/clients and access to finance are the next most commonly-mentioned constraints. Transport, local culture for innovation, quality/skills of labour force, and support for finance are viewed as major local weaknesses.

5.2 Employment – trends and key sectors

The official source of company employment data for Great Britain by detailed geographical and industrial breakdowns is the Business Register and Employment Survey (BRES), an annual survey of businesses carried out by the Office for National Statistics. This records that the level of employment[8] in Pembrokeshire was 44,200 in 2013, 2.8% higher than the 2009 employment level of 43,000 and a larger increase than the equivalent for Wales (0.6%) or Great Britain (1.6%). Employment changes by industry in Pembrokeshire since 2009[9] are shown in the table below.

Table 5:1: Pembrokeshire change in employment since 2009

	2009	2013	Change
A : Agriculture, forestry and fishing*	200	200	0
B : Extractive industries (mining, quarrying, oil and gas)	200	200	100
C : Manufacturing	3,500	3,300	-200
D : Electricity, gas, steam and air conditioning supply	200	200	0
E : Water supply; sewerage, waste management and remediation activities	200	300	200
F : Construction	3,500	3,100	-500
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	7,900	7,400	-500
H : Transportation and storage	2,100	2,000	-100
I : Accommodation and food service activities	5,700	6,400	600
J : Information and communication	400	300	-100
K : Financial and insurance activities	500	500	0
L : Real estate activities	600	500	0
M : Professional, scientific and technical activities	1,500	1,900	400
N : Administrative and support service activities	1,500	1,400	0
O : Public administration and defence; compulsory social security	2,200	2,200	0
P : Education	5,000	4,900	-100
Q : Human health and social work activities	5,600	6,800	1,200
R : Arts, entertainment and recreation	1,500	1,800	300
S : Other service activities	800	700	-100
Total	43,000	44,200	1,200

Note: Farm-based employment is excluded from the "agriculture, forestry and fishing" sector as comparable data is not available. Numbers are rounded to the nearest hundred as required by ONS.*

Source: Business Register and Employment Survey; PACEC.

[8] "Employment" includes company employees and working proprietors, but excludes most self-employed people.
[9] The BRES replaced the Annual Business Inquiry in 2008, and underwent a methodological change in 2009. At the same time the industrial classification definitions changed, making 2009 a natural baseline for sector growth measurements.

Numbers in the table above are rounded to the nearest 100. The largest sectors in 2013 in absolute employment terms were wholesale and retail (7,400), health and social work (6,800), accommodation and food service (6,400), and education (4,900). The sharpest falls in employment have been in construction (500 losses) and the wholesale and retail trades (also 500 losses). Increases have occurred in human health and social work (1,200 new jobs), accommodation and food services (600 jobs), professional, scientific and technical activities (400) and arts, entertainment and recreation (300).

The comparative employment breakdown by sector is shown in the table below. The Location Quotient column ("LQ") shows the relationship between Pembrokeshire's employment and the national average; an LQ higher than one shows that Pembrokeshire has more employment in the sector than the British average. Compared to this average, Pembrokeshire has a significantly higher concentration of employment in extractive industries (LQ 2.27) and accommodation and food service activities (LQ 2.05). Employment is much lower than the national average in information and communication (LQ 0.17) and financial and insurance activities (LQ 0.31).

Table 5:2: Employment breakdown by sector, 2013

	Pem-broke-shire	Swan-sea Bay	West Wales and the Valleys	Wales	Great Britain	Pem-broke-shire LQ[10]
A : Agriculture, forestry and fishing*	0.5%	0.3%	0.3%	4.4%	1.6%	n/a
B : Extractive industries (mining, quarrying, oil and gas)	0.5%	0.3%	0.2%	0.2%	0.2%	2.27
C : Manufacturing	7.5%	9.5%	11.3%	11.1%	8.3%	0.90
D : Electricity, gas, steam and air conditioning supply	0.5%	0.3%	0.4%	0.6%	0.4%	1.13
E : Water supply; sewerage, waste management and remediation activities	0.7%	1.0%	1.1%	0.9%	0.6%	1.05
F : Construction	7.0%	5.5%	5.1%	4.5%	4.6%	1.52
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	16.8%	16.3%	16.1%	15.3%	15.8%	1.05
H : Transportation and storage	4.5%	3.2%	3.1%	3.1%	4.4%	1.02
I : Accommodation and food service activities	14.5%	8.2%	8.4%	7.5%	7.0%	2.05
J : Information and communication	0.7%	1.6%	1.4%	1.7%	3.9%	0.17
K : Financial and insurance activities	1.1%	2.7%	1.8%	2.4%	3.6%	0.31
L : Real estate activities	1.1%	1.2%	1.3%	1.3%	1.9%	0.60
M : Professional, scientific and technical activities	4.3%	4.5%	4.3%	4.8%	8.0%	0.53
N : Administrative and support service activities	3.2%	5.2%	4.8%	5.3%	8.2%	0.38
O : Public administration and defence; compulsory social security	5.0%	8.8%	7.6%	7.0%	4.6%	1.06
P : Education	11.1%	10.2%	11.2%	10.0%	9.1%	1.20
Q : Human health and social work activities	15.4%	17.0%	17.1%	15.7%	13.2%	1.16
R : Arts, entertainment and recreation	4.1%	2.7%	2.5%	2.4%	2.5%	1.61
S : Other service activities	1.6%	1.6%	1.8%	1.8%	2.1%	0.76

Note: Farm-based employment is excluded from the "agriculture, forestry and fishing" sector below the level of Wales as a whole, as comparable data is not available.*

Source: Business Register and Employment Survey; PACEC.

The analysis of employment shares and LQs reveals that of the four largest sectors in absolute terms identified above, three (wholesale and retail, health and social work, and education) are relatively evenly spread throughout Wales and Great Britain: broadly, retail and public services are located wherever people live. The accommodation and food service sector, however, is a genuine strength of the Pembrokeshire economy, with over double the national concentration of employment in the area.

[10] Farm-based employment is excluded from the "agriculture, forestry and fishing" sector below the level of Wales as a whole, as comparable data is not available. As a result, LQs are calculated using total employment excluding agriculture, forestry, and fishing.

SWOT analysis of employment data

The figure overleaf presents a SWOT analysis of the employment sectors in Pembrokeshire. The size of each bubble shows the number of employees in the sector. The vertical axis shows the concentration of employment in Pembrokeshire as measured by LQ. The horizontal axis shows how strongly the sectors are growing nationally in percentage terms. Public administration and construction (at the left-hand edge of the figure) are contracting nationally, whilst water and waste management services (right-hand edge) are growing.

Pembrokeshire has particular strengths in those industries where it has relatively high employment in sectors which are growing nationally (the top right quadrant): these are accommodation and food service; arts, entertainment, and recreation; education; and human health and social work.

There are particular threats in those areas where Pembrokeshire has high employment in contracting sectors (top left quadrant): construction, and public administration and defence.

There are opportunities in sectors which are growing nationally but are under-represented locally: these include professional, scientific and technical services, administrative and support services, ICT, and real estate – broadly, **business services**. Among these, professional, scientific and technical services have shown recent growth in Pembrokeshire.

The chart identifies a key sectoral strength in **tourism** (combining accommodation, food services, arts, entertainment and recreation and a key opportunity in business services. There is also a very strong concentration in extractive industries (albeit one employing a small number of people in absolute terms). Closer examination of the data reveals that the marine elements of transport and manufacture are strongly concentrated in Pembrokeshire, which can be combined with employment with extractive industries and fishing to form "**energy and the marine economy**".

Agriculture is not properly represented in the chart as compatible employment data is not available below the level of Wales, but the sector is investigated in detail later in the "**rural economy**" section of this report, using an alternative source of data, the June Agricultural Survey, along with the views of consultees.

In summary, the key sectors emerging from the SWOT analysis are as follows:

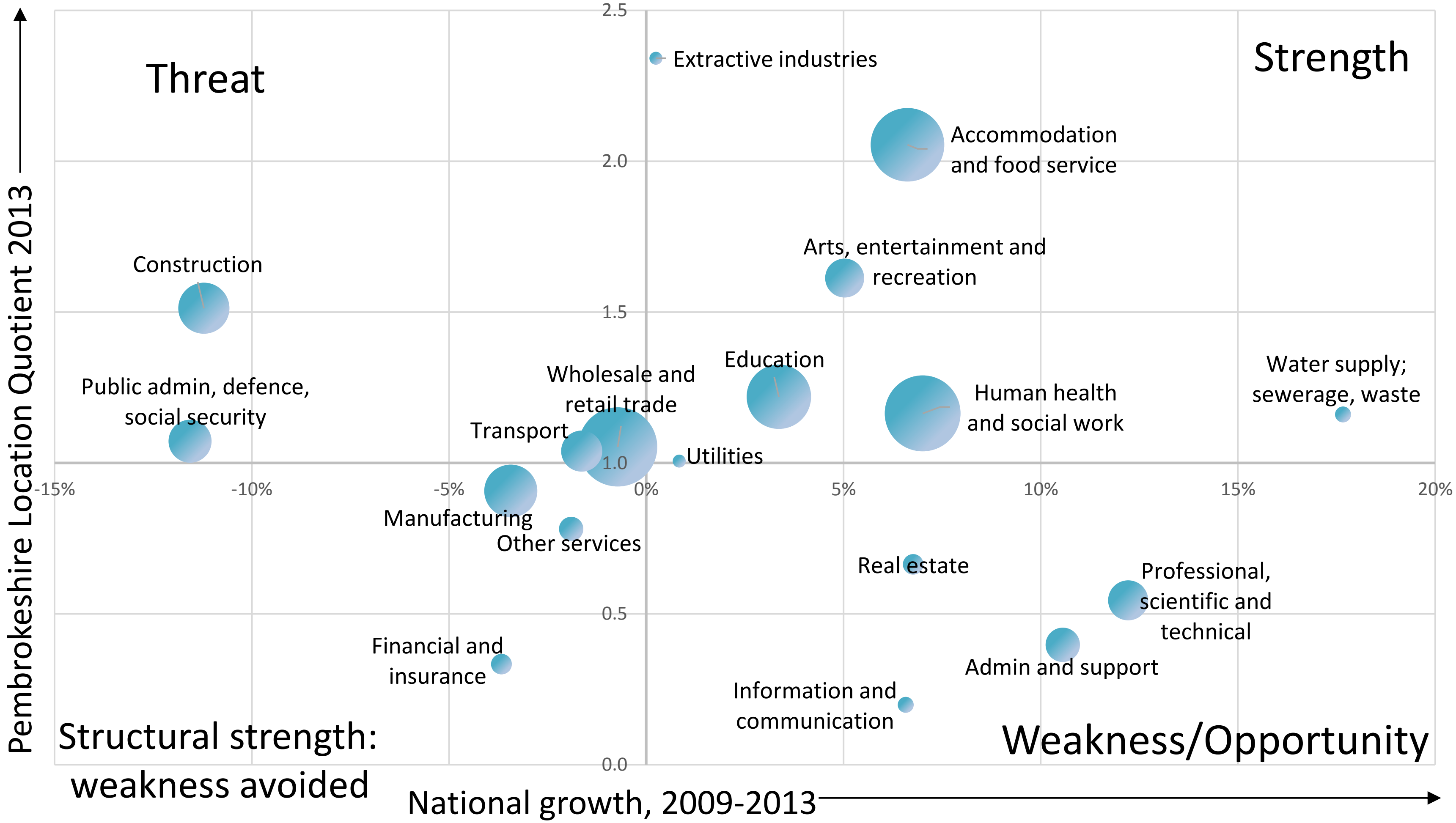
Strength/Opportunity: Tourism

Strength/Opportunity: Energy and the Marine Economy

Strength/Opportunity/Threat: The Rural Economy

Weakness/Opportunity: Business Services

Figure 5:1: Employment SWOT diagram

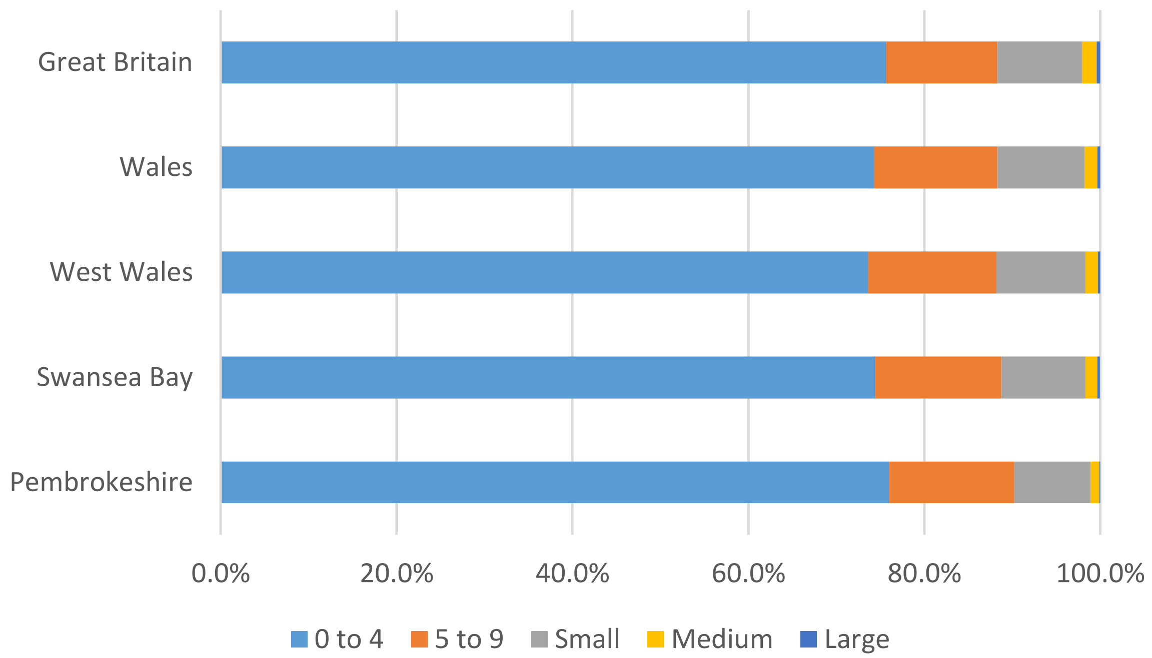


Source: Business Register and Employment Survey; PACEC.

5.3 Business demography

Pembrokeshire has slightly more very small enterprises and slightly fewer large enterprises than the national average[11]. Out of 10,450 enterprises, 76%, or 5,225, have fewer than five employees, and a further 14%, or 3,970, have 5 to 9 employees. 10%, or 1,200, have between 10 and 250 employees, and only around five have over 250 employees. This means 0.1% of businesses in Pembrokeshire have over 250 employees; the average for Wales is 0.3%, and for Great Britain is 0.4%.

Figure 5:2: Size of Enterprises by Employment



Note: Small is 10 to 49 employees; Medium is 50 to 249; Large is 250+.

Source: UK Business Count, ONS; PACEC.

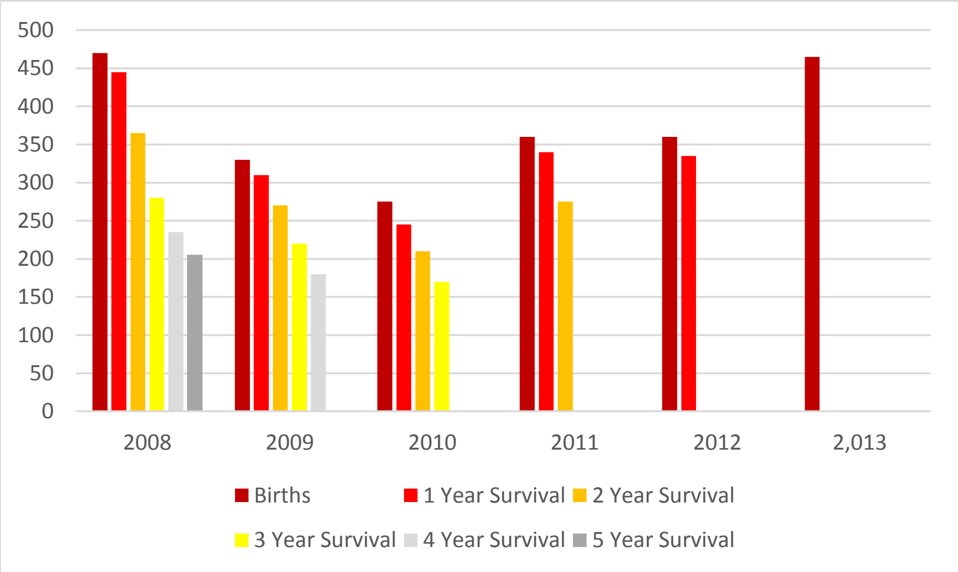
We also look at the business environment. The figure below shows the formation and survival rates of new businesses. In each cluster, the deep red bar on the left shows new business start-ups in that year. The business formation rate fell sharply in 2009–2010, after the financial crisis. The chart shows that by 2013 business formation in Pembrokeshire had returned to its 2008 level.

The lighter bars to the right in each cluster show how many businesses survived to continue trading in subsequent years. Attrition of new businesses is normal: of the

[11] UK Business Counts 2014. Numbers are rounded to the nearest 5.

businesses founded in 2008, half were still trading after four years and 43.6% were still trading in 2013. This is a stronger survival rate than Wales (42.5%) or the UK (41.3%) achieved.

Figure 5:3: Business survival rates over 5 years, Pembrokeshire



Source: Business Demography, ONS; PACEC

5.4 Gross Value Added and Productivity

Gross Value Added (GVA) is the standard measure of the monetary value of economic activity for local areas or individual industries. It is difficult to measure at local level: official statistics are published for South West Wales (combining Pembrokeshire with Ceredigion and Carmarthenshire). This area contributed £5.3bn GVA to the economy in 2013, roughly 10% of the Welsh total of £52.1bn. GVA per head of population in 2013 was £13,715; lower than that for Wales as a whole (£16,893) or the United Kingdom (£23,755).

