

WELL-