5.5 Insights from strategic stakeholder interviews

When asked about Pembrokeshire as a general business location strategic stakeholders highlighted the following as key issues:

Strengths

Natural environment – strategic stakeholders unanimously agreed that Pembrokeshire's natural environment was a significant strength. It is the primary reason for Pembrokeshire's strong tourism offer and presents an attractive location for businesses that can operate virtually e.g. design.

Overall cost base – Pembrokeshire is viewed as being relatively attractive when it comes to the cost of doing business. Strategic stakeholders were of the opinion that in comparative terms the cost of sites and premises should be attractive to businesses.

Sustainability of micro-businesses – Pembrokeshire's business base consists of a significant proportion of micro businesses. While this presents challenges for increasing employment and productivity, it is also considered by a number of strategic stakeholders as a sustainable and appropriate model.

Business clusters – there are clear clusters of businesses in Pembrokeshire, which is seen by many strategic stakeholders as a strength and an opportunity. In particular clusters of energy (both traditional hydrocarbons and the emerging marine energy and associated supply chains) and tourism (high quality family tourism) and high quality food production businesses were cited as being comparatively strong.

Challenges

Engaging local businesses in supply chains – while business clusters present opportunities, some strategic stakeholders pointed to the challenge of supporting local businesses to identify and grasp new supply chain opportunities. While this was seen as particularly pertinent within the energy supply chain, it was also cited as a challenge within other business clusters.

Low wage economy – there was a perception among some strategic stakeholders that Pembrokeshire's ability to attract and sustain highly skilled labour was a challenge. However it should be noted that this assertion is not fully supported by national data which suggests that Pembrokeshire ranks among the top ten Local Authority areas in Wales based on average gross weekly earnings.

Weaknesses

Location / access – with the exception of the port at Milford Haven, strategic stakeholders were largely in agreement that access to markets, proximity to transportation, labour and suppliers had to be considered a weakness.

General business networks – while some sector specific strategic stakeholders felt that networking between business clusters was a strength, some stakeholders felt that when it came to networking for businesses more generally Pembrokeshire could do better. One consultee suggested that town chambers could be strengthened and that the Chamber of Commerce is perceived as being remote.

Connectivity – broadband provision in particular is seen as a notable constraint. Several strategic stakeholders acknowledged that Pembrokeshire was behind its competitors and there is a fear, given the pace of advancement, that the County will always be "playing catch-up" unless a significant initiative comes to the fore soon.

Opportunities and threats

Threat: public vs private sector employment

The public sector is a significant employer in the County. Recent and pending cuts to public sector budgets have the potential to take a lot of demand, both for labour and goods and services, out of the local economy, and the extent to which the private sector – comprising large numbers of micro or lifestyle businesses – can make up for any shortfall is questionable. If national and international economic performance is favourable then there is potential for the tourism sector to continue to grow as it has over the last 5 years. In contrast, uncertainty regarding the UK's involvement in Europe, farm subsidies, and the state of large national supermarkets raise important questions regarding the capacity of the agricultural sector to provide increased employment opportunities.

While public sector spending cuts were primarily viewed as a threat, taking money out of the economy and putting public services that are important for the economy at risk, there was a view that in some cases public spending cuts present an opportunity to streamline business supports. In particular there were felt to be opportunities regarding provision of tourism information and associated marketing and promotion partnerships.

In terms of key policy actions, strategic stakeholders pointed to a need for business support mechanisms to work more collaboratively, for more co-operative structures that can support micro and small businesses to, for example, bring Pembrokeshire products to export markets. One strategic stakeholder pointed to a previous initiative regarding the marketing and promotional support available to small food producers as a model that should be considered again in future.

Some strategic stakeholders were of the view that Pembrokeshire needs a stronger and better articulated vision for inward investment e.g. focusing on green growth and energy, and a visible action plan that supports that vision.

In addition, a number of strategic stakeholders suggested that any future economic plan should "make sure that there is a place for social enterprise", and that social enterprises are factored into thinking about key supply chains.

5.6 Characteristics of local businesses – Business Survey

The online business survey conducted for this profile has achieved responses from around 200 businesses in Pembrokeshire. The sample for the survey is drawn from

Pembrokeshire County Council's contact and marketing databases, augmented by a random sample of businesses[12].

The majority of companies interviewed (90%) have independent status. The companies interviewed employ just over 2,000 people in total, of which over 600 are part-time workers (31%). The median company has 4 employees, so the typical business is a micro business. Only 2% employ more than 100 people. The most common occupations were skilled trades (22%), elementary occupations and caring/leisure occupations (15% each).

54% of businesses aim to grow in the next three years, with most of those aiming to grow moderately instead of rapidly. Approximately one eighth aims to stay the same size but over one quarter (28%) aims simply to survive. Only one respondent had plans to relocate from Pembrokeshire.

33% of firms undertake R&D activity (33%), and 38% say they collaborate with other companies.

29% of businesses anticipate that employment will increase in their sector in the long term (next 3 to 5 years). Only 10% of businesses anticipate a fall in sector employment in that timeframe. The majority of businesses are 'quite optimistic' about their sectors' prospects in the next 3 years and in the longer term, while the businesses that are more or less optimistic are a similarly low number, thus there is mild optimism about business prospects across all firms.

5.7 Business survey results - SWOT

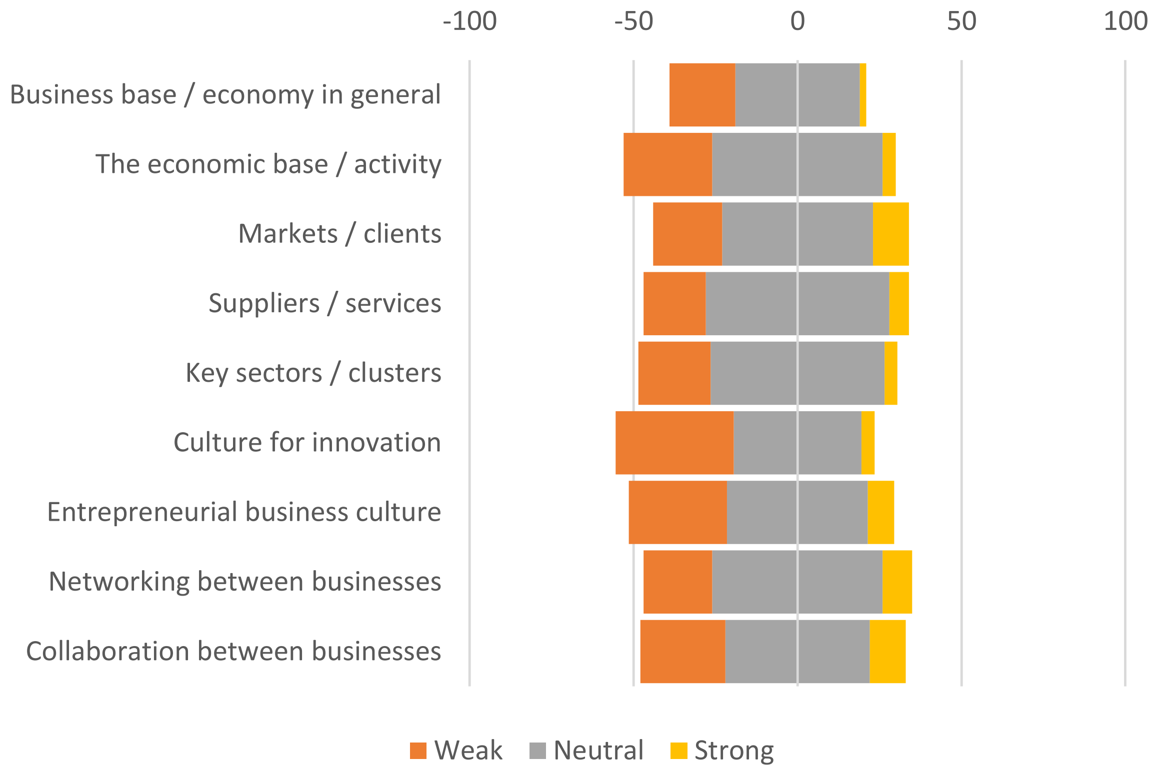
The major strengths of Pembrokeshire identified by businesses relate in particular to the local environment and the quality of life of residents. The highest net strength (+81) is natural beauty of the region; indeed there are comments to corroborate such sentiments ("Historic landscape is unparalleled"). Overall quality of life is net +73 and 'sense of place' is +70. The only other main strengths (net positive) relate to environment and security.

The major weaknesses identified by businesses primarily concern transportation. The transport network in general has net -30, although individual transport components have much lower net scores (fast rail, airports, road hubs and buses all score -44 or much worse). There are comments made by respondents relating to transport issues leading to economic constraints ("cost of train fares to get to Pembrokeshire"; the future of certain A-road sections; "faster access to Pembrokeshire would help"; "Suppliers don't like the road system, no dual carriageways/motorways"; "transport

[12] The sample was drawn from the Experian National Business Database.

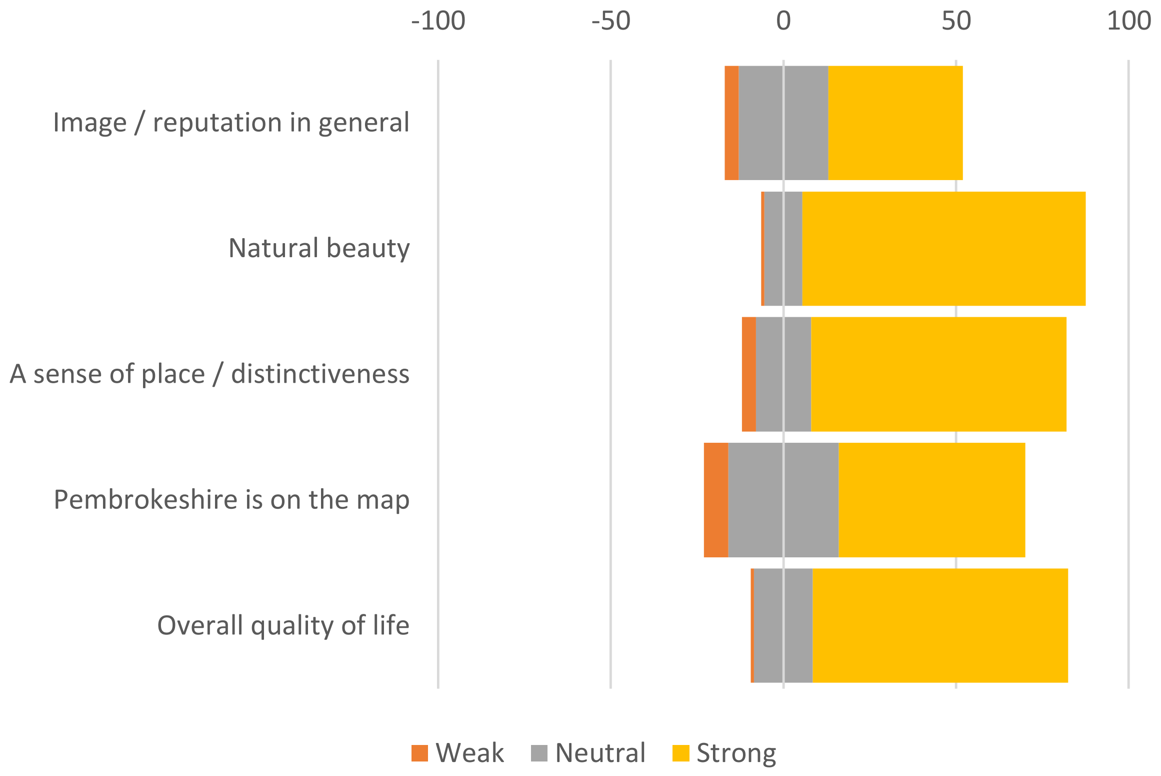
cutting of buses on timetable"). Other significant weaknesses from the net scores include culture for innovation (-32), support for finance (-29) and quality/skills of labour force (-27).

Figure 5:4: Strengths and weaknesses as viewed by businesses: Economy



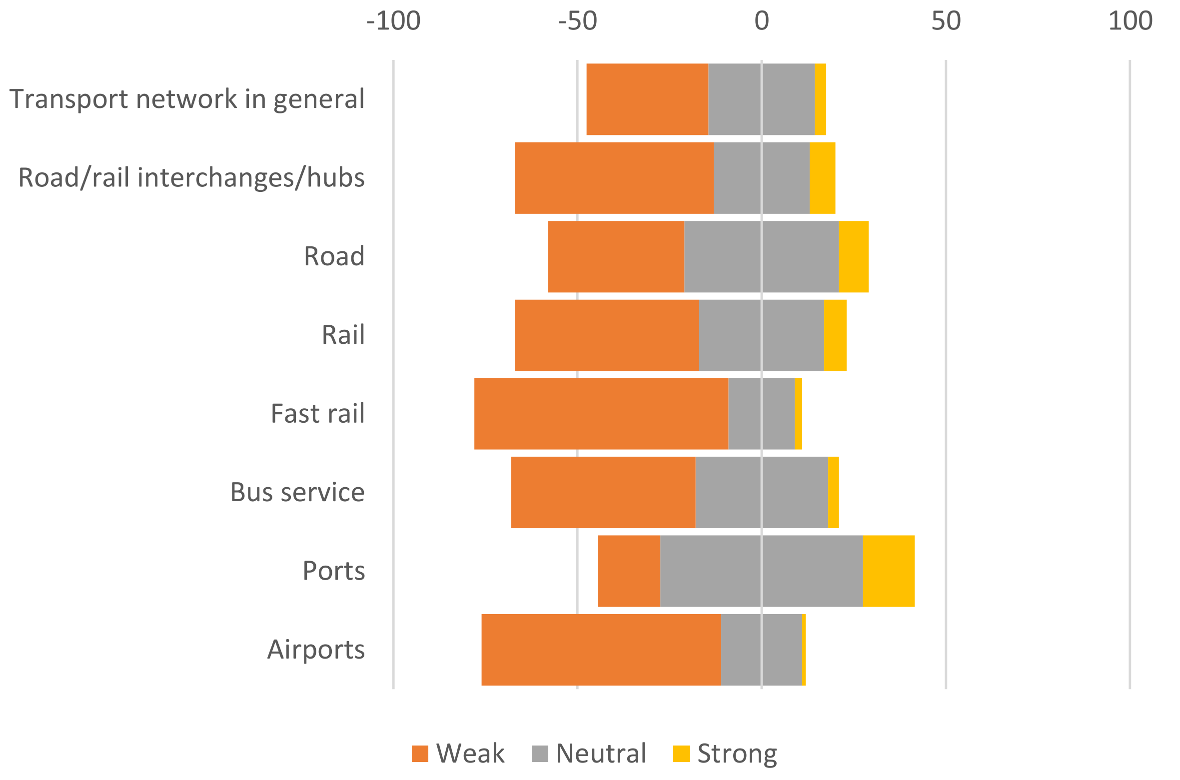
Source: PACEC Business Survey 2015

Figure 5:5: Strengths and weaknesses as viewed by businesses: Image



Source: PACEC Business Survey 2015

Figure 5:6: Strengths and weaknesses as viewed by businesses: Transport



Source: PACEC Business Survey 2015

Constraints

The major factor identified by firms in the business survey as constraining their ability to meet ambitions and objectives is ‘the economy in general’; it is the main constraint for 31% of respondents. 17% said they had no particular constraints. The other two major constraints are finance (considered the main constraint by 10% of firms) and markets/clients (also 10%).

The economic factor most identified as constraining businesses is economic/market uncertainty, and it is also the factor with the largest degree of effect (highest proportion answering ‘to a great extent’ and ‘to a large extent’), more so than demand-related and confidence factors.

As regards constraints from the labour market, most qualitative responses indicate a skills shortage locally in many industries (e.g. “We […] employ many people from away rather than locally [due to problems such as costs for teaching relevant qualification]”; “lack of people to recruit in catering and hospitality”; “Very difficult to find skilled labour”).

Among businesses constrained by costs, around 25% note unprompted that business rates are a significant constraint for them. Other constraints, include policymaking, at a local or national level, planning restrictions "causing delay" to business activity or preventing expansion, a lack of funding streams, "poor local authority service infrastructure" and the condition of towns' high streets.

The survey respondents were asked to give recommendations of actions for policyholders to take in Pembrokeshire, in order to help local businesses.

The predominant category of recommendations, mentioned by two-thirds of respondents, concerns transport improvements. On transport, the respondents either mention a desire for "better transport access/links/access", more regular public transport services or for greater investment in certain areas. Although roads had a better net score than transport modes such as airports and rail, most of the businesses in particular mentioned road improvements that would be valuable for them, in order to improve the location and network. A quarter of those who gave recommendations about transport mentioned dual carriageway improvements as a useful action, while many more mentioned road improvements more generally. Many people wish for the A40 in particular to be redeveloped as a dual carriageway to make the county "more accessible" for markets and employment opportunities.

After road improvements, the next major mode of transport for improvement suggestions is rail, mentioned by almost 20 respondents. Respondents recommend better rail connections to towns such as Haverfordwest and Fishguard in particular. "Better train links to [First Great Western]" is another suggestion. For bus services, respondents suggest improvements such as "better bus services to outlying villages", more investment in routes and "convenient bus times for 9-5 workers in main towns". A few respondents also suggest greater marketing of public transport and some suggest reduced rates on transport to encourage more people to use it.

Nearly two in five respondents mention business rates as a concern for businesses, with business rate reform a common desire. Most of these responses suggest a reduction in business rates or more relief, particularly for SMEs. The reasons given for such reform are to reduce business costs but also to enable firms who want to be "closer to the high street and in larger premises" to have better operations.

One in four respondents suggests improvements in training and labour skills schemes as policy recommendations. Common suggestions include more involvement of the education sector (e.g. Pembrokeshire College) in providing young people with skills relevant to the area, a better targeting of apprenticeships and more financial support for training schemes. Businesses often mention the need of training for certain/relevant industry skills (e.g. "More investment in skills that employers need";

need for “more appropriate apprenticeships”; “Training in courses we need”; “Useful, relevant training not currently available”).

Slightly under one in five respondents suggests greater financial support for businesses in the form of grants or subsidies. The main reason for respondents is to reduce business costs, but many believe that grants could be used to improve the image of town centres and condition of premises. Suggestions include grants for “[renovating] shop frontages in towns”, “[improving and cleaning up land] in industrial areas like Pembroke Dock and Milford”, free paint to “improve the impression” of towns and grants to aid new businesses.

One recurring concern for businesses is the focus that large businesses receive from policymakers, in the tourism & retail sectors. A few respondents single out multinationals and large national companies as being favoured over local businesses: e.g. “stop allowing multi nationals into Pembrokeshire -premier inn etc.”; “encourage business people to stay in guest houses and not the travel lodges”; “re-invigorate town centres by keeping out the major supermarkets”. Many businesses think that there should be more policies to make the high street more desirable as a retail location (e.g. “Keep free parking in town centre stop subsidising out of town”; “Support for town centre NOT fringe multiple store parks”).

6 LABOUR MARKET AND SKILLS

6.1 Summary

Population / labour market

The population of Pembrokeshire was 123,300 in 2013. The population grew rapidly between 1999 and 2008 and steadily since then. The age profile of the population shows significantly fewer 20-39 year olds than Great Britain but correspondingly more people over 55. This is driven by significant out-migration between the ages of 18-20 to seek higher education outside Pembrokeshire (~500 people per year) which is not matched by people returning aged 22-24 (~140 people per year)

The employment rate in Pembrokeshire is similar to Wales as a whole, but there are more self-employed people and fewer full-time employees. Unemployment is low. Unsurprisingly given the age profile, there is a higher percentage of retired people than in Wales as a whole.

Pembrokeshire has a slightly lower share of people with no qualifications, and slightly more with degree-equivalent qualifications, than the Swansea Bay City Region as a whole and than the Welsh average, but the differences are very small. Despite this, surveyed businesses report significant skills shortages, suggesting that it is quantity of and access to labour, rather than overall quality of labour, that may be a constraint in Pembrokeshire.

There are pockets of deprivation in Pembrokeshire as measured by the Welsh Index of Multiple Deprivation. Milford Haven scores poorly on physical environment and education. Pembroke Dock scores poorly on income, employment, health, education, community safety, and housing. Deprivation in terms of access to services is found throughout rural Pembrokeshire – this is common to rural areas and sparsely-populated areas nationally, and reflects the average distance to, for example, medical centres.

House prices are above the average for Wales, as is the ratio of house prices to average earnings. This may make it harder for people to live near to their places of employment and hinder labour market accessibility.

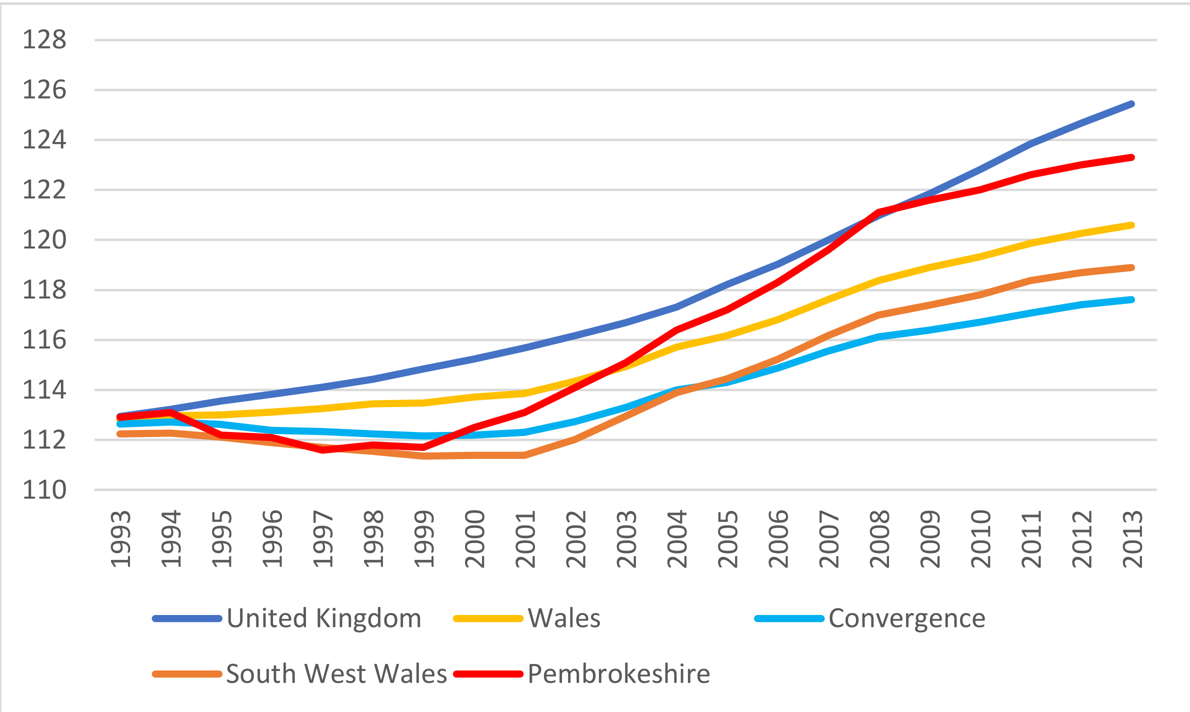
Most people who work in Pembrokeshire live there, and vice versa. 34,617 people travel to work within Pembrokeshire's boundaries, 5,069 commute outwards from Pembrokeshire, and 4,135 commute inwards. Most out-commuters go to Carmarthenshire (1,717 of them) or Ceredigion (1,232). The business survey suggested that the average firm interviewed had 94% of its staff resident in Pembrokeshire.

6.2 Population

The figure below shows Pembrokeshire's population growth trend. It is indexed against the comparator areas, which means that the dark blue line shows how Pembrokeshire's population would have grown since 1991 if it had exactly matched average UK trends. The estimated population in 2013 was 123,300.

The population declined in the late 1990s but grew very strongly in the period 1999–2008, resulting in strong overall population growth over the period. This coincides with national immigration resulting from the accession of new member states into the EU. The 2011 Census records 712 normal residents and 72 temporary visitors in Pembrokeshire who were born in these states.

Figure 6:1: Population growth



Source: Mid-Year Population Estimates, ONS; PACEC

Pembrokeshire scores slightly higher than the national and local comparator areas on life satisfaction, worthwhileness, and happiness, and lower on anxiety (Annual Population Survey, cumulative figures for 2011–2014).

The figures below show comparative population pyramids for Pembrokeshire and Great Britain. Pembrokeshire has a significantly older proportion, with higher than average numbers in all age bands over 50. There is a particular shortfall in young adults aged 20–44, and peaking at age 30–34, which may be related to people moving away for higher education and employment. Those aged 50+ may have returned, or may simply never have left.

Figure 6:2: Population pyramid: Pembrokeshire 2013

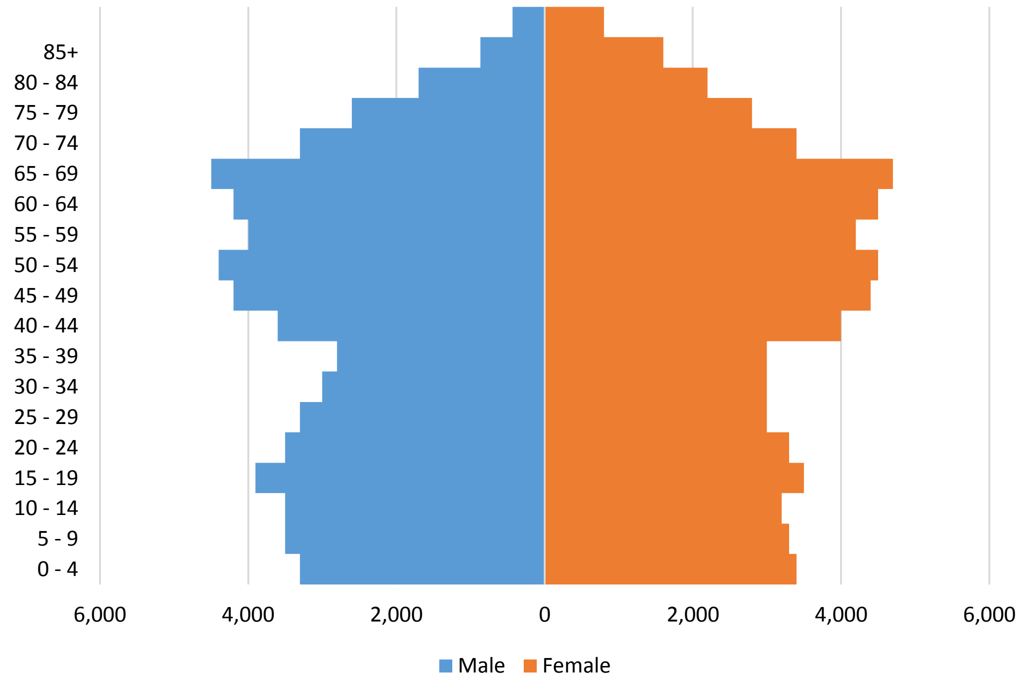
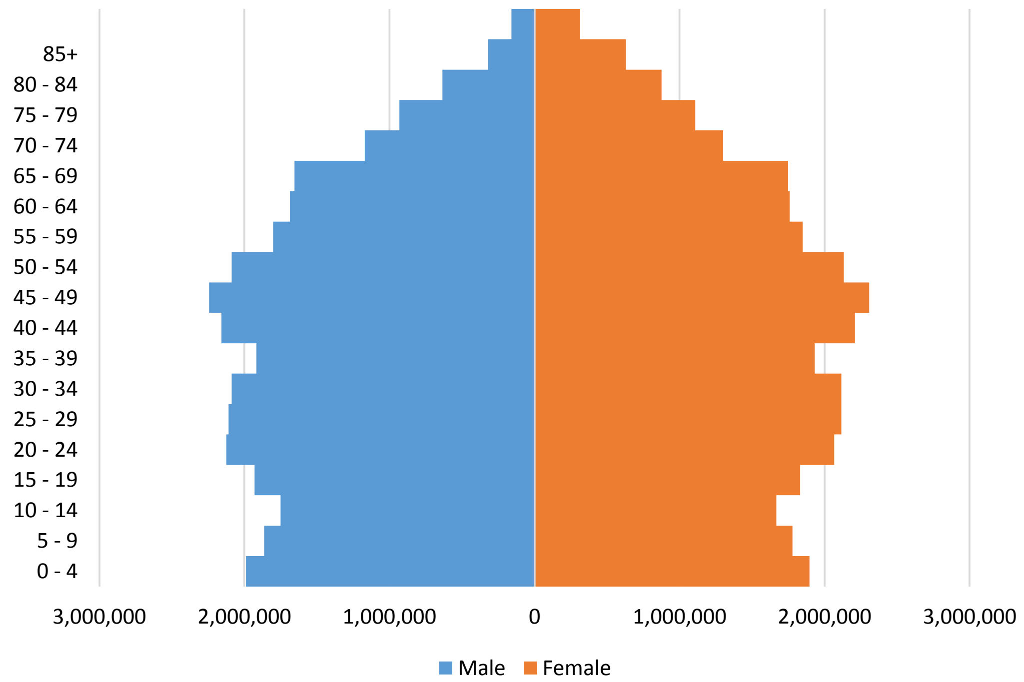


Figure 6:3: Population pyramid: Great Britain 2013



Source: Mid-Year Population Estimates, ONS; PACEC

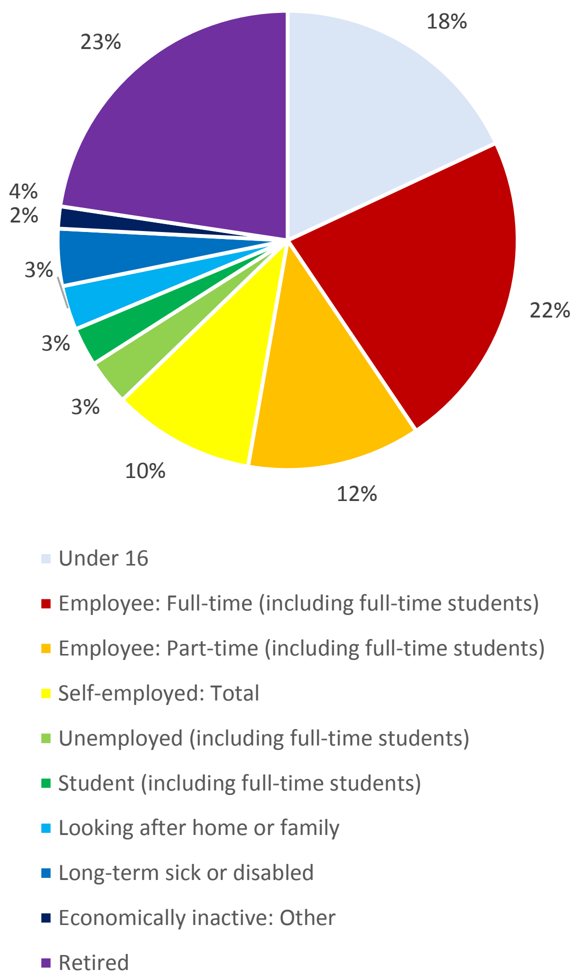
Detailed investigation of the year-to-year changes to the population estimates reveals some of the details underlying the population pyramid. The average over the period 2002-13 is for around 500 people per year (net) to leave Pembrokeshire between the ages of 18-20. Only 140 people per year (net) arrive in Pembrokeshire between the ages 22-24. This is plainly caused by access to higher education – young people leave Pembrokeshire to study at university and do not return (at least, not straight away).

The bulge at the top of Pembrokeshire's population pyramid does not seem to be simply caused by retirement to Pembrokeshire, however, but by a more gradual in-migration. From age 28 upwards, net migration into Pembrokeshire was positive between 2002-13. Broadly, if you are between 32 and 64 years old and live in Pembrokeshire, next year there will be around 15-20 more people your age in the county due to in-migration.

6.3 Economic activity and unemployment

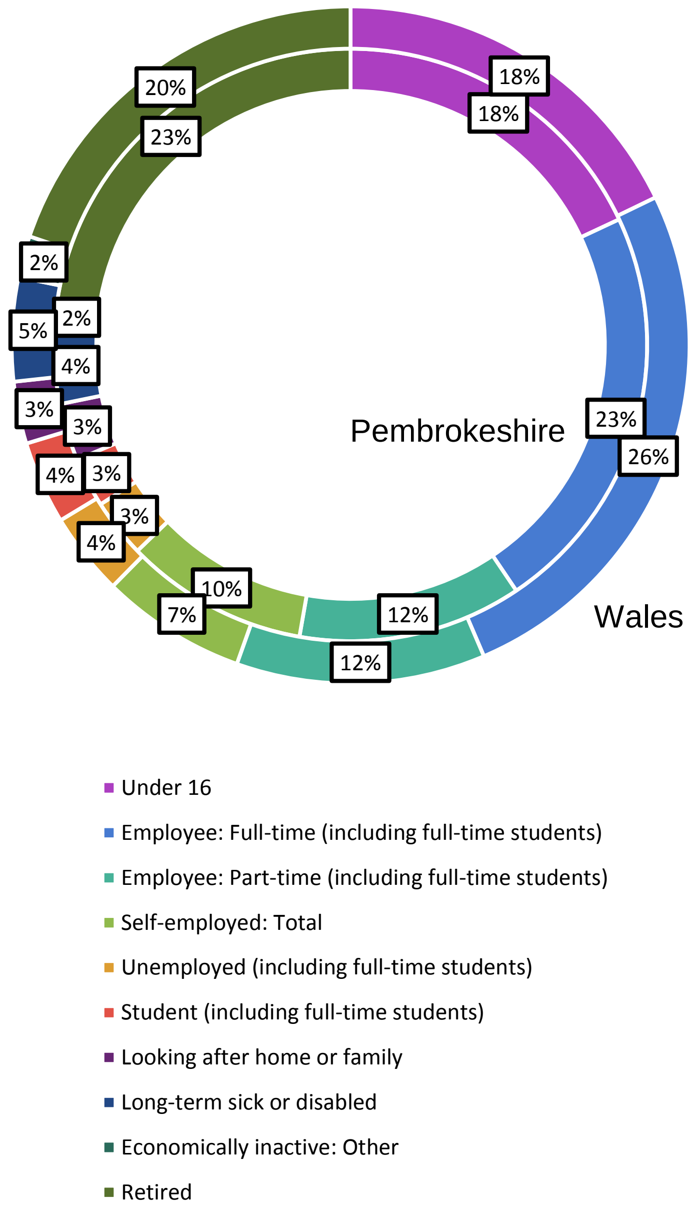
The most detailed recent economic activity figures come from the 2011 Census. The figure below shows the population breakdown in Pembrokeshire, and compares Pembrokeshire to the wider picture in Wales. Compared with Wales as a whole, Pembrokeshire has the same proportion of under-16s (18%) and slightly more retired people (23% compared with an average of 20%). Pembrokeshire has a slightly lower rate of full-time employment and a correspondingly higher rate of self-employment.

Figure 6:4: Economic Activity in Pembrokeshire



Source: Census of Population 2011; PACEC

Figure 6:5: Economic Activity compared with Wales

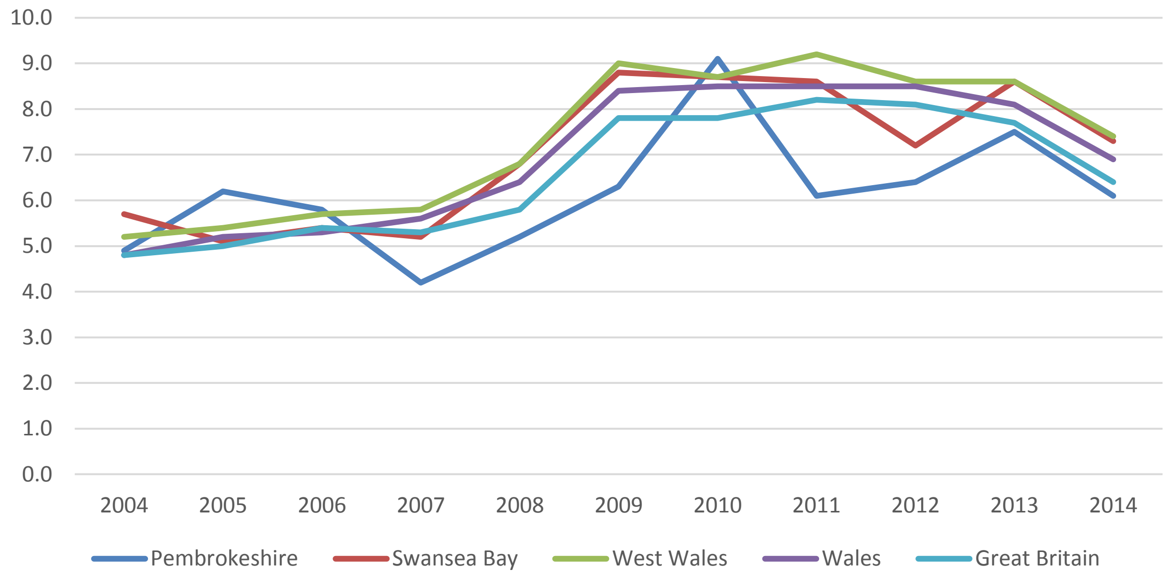


Source: Census of Population 2011; PACEC

The Annual Population Survey estimates unemployment according to the ILO definition, that is, people who are without work but available to start working in the next fortnight, and who are looking for work or have been offered a job and are waiting to start. It gives a better indication of underlying unemployment than the claimant count does, because it is not affected by eligibility criteria for benefits. However, the sample sizes are small, meaning that at district level the figures can fluctuate from year to year.

It is clear from looking at the trend over a decade, however, that Pembrokeshire's unemployment is below that of the comparator areas; in particular it is usually below the average for Great Britain.

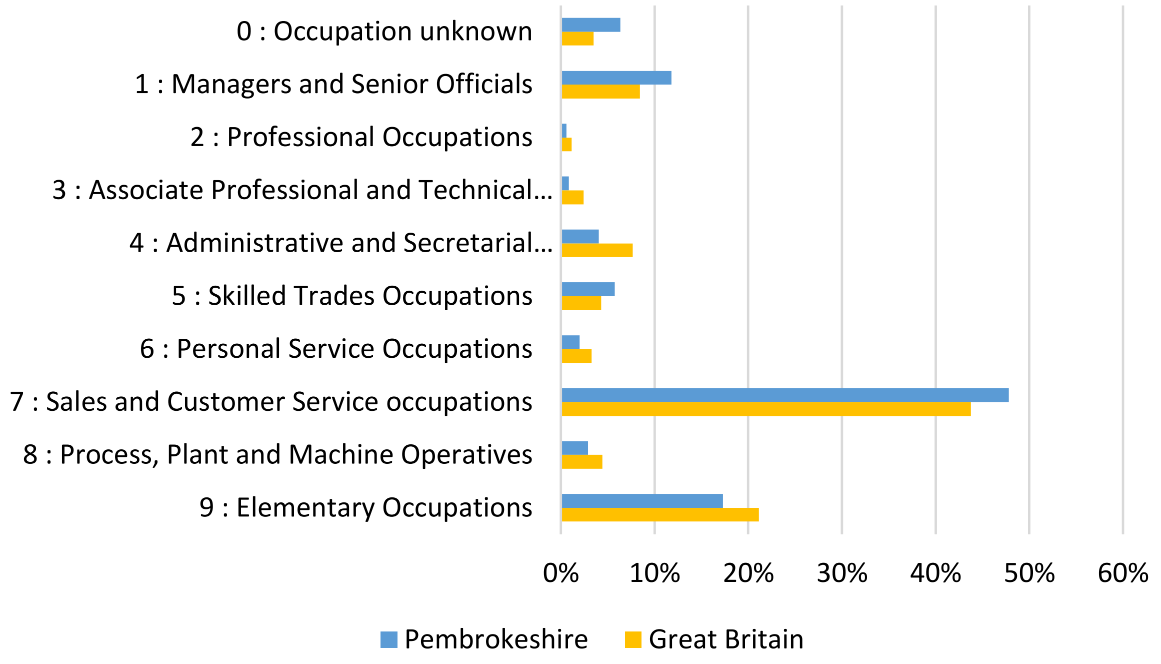
Figure 6:6: ILO Unemployment



Source: Annual Population Survey; PACEC.

The claimant count shows those unemployed workers who are claiming Jobseekers Allowance (but not those who have been moved onto Universal Credit). It shows what kind of vacancies the unemployed in an area are looking for. Compared to Britain as a whole, unemployed claimants in Pembrokeshire are more likely to be looking for work in management and sales and retail occupations, and less likely to be looking for administrative, secretarial, and elementary occupations.

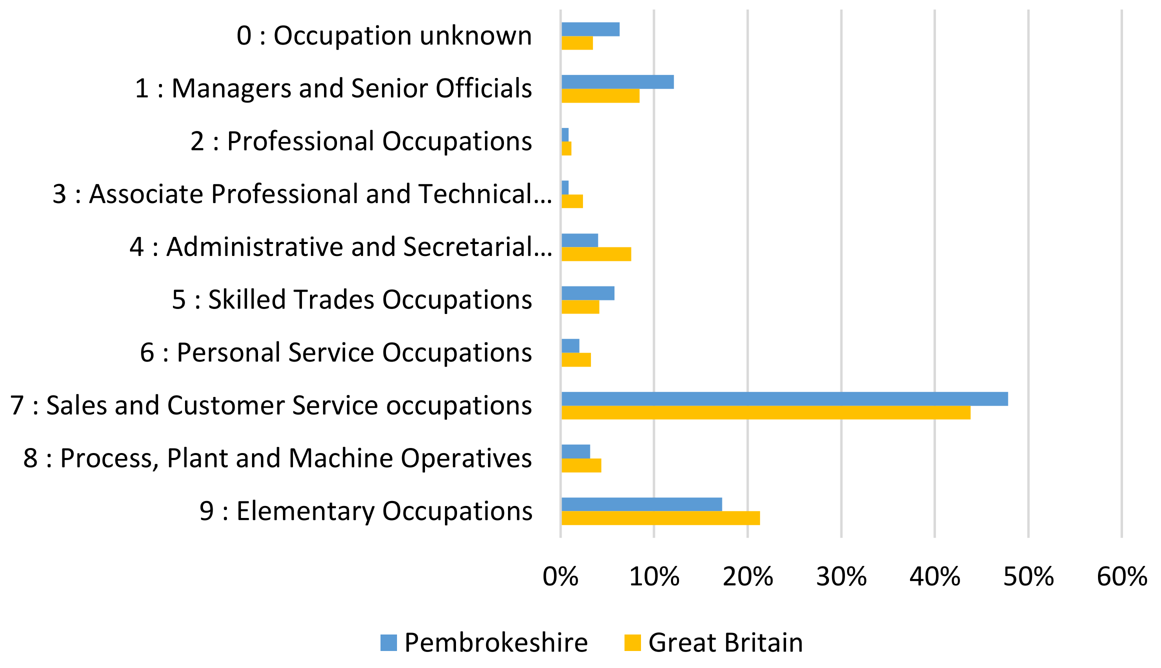
Figure 6:7: Claimants: Sought occupation



Source: Claimant count (April 2015); PACEC.

Claimants are also asked about their usual occupation before they became unemployed. Claimants in Pembrokeshire are more likely to have lost jobs in management and sales and retail occupations, and less likely to have lost jobs in administrative, secretarial, and elementary occupations, than those elsewhere in Britain.

Figure 6:8: Claimants: Usual occupation

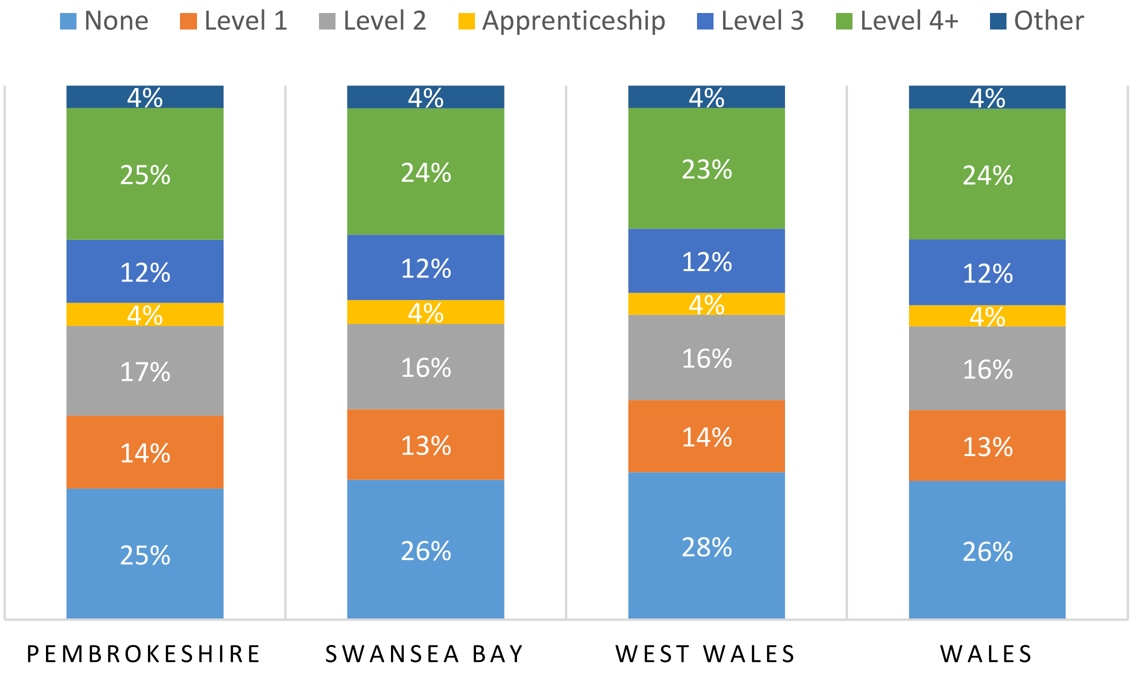


Source: Claimant count (April 2015); PACEC.

6.4 Skills and qualifications

Pembrokeshire has slightly fewer people with no qualifications and slightly more with level 4 or higher qualifications than the Swansea Bay City Region as a whole and than the Welsh average, but the differences are very small.

Figure 6:9: Qualifications



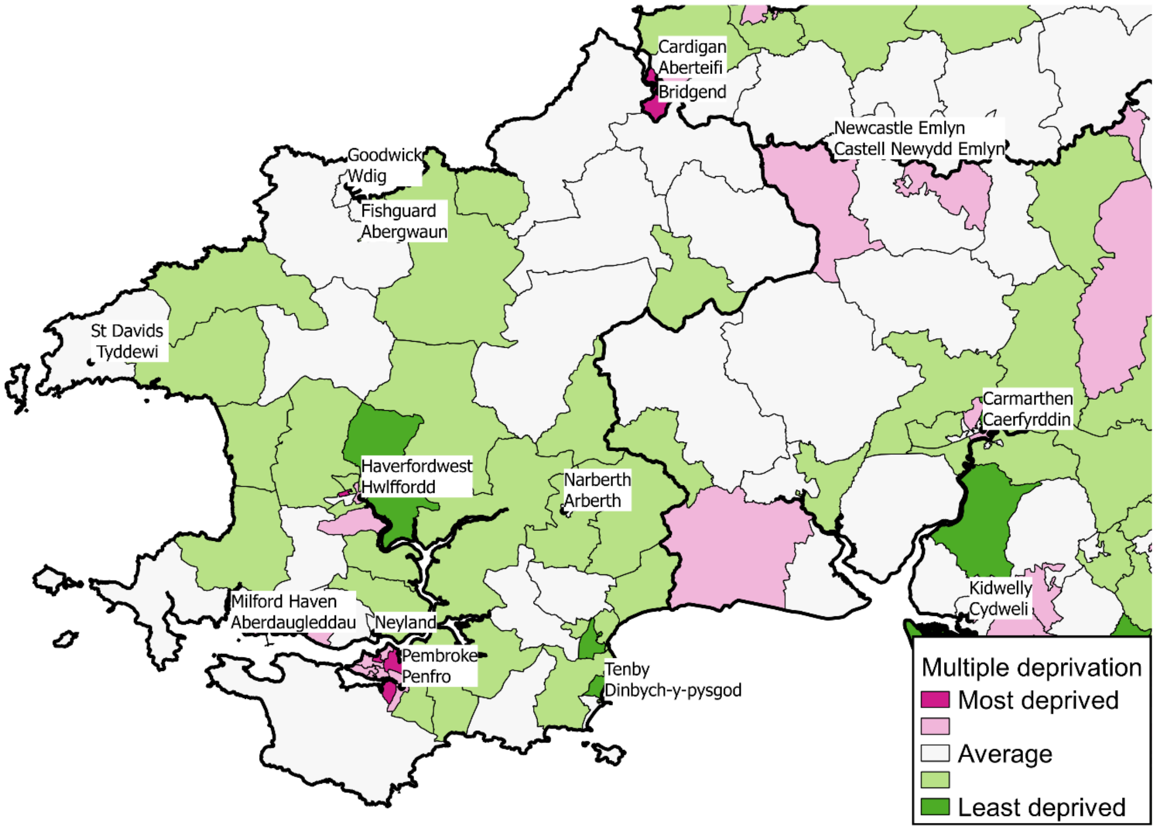
Source: 2011 Census; PACEC.

When businesses answering the survey specified constraints from the labour market, most responses indicated a skills shortage locally in many industries (e.g. “We […] employ many people from away rather than locally [due to problems such as costs for teaching relevant qualification]”; “lack of people to recruit in catering and hospitality”; “Very difficult to find skilled labour”).

6.5 Welsh Index of Multiple Deprivation

The figure below shows the 2014 Welsh Index of Multiple Deprivation, highlighting the most deprived areas in Wales in deep pink. There are pockets of deprivation in Milford Haven and Pembroke Dock. Examining the sub-domains, Milford Haven scores poorly on physical environment and education, whereas Pembroke Dock scores poorly on income, employment, health, education, community safety, and housing. Much of rural Pembrokeshire scores poorly on access to services; this is a common problem in rural areas and sparsely-populated areas across the country, and reflects the average distance to key facilities.

Figure 6:10: Welsh Index of Multiple Deprivation



Source: Welsh Index of Multiple Deprivation, StatsWales; Ordnance Survey; PACEC

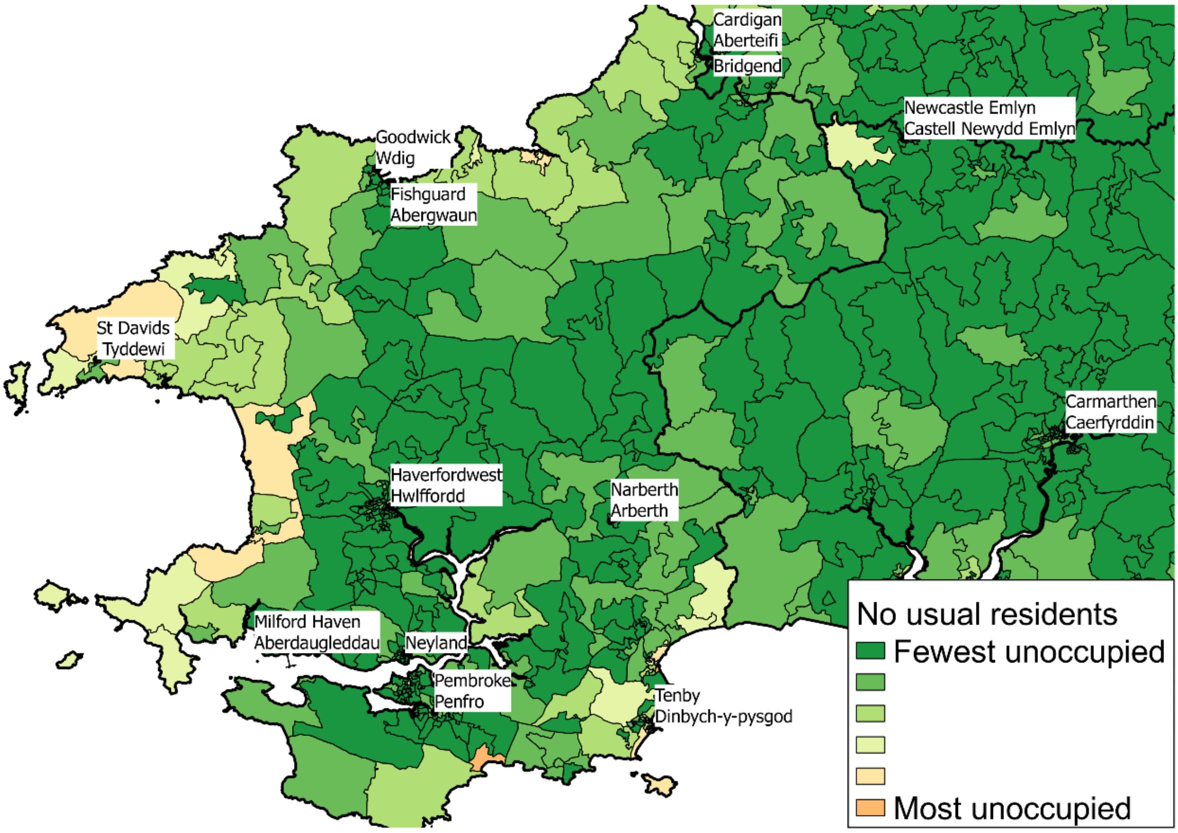
6.6 Housing

12.5% of household spaces in Pembrokeshire have no usual residents[13]; this compares to 6% across Wales and 6.9% in Swansea Bay and West Wales and the Valleys. Household spaces without usual residents include vacant dwellings, holiday homes, and second homes. The proportion of household spaces with no usual residents rises to 14.4% in rural Pembrokeshire, and to 18.9% in rural towns and fringes in a sparse setting.

Some areas on the south coast have over 50% of household dwelling spaces with no usual residents. These coincide with holiday villages and caravan parks.

[13] 2011 Census data.

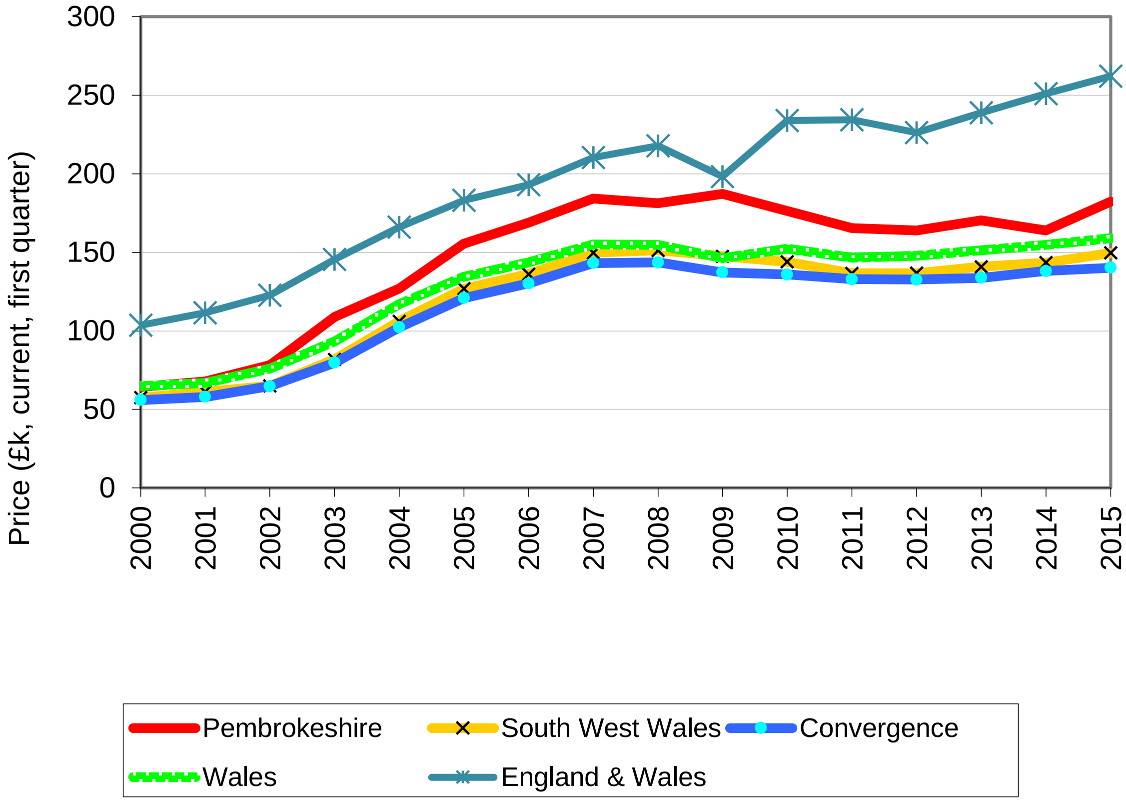
Figure 6:11: Household spaces with no usual residents



Source: 2011 Census; PACEC.

House prices are below those in England, but have been rising faster than the Welsh average, and faster than the whole of the Swansea Bay City Region, since 2000.

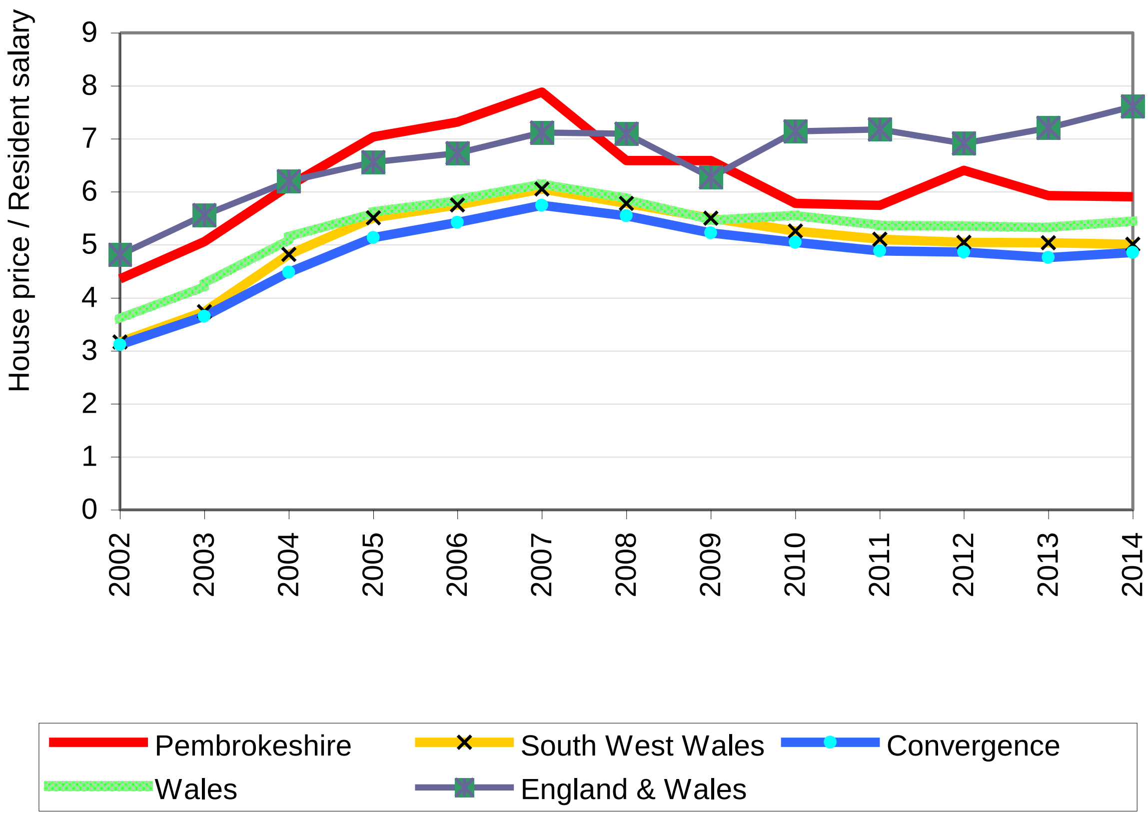
Figure 6:12: House price growth



Source: Land Registry; PACEC.

Compared with residents' salaries, house prices are higher than the average across Wales, with the average house now costing six times the average salary, up from four and a half times in 2002. Houses were least affordable in 2007.

Figure 6:13: Affordability vs resident salaries graph



House prices are taken from the first quarter.

Source: Residential Property Prices, HM Land Registry; Annual Survey of Hours and Earnings; PACEC

6.7 Commuting patterns

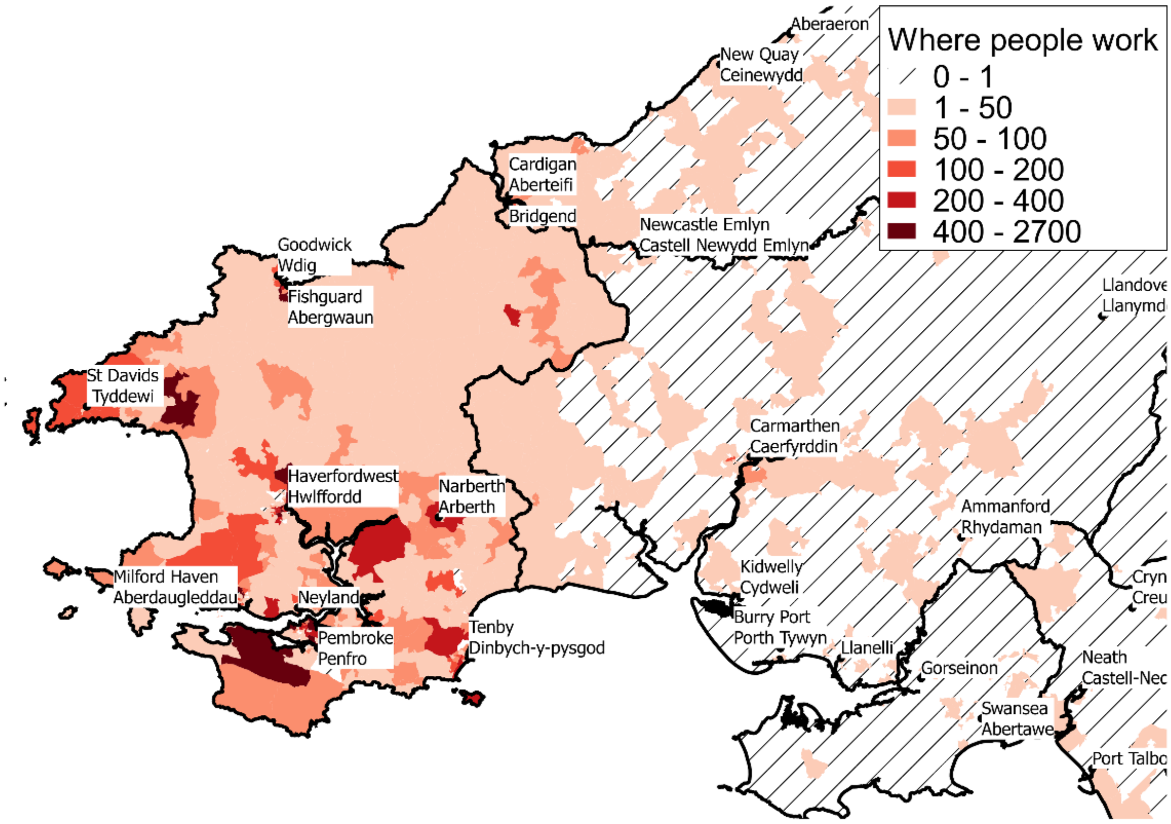
When preparing an economic profile of an area it is important to consider the linkages between that area and its surroundings such as journeys to work, migration, and business-to-business purchases. This is to ensure appropriate targeting of, and responsibility for, planning and policy actions – if the people who live in an local authority's boundaries are not the same as the people who work in that area, then it is essential to work in partnership with other local authorities to ensure that effective action can be taken. This is part of the rationale behind the formation of the Swansea Bay City Region, which brings together four Local Authorities sharing a central business area, labour market, and transport network.

We have examined the district-to-district commuting data made available by the 2011 Census in order to judge whether Pembrokeshire needs to be considered in the context of a wider functional economic market area for this study and its recommendations. In fact, Pembrokeshire is a remarkably self-contained economy.

It is the case that 87% of the employed people who live within its boundaries also work there – and 89% of the people who work there, live there. As a result, we can be confident that it is appropriate to make recommendations for the County Council which can be targeted on local residents, local businesses, and their employees.

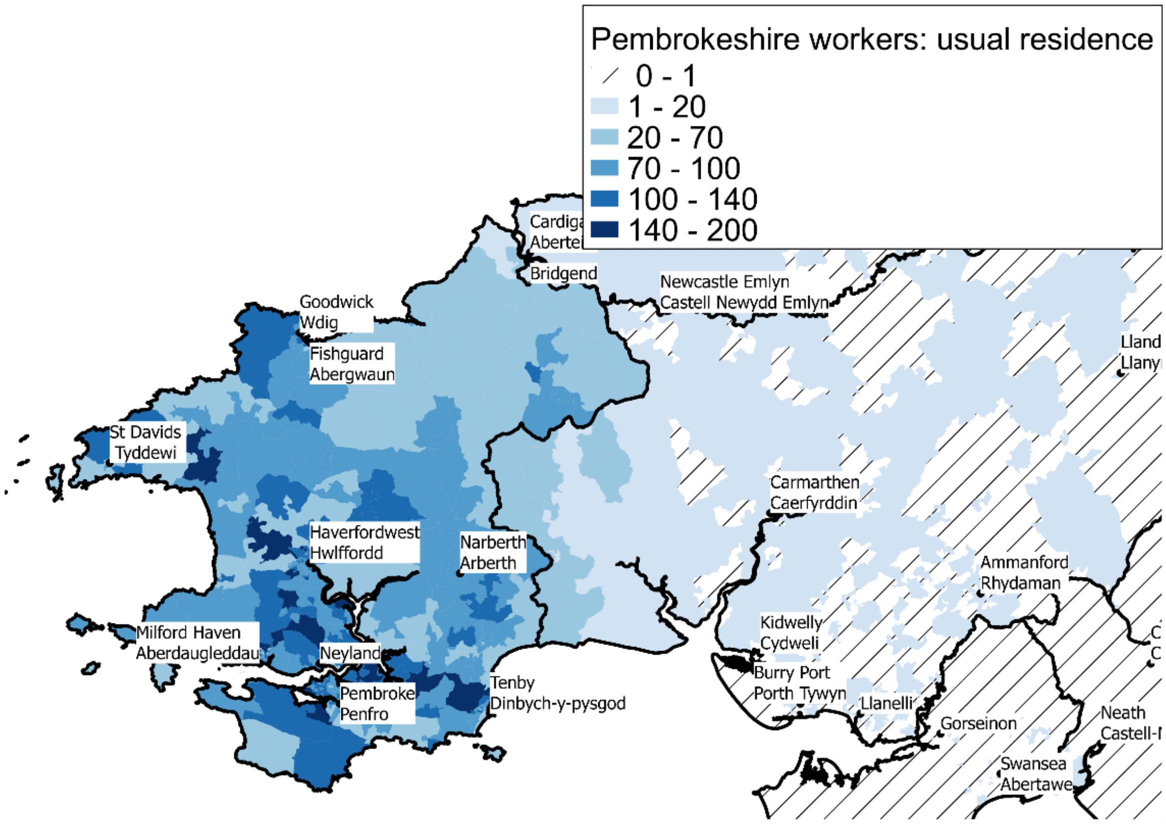
34,617 people travel to work within Pembrokeshire's boundaries, 5,069 commute outwards from Pembrokeshire, and 4,135 commute inwards. Most out-commuters go to Carmarthenshire (1,717 of them) or Ceredigion (1,232). Only 249 people commute regularly to Swansea, and 164 to Cardiff.

Figure 6:14: Pembrokeshire residents: workplace



Source: 2011 Census; PACEC.

Figure 6:15: Pembrokeshire workers: residence



Source: 2011 Census; PACEC.

The survey of businesses reveals more information about commuting and business-to-to-business linkages within Pembrokeshire. The average firm has 94% of its staff resident in Pembrokeshire, makes 58% of its sales in Pembrokeshire, and makes 43% of its purchases in Pembrokeshire. 38% of businesses have at least some sales overseas, but as a proportion of all sales exports only amount to 4%.

Table 4.2: Sales, purchases, and staff residence of local businesses

	Pembrokeshire	Rest of SW Wales	Rest of Wales	Rest of GB	Overseas
Sales (proportion)	58%	10%	6%	22%	4%
Sales (any)	88%	60%	46%	56%	38%
Purchases (proportion)	43%	11%	6%	36%	4%
Purchases (any)	93%	54%	37%	80%	23%
Staff (proportion)	94%	5%	0%	1%	1%
Staff (any)	100%	16%	1%	10%	7%

Numbers are rounded, so totals may not add to 100%.

Source: PACEC Business Survey, 2015.

Slightly over half of firms have involvement in trade groups within Pembrokeshire and at least 26% have involvement with trade groups elsewhere in Wales. This level of business group involvement might be able to supplement stakeholders. The most frequently named local business groups are Pembrokeshire Tourism and Narberth Chamber of Trade, while Visit Wales is most frequent on a more regional level.

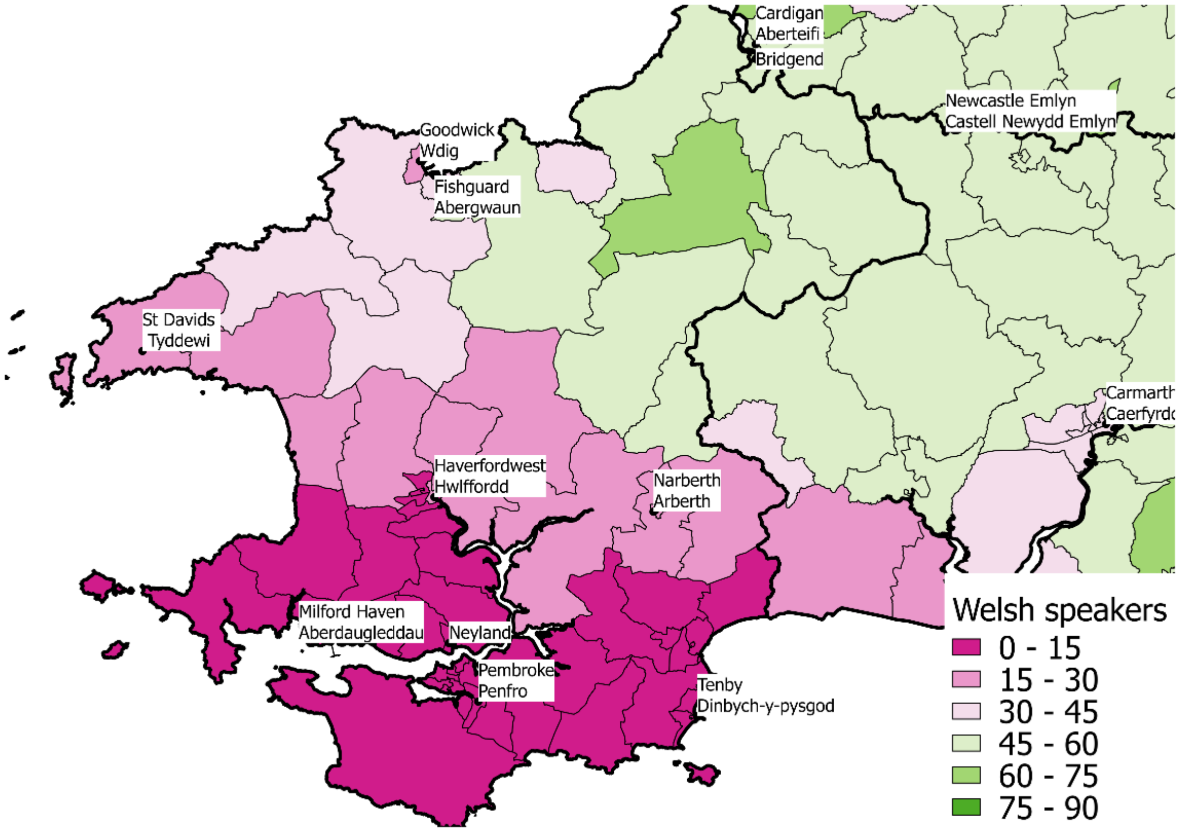
85% of businesses collaborate or network with their customers in Pembrokeshire either 'to some extent' or a 'great extent', while at 71% for suppliers. Business collaboration is at its lowest with the education sector (universities and FE colleges), closer to 20%.

6.8 Welsh language

According to the 2011 Census, 19% of people[14] in Pembrokeshire were able to speak Welsh. The ability to speak Welsh is concentrated in the North of the county: as the map below displays, the percentage of Welsh speakers is lowest in the southern areas of the county and increases in a remarkably regular fashion towards the north-east quarter of the county where it is highest.

[14] Aged over 3

Figure 6:16: Ability to speak Welsh (percentage)



Source: 2011 Census; PACEC

7 KEY SECTORS

7.1 Summary

Four key sectors were identified in the employment SWOT analysis. The key issues for their development are as follows:

Tourism

The tourism sector in Pembrokeshire employs around 3,800 more people than would be expected if Pembrokeshire had a similar sector mix to Great Britain. Over half of these (2,100) work in holiday accommodation and campsites, but there are also significant extra jobs in tourist attractions, clubs, pubs, and bars, and restaurants and cafes.

Specific strengths include international brand recognition and the extent and quality of the natural and heritage tourism offer. The industry is constrained by access. Internally to Pembrokeshire, there are constraints in terms of access to skilled labour, and externally, it is recognised that Pembrokeshire is less accessible by rail and road than comparable tourist destinations in the UK such as Cornwall.

Technological advances create opportunities and threats: for example, internet marketing increases the customer pool but also competition, and, short-term bookings bring both opportunity and additional risk. These advances make long-term business planning more difficult and make tourism businesses more susceptible to volatility due to factors beyond the control of businesses such as weather. Coupled with this, the degree of risk associated with poor weather conditions suggests that the indoor activity offer could be broadened.

The network of coastal buses is an important enabler for tourism within the National Park. As a publically funded service it is subject to the significant cuts to tourism budgets and lack of suitable tourism transport must therefore be considered a threat.

Energy and the Marine Economy

The Port of Milford Haven services an important cluster of employment in the broad energy sector. This began with oil storage and refining and has expanded to include LNG shipping, a gas-burning power station, associated oil and high pressure gas pipelines, and a high-voltage National Grid electrical transmission line, which along with significant potential wave and tidal resources is an enabler for a growing marine renewables industry, which represents a notable opportunity for inward investment.

The Milford Dock Master Plan sets out a vision to regenerate the Milford Dock area encompassing Milford Marina and Milford Fish Docks. The development was granted outline planning permission in February 2015 and is anticipated to support 600 new jobs through investment of £70m.

Challenges include the planning environment, engaging local businesses in the supply chain (which for renewable energy and marine engineering is a UK- or even international supply chain), internet connectivity, maintaining resilience in the face of a sector dominated by a few large companies at a few large sites (and investing in transfer of skills for if the sector contracts, based on the experience of the Murco refinery closure).

The fishing industry faces challenges and opportunities as catch declines but opportunities for diversification into added-value industries such as fish smoking present themselves. The fishing industry can feed directly into the expanding food service sector. The industry isn't seen as an attractive option for young people due to level of risk, challenging nature of the work, and barriers to entry including high capital outlay.

The Rural Economy

In addition to the employment statistics presented in Chapter 6, the 2,279 active farms in Pembrokeshire occupy 1,700 full time principal farmers and 2,086 part-time principal farmers, 780 additional regular workers and 643 casual workers.

Agriculture presents a notable opportunity for development of high quality produce and brands. More could be done to promote the quality of Pembrokeshire's agricultural output locally, as well as nationally and internationally.

The sector is at risk from an EU referendum, and is currently reliant on agricultural grants. Uncertainty in this area, and a decision to leave the EU, could have a significant detrimental effect on the rural economy.

Farms in Pembrokeshire have had to achieve scale to survive. This presents additional risk to the rural economy, particularly in light of the question mark over EU involvement. Depressed milk prices and poor performance of large retailers (likely to result in a squeeze on suppliers) combine to paint a less than optimistic picture for the rural economy in Pembrokeshire.

Business Services

Business services are marked out as a key sector because of their relative absence in Pembrokeshire, rather than existing strength: the gap amounts to some 6,800 jobs when compared to the GB average. This presents an opportunity as increased remote- working opportunities enable creative and knowledge-based workers to work from home and take advantage of the quality of life on offer in Pembrokeshire – provided the IT infrastructure is in place to support this.

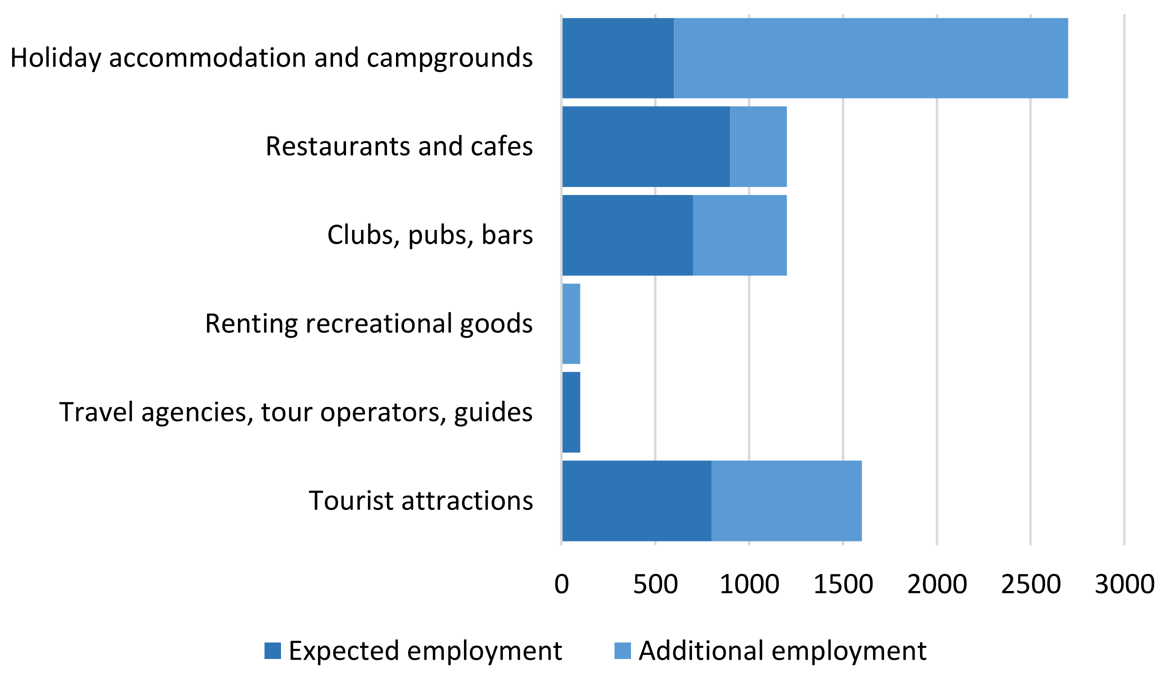
7.1 Tourism

7.1.1 Employment statistics

As set out in previous chapters, the tourism industry is a major strength for Pembrokeshire. The coastal location and National Park status provide opportunities for tourism-related businesses. The employment statistics show that the 'accommodation and food service' sector and the 'arts, entertainment, and leisure' sector are highly concentrated in Pembrokeshire and, crucially, are supported by national growth in the sectors.

The chart shows tourism-related employment in Pembrokeshire, and in particular how far that employment exceeds the national average in each sub-sector. Overall, the tourism sector in Pembrokeshire employs around 3,800 more people than would be expected if Pembrokeshire had a similar sector mix to Great Britain. Over half of these (2,100) work in holiday accommodation and campgrounds, but there are also significant extra jobs in tourist attractions, clubs, pubs, and bars, and restaurants and cafes.

Figure 7:1: Employment in Tourism: Pembrokeshire



Source: 2013 BRES, ONS; PACEC.

The local tourism strategy is underpinned by "Partnership for Growth – The Welsh Government Strategy for Tourism 2013-2020". Strategic priorities which overlap with Pembrokeshire growth priorities include the following:

- Improving workplace skills and business practice and performance

- Developing and sustaining transport linkages and connectivity

- Refocus marketing, including promoting events and festivals

The Wales Tourism Satellite Account (TSA) estimates total tourism spending in 2011 of £4.5bn, representing a Tourism Gross Value Added (GVA) of £1.8bn – around 4.4% of total direct GVA for the Welsh economy. Although the sector is relatively small in gross value added terms compared to the rest of the UK it directly supports 8.2% of jobs and indirectly supports 14.9% of jobs.

7.1.2 Insights from strategic stakeholder interviews

Context: National Park Authority priorities

Currently the National Park Authority is driven by two priority purposes: i) conservation and ii) access. Socio-economic advancement underlies these two primary purposes and is currently secondary to them. An ongoing review of the National Park Authorities' purpose is considering, among other issues, whether social and economic development should become a priority purpose, on a par with conservation and access. In terms of practical impact this change could result in stronger arguments underpinning planning decisions, although in reality it will not result in a step change in economic focus – Pembrokeshire is never going to have big towns and industrial sites.

The National Park Authority is delegated responsibility from the County Council to manage the 1,000+km right of way, one of three national trails in Wales, with c.80 percent open and usable.

Strength: international brand recognition

While more can always be done, Pembrokeshire is internationally recognised as one of the ecologically rich and most diverse parts of Wales, with a diversity of plants and animals of international importance including marine species and rare birds

Strength: extent and quality of natural and heritage tourism offer

Strategic stakeholders were in strong agreement that the natural and heritage offer in Pembrokeshire is a significant strength. Pembrokeshire's National Park and beaches are routinely recognised as being of the highest quality, and accommodation services are similarly strong. (Various)

Constraint: skilled labour

The skills pool within the tourism sector is variable. Accommodation is seen as being further ahead than food, and finding skilled staff to bring the quality of the food and restaurant offer could be viewed as a constraint.

Constraint: access

There is recognition that Pembrokeshire is less accessible than comparable tourist destinations e.g. Cornwall, which benefits from four trains a day from London compared to Pembrokeshire's two, as well as a direct service to/from Manchester. The proportion of visitors accessing Pembrokeshire is considered too high and believed by some strategic stakeholders as acting as a constraint to growth in tourism.

Opportunity and threat: tourism trends

Trends in tourism enabled by technological advances: for example, internet marketing increases the customer pool but also competition, short-term bookings bring both opportunity and additional risk. These advances make long-term business planning more difficult and make tourism businesses more susceptible to volatility due to factors beyond the control of businesses e.g. weather.

Opportunity: indoor facilities

Several strategic stakeholders identified the natural environment, and outdoor offer as a particular economic strength. However a degree of risk associated with poor weather conditions caused several stakeholders to suggest investment in broadening the indoor activity offer.

Opportunity: support for marketing and promotion

As set out in the section on general business views, the stakeholders felt that public spending cuts present an opportunity to streamline business supports. In particular there were felt to be opportunities regarding provision of tourism information and associated marketing and promotion partnerships.

Threat: transport

The network of coastal buses is an important enabler for tourism within the national park. As a publically funded service it is subject to the significant cuts to tourism budgets and lack of suitable tourism transport must therefore be considered a threat.

When asked about future prospects, strategic stakeholders sudggested that employment and the economy more generally in Pembrokeshire would be governed by national factors, including but not limited to public spending cuts and the EU referendum.

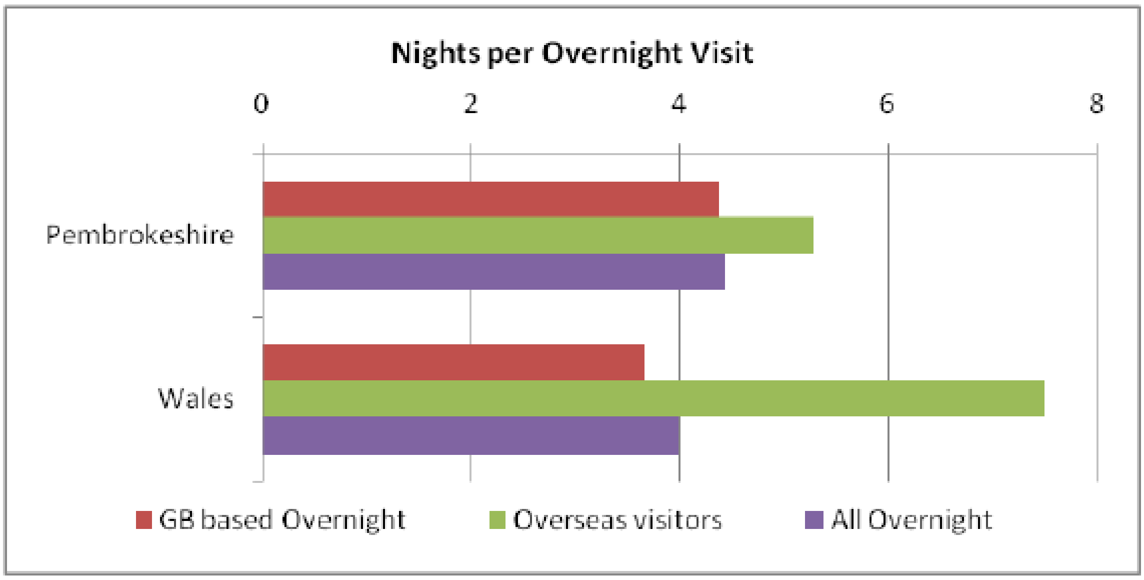
7.1.3 Additional tourism statistics

Visitors

The Tourism Intelligence Unit of the ONS produces visitor data on behalf of VisitWales using three surveys (passenger survey, overnight and day surveys). The key figures for the years 2010-2012 are as follows:

- Pembrokeshire is the 2nd most visited unitary authority in Wales for overnight visits, and in the top ten for day visits and overseas visits. It represents 14.1% of GB-based overnight spend as a proportion of Wales.
- Overnight visitors typically stayed longer in Pembrokeshire than the Welsh average but overseas visitors spent far fewer.

Figure 7:2: Average Nights per Overnight Visit, Pembrokeshire vs Wales, 2010-12



Source: GB Tourism Survey, International Passenger Survey, ONS Tourism Intelligence Unit

Purpose of visit: Pembrokeshire is the 3rd most popular Welsh unitary authority for sports and activity day trips and enjoys the 2nd highest overall spend for those visiting friends and relatives (VFR).

Table 4.2: Pembrokeshire Tourism Data by Purpose (Annual Averages 2010-2012)

Powys: Total Tourism Data by Purpose (Annual Averages)	Trips (m)	Rank (/22)	Wales Total	Nights (m)	Rank (/22)	Wales Total	Spend (£m)	Rank (/22)	Wales Total
Holiday	0.36	7	6.25	1.38	7	26.33	71	6	1,235
VFR	1.47	4	25.97	0.66	5	10.28	103	2	1,076
Day Visits: Shopping, Restaurants, Clubs	1.38	5	25.07	-	-	-	55	4	1,152
Day Visits: Cultural	1.31	7	25.96	-	-	-	14	12	709
Day Visits: Active, Sports & Similar	2.16	3	27.12	-	-	-	69	5	828
Business & Other	0.05	11	1.30	0.14	11	4.08	6	15	308
Total	6.72	6	111.68	2.17	8	40.69	318	6	5,309

Source: GB Day Visit Survey, GB Tourism Survey, International Passenger Survey, ONS Tourism Intelligence Unit

Pembrokeshire provides 15.4% of holiday nights in Wales and 15.8% of holiday spend.

Visitors from elsewhere in Great Britain spend more on a per night basis on visiting friends and relatives, holidays, and 'business and other' than in the rest of Wales. Business visitors spend over £100 / night, significantly higher than the Welsh average and more than double other types of visitor in Pembrokeshire.

Table 7:1: Pembrokeshire GB-based Overnight Visit Data by Purpose (Annual Averages 2010-12)

GB based Overnight Visits to Pembrokeshire	Visits (m)	Total Visits to Wales (m)	Nights (m)	Total Nights in Wales (m)	Spend (£m)	Total Spend in Wales (£m)	Spend per night (£)	Spend per night in Wales (£)
Holiday	0.82	5.90	3.89	24.42	186	1,117	47.80	45.74
VFR	0.19	2.33	0.66	7.24	26	260	39.39	35.92
Business & Other	0.06	1.09	0.11	2.48	11	210	100.92	84.54
Total	1.07	9.32	4.66	34.14	223	1,587	47.85	46.48

Source: GB Day Visit Survey, GB Tourism Survey, ONS Tourism Intelligence Unit

Pembrokeshire is the most visited unitary authority in Wales by Welsh domestic visitors and by visitors from London:

Table 7:2: Pembrokeshire Tourism Data by Origin (Annual Averages 2010-2012)

Origin of Visitor	Trips (m)	Rank (/22)	Wales Total	Nights (m)	Rank (/22)	Wales Total	Spend (£m)	Rank (/22)	Wales Total
Wales	3.60	5	66.91	1.57	1	5.72	168	3	2,282
London & Southern England	1.74	2	15.25	1.25	1	7.40	76	5	807
Midlands & East of England	1.21	4	13.51	1.12	2	9.61	88	3	908
Northern England & Scotland	0.43	10	15.14	0.71	5	11.42	52	7	977
Europe Key Markets (14)	0.05	4	0.57	0.21	6	3.53	11	5	178
Other Overseas	0.02	5	0.31	0.12	6	3.03	6	9	157
All	7.03	5	111.68	4.99	2	40.70	401	5	5,309

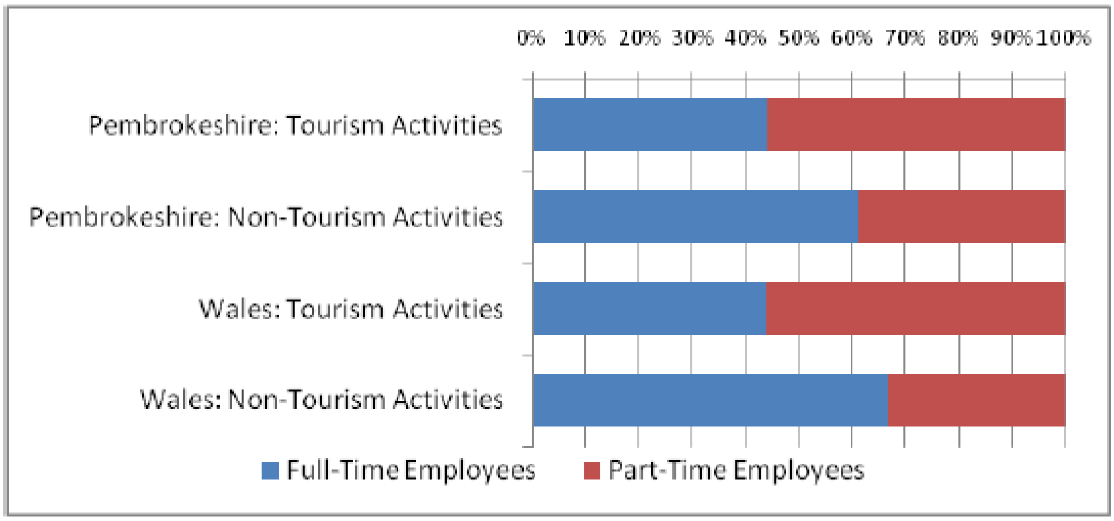
Note: Totals may not sum due to rounding. Day visit averages based on 2011 & 2012 data only.

Source: GB Day Visit Survey, GB Tourism Survey, International Passenger Survey, ONS Tourism Intelligence Unit

The international tourism market in Pembrokeshire is relatively small with around 170,000 holiday nights and 130,000 VFR nights. Overseas visitors spend less per night in Pembrokeshire than in Wales generally, though they spend more per night on holidays £54.48 than their UK counterparts (£47.80/night) and slightly more on VFR (£40.33 to £39.39). Overseas visitors spend significantly less on business (£85.69 compared to £100.92), though this category of visitor remains extremely small with fewer than 2000 such visitors / average year between 2010 and 2012.

More than half of those working in Pembrokeshire's tourism industry do so on a part-time basis, far higher than the number working in other sectors, though the Pembrokeshire proportions are similar to those of Wales as a whole.

Figure 7:3: Full and Part-Time Employees within Tourism and non-Tourism Industries 2012



Source: Business Register Employment Survey (ONS, 2012)

Tourism Value Added

The Tourism Intelligence Unit (ONS) used Tourism Satellite Account methodology to produce a GVA analysis for tourism in the region. It found that in 2011 South West Wales' tourism industry provided a larger share of overall Welsh GVA in the industry (14.5% of Welsh Tourism GVA) than South West Wales's overall contribution to the Welsh economy (10.2% of overall Welsh GVA). Considering direct impacts only (no supply chain effects) the contribution of South West Wales tourism is higher still (15.9% of Welsh direct GVA), suggesting that the supply chain is more locally concentrated than for other industries.

Estimated tourism expenditure

The Scarborough Tourism Economic Activity Monitor (STEAM) is an independent statistical model providing estimates of local area tourism statistics. A STEAM profile of Pembrokeshire was last commissioned in 2011. The key statistic is the analysis of expenditure by type. Total tourist expenditure in Pembrokeshire was estimated to be £569.9m in 2011. The main direct areas of expenditure are in accommodation (£116.0m) and food and drink (£101.3m); the supply chain to the industry ("indirect expenditure" below) benefits to the tune of £150.9m.

Table 7:3: Sector breakdown by expenditure (2006-2011) in Pembrokeshire

Analysis by Sector of Expenditure (£'s millions)	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Accommodation	116.0	122.7	120.0	123.3	125.7	126.0
Food & Drink	101.3	102.3	95.3	101.8	100.2	98.7
Recreation	34.4	34.5	31.8	34.1	33.5	32.7
Shopping	54.5	54.7	51.1	54.2	53.4	52.4
Transport	43.1	43.5	41.1	43.4	42.8	42.4
Indirect Expenditure	150.9	151.3	143.8	149.9	150.0	147.4
VAT	69.8	62.6	59.4	62.4	62.2	61.7
TOTAL	**569.9**	**571.7**	**542.6**	**569.1**	**567.8**	**561.3**

Source: Pembrokeshire County Council STEAM Report 2011

The profile of expenditure throughout the year is highly seasonal: peak expenditure was £109.4m in August 2011, while monthly expenditure drops below £20m in the winter months to a low of £10.8m in January.

7.1.4 Business survey results

As a significant proportion of respondents to the business survey were in tourism-related industries (accommodation, food services, cultural and leisure facilities), it has been possible to disaggregate their responses to the survey and compare them with the survey responses as a whole.

Tourism business have lower growth ambitions than the rest of the business economy, as measured by the business survey. Only 40% of tourism businesses are aiming to expand in the medium term compared to 55% of firms across all industries. Businesses in the tourism industry are aiming to survive, become smaller or consolidate more than the averages across all sectors.

Tourism businesses seem to favour transport improvements slightly more than other industries. 73% of tourism firms mention transport issues as an area for improvement versus 67% for all firms. Another marked difference compared to other industries is that only 1 tourism firm (5%) suggests financial support such as grants/subsidies for policy improvement, versus 19% across all industries. 32% of tourism firms suggest business rate reform, which is marginally lower than the 38% across all industries. Only 18% of tourism firms suggest labour training policy improvement versus 25% across all industries. Less than 15% of tourism firms indicate that policies are needed to improve premises and land/sites, whereas across all firms the proportion rises to around 25%.

7.2 Energy and the marine economy

7.2.1 Introduction

There are several important ports situated along Pembrokeshire's coastline. The most significant of these is Milford Haven Waterway, a deep natural harbour, one of the biggest ports in Europe by traffic volume[15] and also Wales's busiest fishing port. Pembroke Dock and Fishguard Harbour provide several daily passenger services out of Pembrokeshire and are connected to West Wales railway networks.

7.2.2 Port clusters

The overall "transport" sector does not emerge from the employment SWOT analysis as a key sector, but the distribution of jobs between road, rail, and marine transport is notable. In Pembrokeshire, there are 800 jobs in passenger and freight transportation by water, including support activities and boat building – or around 7 times as many as would be expected with the national share of employment.

The Port of Milford Haven services an important cluster of employment in the broad energy sector. This began in 1960 with the commencement of oil storage and refining activities in Milford Haven, and has expanded to include liquefied natural gas shipping, and the largest gas-burning power station in Europe (Pembroke Power Station), along with associated oil and gas pipelines and a high-voltage electrical transmission line.

The Waterway houses the Fish Docks (Wales's largest fish port), offering access to fishing grounds in St George's Channel, the Bristol Channel, and the Irish Sea, and to Haven Enterprise Zone, home to a number of new energy companies. The energy support infrastructure, chiefly the power transmission line, coupled with coastal locations with strong potential for tidal and wave power, makes the area a site for potential investment in renewable energy.

[15] Milford Haven is the third largest in the UK by cargo tonnage after London and Grimsby and among the top 20 in Europe, according to the AAPA World Port Rankings 2013

The Port of Milford Haven commissioned an assessment on the employment and economic impact of the Port and the industries that are linked to it[16]. The key findings of the report are:

- The Waterway supports over 5,000 jobs in Wales as a whole, 4,000 of which are in Pembrokeshire
- 30% of jobs in the local economy are in oil refining, gas processing and power generation
- 10% of jobs are in sea transport services
- £324m of gross value added (GVA) is injected into the Pembrokeshire economy by activities dependent on the Waterway
- £88.5m of GVA is put into the Welsh economy

The ferry port at Pembroke Dock is home to an important passenger and freight link to Ireland carrying 300,000 passengers and 70,000 freight units per year.

7.2.3 Stakeholder views

Opportunity: marine energy

While wave and tidal energy has taken longer than hoped to develop, there was recognition among strategic stakeholders that of the renewable energy options available to Pembrokeshire marine energy is now a real opportunity. The workshops also identified marine energy and the associated supply chain as a comparatively strong cluster in Pembrokeshire.

Marine energy in Pembrokeshire in wider Wales has been driven by Marine Energy Pembrokeshire since 2010. Awareness of Pembrokeshire as a location for marine energy is high, partly by virtue of the involvement of Marine Energy Pembrokeshire in co-ordinating networking events attended by international energy sector representatives including Australia, New Zealand, Scotland and Sweden.

Wave Hub – the wave energy test site located off the south Pembrokeshire coastline has the potential to support the demonstration of wave arrays with a generating capacity of up to 30MW for each project. Strategic stakeholders were largely agreed that the level of interest in marine energy in Pembrokeshire is at its highest point to date, and that this presents a notable opportunity for inward investment, and for local businesses to become part of the supply chain. There is more than €100m available

[16] "An analysis of economic activity dependent on the Milford Haven Waterway", Welsh Economy Research Unit, Cardiff Business School (Cardiff University); see http://www.mhpa.co.uk/economic-impact/

to support the testing and development of marine energy in Pembrokeshire over the next five years. “There has never been more interest from wave developers”.

Tidal Lagoon Swansea Bay – the Tidal Lagoon project presents an opportunity to further build awareness and recognition of Wales as a prime location for marine energy, and could complement Pembrokeshire’s Wave Hub if it goes ahead.

Opportunity: Haven Waterway investment

The Milford Dock Master Plan sets out a vision to regenerate the Milford Dock area encompassing Milford Marine and Milford Fish Docks. The development was granted outline planning permission in February 2015 and is anticipated to support 600 new jobs through investment of £70m. The plan is intended to create supply chain jobs associated with the fishing industry via the fish market and a new smokehouse (including training for existing workers in the fishing industry), new residential buildings, and an improved leisure and retail offering to complement the existing tourism and cultural offering on the waterfront (linked to existing facilities such as the Torch Theatre and Phoenix Bowl). Pembroke Dock also provides opportunities for expansion as there is the capacity to develop available commercial land.

Challenge and opportunity: engaging local businesses in the supply chain

In order for the Pembrokeshire economy to derive maximum benefit there is both a challenge and an opportunity to support local businesses to identify opportunities and be flexible enough to engage in the marine energy supply chain. Strategic stakeholders saw significant opportunities for transferable skills from fossil fuel to renewable energy supply chains. There is no 360 degree supply chain for marine or tidal energy in Wales – blades and turbines are sourced nationally (although even supply within the UK presents a challenge) or internationally.

Challenge and opportunity: transferrable skills

In November 2014 the Murco refinery based in Milford Haven closed, resulting in the loss of more than 350 jobs. This presents a huge challenge for the economy as skilled labour seeks new opportunities, however it also presents an opportunity for the Welsh government to invest in supporting skills transfer to renewable energy. Strategic stakeholders expressed some concern over the long-term sustainability of other refineries, and suggested that investment in the transfer of skills should happen sooner rather than later.

Challenge: Internet connectivity

Despite all of the strengths of Pembrokeshire as a location for marine energy business, connectivity presents a significant constraint.

Challenge: financial sustainability

Strategic stakeholders acknowledged access to finance and financial sustainability as a sector wide challenge, not specific to Pembrokeshire, but as having some influence on the development of the sector in Pembrokeshire regardless. Confidence in the sector could be higher, and supports to business, particularly to reduce the risk of entering the supply chain, was viewed by a number of strategic stakeholders as a core focus.

7.2.4 Fishing

Deep sea and coastal fishing provides 100 direct jobs; this is significantly higher than the national average. There has been recent investment in ice machines to preserve catch, and in coastal infrastructure e.g. hard standings.

Challenge and opportunity: decline in catch, diversification into added-value industries

It is anticipated that catching and associated employment will flatline or decline. This can be ameliorated by investing in supply chain jobs and appropriate training for workers with experience in the industry. Currently there is no added value derived from non-indigenous fleets. Deriving added value from those fleets is a current focus. In particular there is scope for growth in processing (such as fish processing and smoking) with a new processing facility due to be developed in Milford Haven.

Opportunity: food sector and education

Opportunity exists to better educate local businesses and consumers on the use of different fish. The potential to develop a full supply chain approach (“field to fork” or “fishery to fork” is also an opportunity for the rural/agricultural sector and tourism (hotels and restaurants) sector to develop menus based on local produce, building on the work of the Council’s Food Development Team).

Challenge and opportunity: regulation

Reform of common fisheries policy and no discards rule means that all fish caught must be landed. This presents challenges for fleets as they seek to maximise the value of their catch, but presents opportunities for storage and processing of, for example, fish for non-human consumption.

Threat: ageing workforce and loss of knowledge

The fishing industry isn’t seen as an attractive option for young people due to level of risk, challenging nature of the work, and barriers to entry including high capital outlay. Strategic stakeholders suggested that there are limited alternatives for a similar skills pool and therefore if the fishing industry declines due to barriers of entry or loss of knowledge options for employment in other sectors are limited.

7.3 The Rural Economy

7.3.1 Agriculture

The Business Register and Employment Survey excludes farm-based employment, which is estimated by the June Agricultural Survey (most recently in 2013). This estimates 2,279 active farms in Pembrokeshire, with 1,700 full time principal farmers and 2,086 part time principal farmers. Additional employment is given as 780 regular workers and 643 casual workers. The area farmed is approximately 140,000 ha, up from approximately 125,000 ha in 2002. 12% of this land is used for crops and horticulture. The remainder is grassland: permanent pasture (86,000 ha), rough grazing (8,000 ha), and rotational grassland (21,000 ha). The grassland supports 308,000 sheep and 175,000 cattle (of which approximately a fifth are specialist beef animals and the remainder are primarily for dairy production).

There are a further 400 jobs in non-farm-based agriculture[17], including support activities, hunting and fishing, wholesale of agricultural machinery, equipment, and supplies, and retail of flowers, plants, seeds, fertiliser, etc. Particularly notable is the veterinary activities sector, which employs 200 people, or three times the national average proportion.

Logging and manufacture of wood-based items generate a further 100 jobs, and there are 100 workers in quarrying; these are both high by national standards.

7.3.2 Supply chain – food and drink

There are 800 employees in the food and drink supply chain, including processing, preserving, and manufacturing (300), specialised wholesale (200), and specialised retail (300) (but excluding non-specialised food and drink wholesale and retail).

The restaurant sector is strong, with 700 employed in licensed restaurants and a further 500 in unlicensed restaurants and cafes. 1,200 are employed in hotels, although these will predominantly be providing accommodation services rather than food. Comparing employment levels to national share, licensed restaurants have an LQ of 1.2 (1.2x national share), unlicensed restaurants 1.3, takeaway restaurants 1.5, pubs 1.8, and hotels 2.4.

[17] BRES 2013; ONS. Employment numbers originating from the BRES are rounded to the nearest 100.

The strategic stakeholders identified “high quality food production businesses” as a key local strength of Pembrokeshire and an opportunity for development and integration with Pembrokeshire’s restaurant offering.

7.3.3 Supply chain – wool and textiles

There are 200 employees in textile manufacturing in Pembrokeshire, with the emphasis strongly on soft furnishings, canvas goods, household textiles, and other technical and industrial textiles, and not on clothing.

7.3.4 Insights from strategic stakeholder interviews

Opportunity: quality produce and an improving restaurant industry

Agriculture presents a notable opportunity for development of high quality produce and brands. More could be done to promote the quality of Pembrokeshire’s agricultural output locally (within a restaurant industry that is perceived to have improved in recent years and is expected to continue to do so), as well as nationally and internationally.

Threat: uncertainty regarding EU referendum

The sector is at risk from EU referendum, currently reliant on agricultural grants. Uncertainty in this area, and a decision to leave the EU, could have a significant detrimental effect on the rural economy.

Threat: unsustainable growth

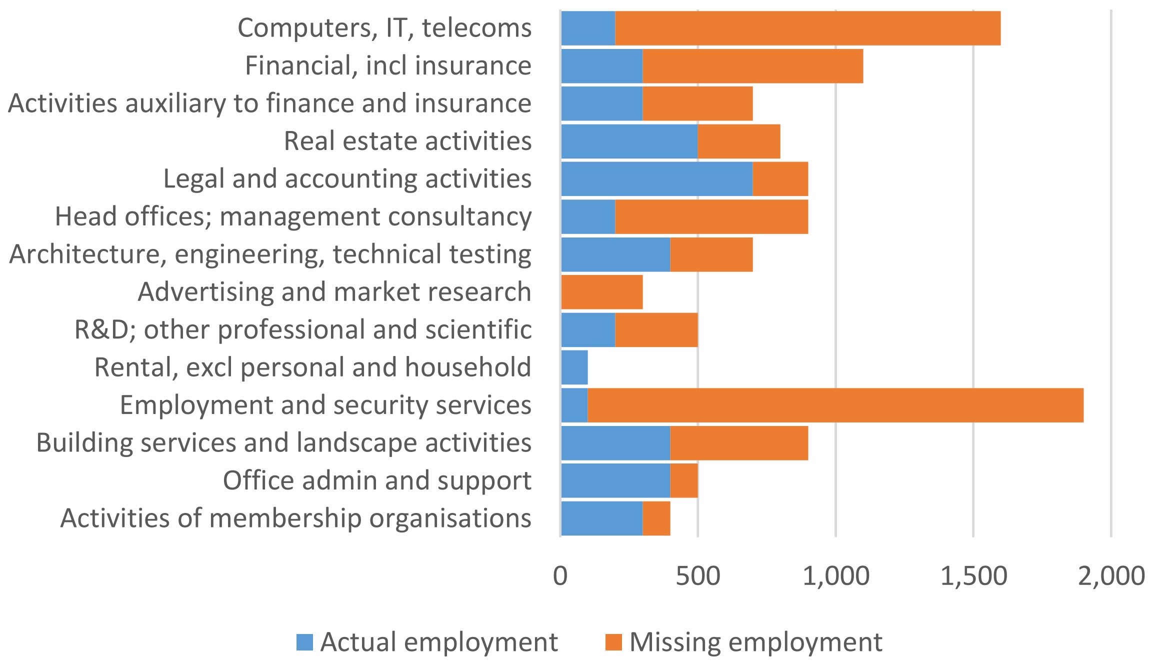
Farms in Pembrokeshire have had to achieve scale to survive. This presents additional risk to the rural economy, particularly in light of the question mark over EU involvement. Depressed milk prices and poor performance of large retailers (likely to result in a squeeze on suppliers) combine to paint a less than optimistic picture for the rural economy in Pembrokeshire.

7.4 Business Services

7.4.1 Business service data

As set out in Chapter 5 on employment and business, the business service sector – such as professional and scientific services (accountancy, legal, architecture etc.), ICT, finance, real estate, and office administration – is significantly under-represented in the Pembrokeshire economy. The chart below shows the actual employment in the sub-sectors, and the missing employment which would be required to bring each sub-sector up to the national average. Across all sub-sectors, this employment gap amounts to some 6,800 jobs.

Figure 7:4: Employment in Business Services: Pembrokeshire

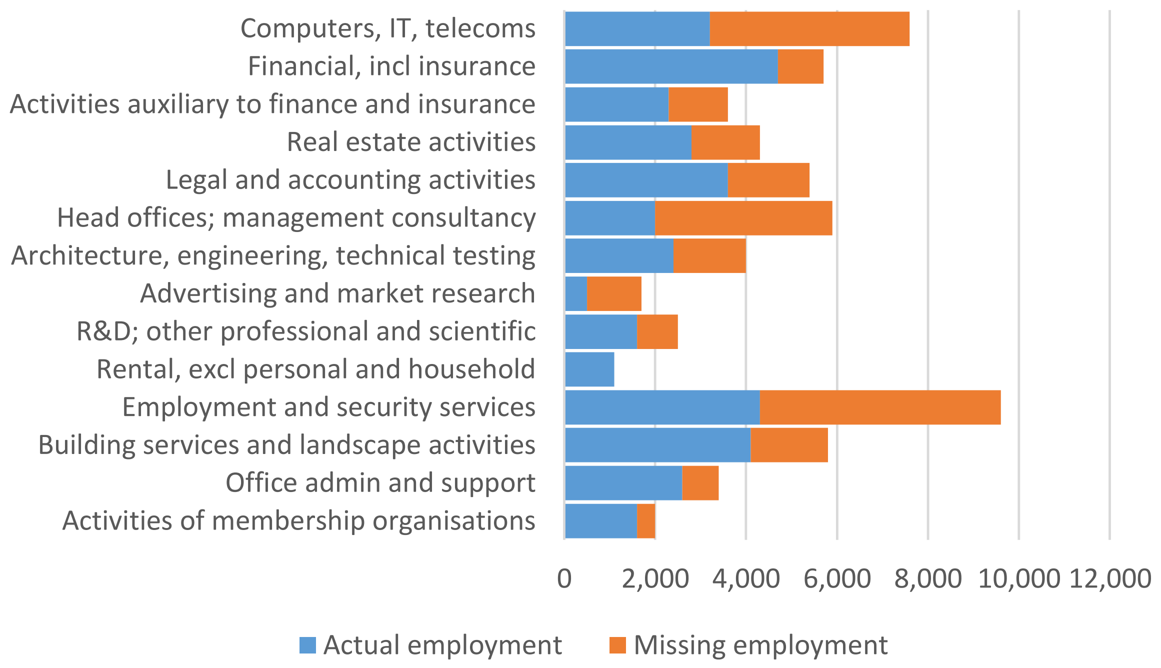


Source: 2013 BRES, ONS; PACEC.

There are particular shortfalls in employment and security services, which includes employment agencies and private security services, and in computers, IT services, and telecoms.

This is a sector which is more strongly represented in cities due to benefits of scale, proximity to markets, and ease of networking. In the Swansea Bay City Region as a whole, each business services sub-sector has closer to the expected share of employment than Pembrokeshire alone (apart from membership organisations and legal and accountancy services), but none exceeds the national average. In other words, this sector is a strategic priority for the Swansea Bay City Region as a whole as well as for Pembrokeshire in particular. Broadly, in Pembrokeshire, opportunities for office jobs are primarily provided by the public sector, which is a threat in the face of potential public sector cuts and also means that opportunities are concentrated in Haverfordwest.

Figure 7:5: Employment in Business Services: Swansea Bay



Source: 2013 BRES, ONS; PACEC.

7.4.2 Insights from workshops and strategic stakeholder interviews

It was broadly felt by consultees that Pembrokeshire's high quality of life could be attractive to incoming workers. There are opportunities for workers in creative and knowledge-based industries who can work from home, provided the IT infrastructure is in place to support this (initially broadband and also enhanced mobile phone and internet coverage). Enhanced IT infrastructure also provides opportunities for branch offices in business service sectors to relocate to Pembrokeshire where these do not absolutely require a city centre location.

8 ISSUES AND RECOMMENDATIONS

8.1 SWOT analysis

The analysis below sets out the strengths, weaknesses, opportunities and threats identified in the preceding chapters. They are broadly arranged by theme, but there is considerable overlap and feedback between the different sections.

Strengths

- Pembrokeshire's intricate and beautiful coastline makes it an attractive destination for visitors, with a National Park covering one-third of its land area and a range of historic sites such as Pembroke Castle. This was appreciated universally by businesses, stakeholders, and workshop participants as Pembrokeshire's unique selling point.
- The coastline also features ports and fishing towns, and in Milford Haven a deep natural harbour of international significance which provides high-value services to the petrochemical industry and the new power station at Pembroke Dock.
- People who live in Pembrokeshire tend to work in Pembrokeshire, and vice versa, making it a self-contained travel-to-work area. As a result, actions taken by the Council on employment will chiefly benefit local people.
- There are strong local clusters of employment in:
    - accommodation and food service
    - agriculture
    - arts, entertainment and recreation
    - construction
    - extractive industries
- The county's unemployment rate is low, its economic activity rate is similar to Wales as a whole, and its population is growing.

Weaknesses

- Pembrokeshire's location is rural and peripheral, with a population that is dispersed across a number of small settlements and having a low overall density. This creates a range of problems and added costs with access to services, access to employment opportunities, distribution costs, advertising and marketing costs, business-to-business networking and collaboration, and diseconomies of scale.

- These intrinsic difficulties are exacerbated by the poor local transport network – this was perceived by businesses and workshop participants to be the major weakness of the area. Travel to work by public transport is difficult, as bus networks are geared more to access to retail rather than employment opportunities. In the south of the county, the toll on the Cleddau Bridge also acts as a barrier to employment access.
- Pembrokeshire residents are isolated by distance and the transport network from employment opportunities in other areas, such as skilled jobs in business services which tend to cluster in larger settlements.
- House prices are above the average for Wales, as is the ratio of house prices to average earnings, which can make it harder for people to live near to their places of employment.
- There is no university in Pembrokeshire, and as a result many young people around the age of 18-20 leave the area. The number who return aged 21-23 is considerably lower.
- Businesses feel that the local culture for innovation, the quality and skills of the local labour force, and support for / access to finance are major weaknesses.
- There are pockets of deprivation in Pembrokeshire as measured by the Welsh Index of Multiple Deprivation. Milford Haven scores poorly on physical environment and education. Pembroke Dock scores poorly on income, employment, health, education, community safety, and housing.
- Unemployment is low and self-employment is high, relative to Wales and the UK. In the context of the evidence from businesses on skills shortages and difficulty recruiting locally, this suggests a constrained labour market with self-employment pursued as an option of last resort rather than entrepreneurialism.
- The quality of local governance was also identified as a weakness at the workshops. National Park planning policies were perceived to constrain business development, but more importantly, an implicit lack of confidence and aspiration in the county as a whole is crystallised in limited institutional vision and decision-making capacity. While the planning

process is acknowledged to conform to statutory requirements, the absence of a clear, ambitious and visionary strategy, at least one which could attract consensus and develop engagement across the whole county, is perceived as a substantial constraint on economic progress.

Opportunities

- The opportunity to access a high quality of life could be used to attract workers in creative or knowledge-based activities, or attract returnees with business confidence and capital resources to establish new high value-added enterprises based on intellectual property development and exploitation (given appropriate ICT infrastructure)

- Coastal locations with strong tidal flow, and sites suitable for wave power, coupled with the availability of the high-voltage power transmission link to the rest of the country and the existing skills and capacity in the county's energy sector, give the area potential as a marine energy centre.

- The tourism-related sectors (accommodation, food service, and cultural/leisure facilities) are strongly-concentrated in Pembrokeshire and are also growing in the country as a whole. Increased volume provides the key to establishing a virtuous circle of new investment, greater diversity and improved quality. There is an opportunity to maintain their growth provided Pembrokeshire can sustain its competitive advantage, which requires:

  - A labour force, with the appropriate skills, that can physically access job opportunities

  - Marketing of Pembrokeshire as a tourist destination

  - Diversification of offer –e.g. wet weather facilities, included disability tourism, gastronomy, and mental and physical health and wellbeing based on proximity to nature and open spaces.

- Further opportunities were identified through creating links between tourism and another major sector, food production. The scope for integration could be enhanced by attracting endorsement of the quality and interest of food produced locally from a personality chef, as has been achieved in Cornwall and other similar locations. Equally, there are opportunities to identify and promote local heroes whose expertise, for example in traditional bed and breakfast catering, compares favourably to much more expensive provision in luxury hotels. The accrual of expertise in tourism development, particularly low impact and participatory forms of the sector, provides an opportunity to develop consultancy and training services.

- The dispersed nature of Pembrokeshire's population and job opportunities makes it difficult for sustainable growth to take place. One approach to ameliorate this is to support local development to stimulate jobs growth in sectors where Pembrokeshire has a competitive advantage, in locations where network effects can take place, coupled with appropriate local residential development. The Milford Dock Master Plan provides one such opportunity to provide a cluster of employment and housing in a single area – it would also act to ameliorate its "physical environment" deprivation.

- There are opportunities to strengthen local education and employment opportunities by partnering with other institutions. Pembrokeshire College already offers degree courses in partnership with Swansea University and University of Wales, Trinity St David, and there are links with Swansea University at the Pembrokeshire Science and Technology Park and Bridge Innovation Centre). This acts to address at least 3 of Pembrokeshire's weaknesses – difficulty retaining young people, low employment in professional, scientific, and technical occupations, and a perceived lack of a culture of innovation.

- Strategic moves towards a knowledge and research driven economy widen the range of available opportunities for investment assistance, in particular through ERDF funding, which allocates significant portions to West Wales and the Valleys.

- The recent drive to expand renewable and marine energy in Pembrokeshire presents new employment opportunities for local residents, many of whom were affected by recent losses in the traditional energy sector. There is a clear rationale for continuing and expanding retraining and skills transfer programmes such as the Energy Sector Training initiatives offered at Pembrokeshire College.

- Although the higher education presence in Pembrokeshire is relatively limited - i.e. Swansea University's links with the Bridge Innovation Centreand franchised offerings at Pembrokeshire College - there are opportunities for funded research elsewhere. In particular, Marine Energy Pembrokeshire has highlighted a number of energy research opportunities in line with the EU's Horizon 2020 innovation and R&D funding programme.

- Pembrokeshire's population profile is older than the Welsh average and more likely to possess degree-level qualifications. Every effort should be taken to help access and disseminate their skills and experience through networking and community engagement, including people who have retired, in order to optimise human resource utilisation.
- As a remote, rural economy, Pembrokeshire could benefit from 'relocalisation' initiatives to reduce the environmental impact of business by organising, for example, micro-deliveries using ICT and spare capacity in taxi services, developing small scale food processing to manufacture distinctive products and developing lifestyles compatible with this ethos to add further green credentials to Pembrokeshire along with its emerging renewable energy industry.
- Workshop participants identified a degree of resilience acquired from experience of numerous major economic shocks as a particular strength of Pembrokeshire. The recent public sector cuts and the closure of the Murco refinery do offer opportunities for companies to recruit skilled workers in an otherwise tight labour market. The Murco closure presents an opportunity for the Welsh government to invest in supporting skills transfer to renewable energy. Strategic stakeholders expressed some concern over the long-term sustainability of other refineries, and suggested that investment in the transfer of skills should happen sooner rather than later.

Threats

- Large concentrations of Pembrokeshire's employment are directly or indirectly connected with the public sector or public subsidies, including public administration, health, education, and agriculture. The public sector is particularly heavily concentrated in Haverfordwest. Any retrenchment of public funding or relocation of activities would have a major impact on employment opportunities in the county.
- Paradoxically, improved road communications are leading to diminishing local commercial activity in some areas, in the context of a global trend towards centralisation and outsourcing.
- Businesses are more concerned by the state of the general economy (economic/market uncertainty in particular) than any other specific

constraint. Access to markets/clients and access to finance are the next most commonly-mentioned constraints. Action to remedy these specific constraints would boost confidence about the economic situation.

- Business taxation, particularly uniform business rates which are based on standard values, adds to the difficulties of sustaining business in a relatively unfriendly market environment. Rising quality expectations in external markets are becoming increasingly difficult to attain, particularly with limited training provision.
- Pembrokeshire's energy sector employment is currently concentrated in a small number of large companies. This leaves Pembrokeshire vulnerable to the possibility of losing large numbers of jobs at once, as the recent Murco closure demonstrates (however, there is an associated opportunity for retraining into growth sectors – see "opportunities" above).
- A further threat is the interdependence of multiple small weaknesses into systemic failures: there is a need "to fix everything at once" because of the cumulative impacts this causes and, realistically, there are too few resources and too little time to accomplish this.

8.2 Recommendations

A set of priority recommendations, based on the SWOT analysis and also direct feedback from stakeholders and workshop attendees, is presented below.

- Transport and infrastructure improvements.
  - Road improvements to alleviate congestion and problems of road quality, including conversions to dual carriageways.
  - More regular public transport, including bus services to outlying villages to suit 9-5 workers, better rail links (to Haverfordwest and Fishguard in particular), and easier connection to First Great Western services to Swansea, Cardiff, London and the English rail network.
  - Local targeting of transport improvements on growth and redevelopment areas so as to provide a more accessible labour market to areas where new job opportunities are emerging.
  - Ensure that broadband (high-speed in towns) is rolled out to permit business-to-business connectivity and the possibility of home working.

- Business development / planning
    - Consider lowering business rates[18] or introducing rate relief for SMEs, key sectors (including office uses), and key locations for sustainable development in conjunction with transport improvements.
    - Focus on specific locations and consider relaxing planning regulations to spur development.
    - Re-examine car parking policies for town centres.
    - Provide targeted financial support or grants – to reduce costs in general, but specifically to improve image and premises condition to meet business needs.
    - Investigate the possible establishment of a tailored local source of venture capital to address shortages of capital to support enterprise
- Improvements in training/skills.
    - Encourage the education sector to provide young people with skills relevant to the local area and its growth sectors, particularly in areas of education deprivation (Milford Haven, Pembroke Dock).
    - Continue and expand physical and virtual partnerships with universities (Swansea, Trinity St David).
    - Include business/career education at school and college level so that entrepreneurial students may be attracted to set up in business in their home towns even if they leave the area for university.
- Engagement and future strategic development.
    - Continue the process of public engagement with economic strategy development, as with the business survey and workshops carried out for this project, and consider expanding to include further and more influential engagement through collaborative initiatives and decision making processes.
    - Conduct mapping exercises to pinpoint resources and demands which may benefit from "relocalisation" strategies (initially for food) such as local microdeliveries.

[18] Business rates were fully devolved to the Welsh Government in April 2015 and the Welsh Government has confirmed the Small Business Rate Relief Scheme will be extended for the financial year 2015-16.

- Monitor economic indicators which are regularly available and sufficiently robust to discern trends at the level of the County, such as:
  - Business Register Employment Survey – employment by broad sector
  - Annual Population Survey – economic activity and employment/unemployment rates, occupations, qualification levels
  - Mid-Year Population Estimates and Subnational Population Forecasts – population and migration by age, and forecast future demands on services
  - Welsh Index of Multiple Deprivation (irregularly updated)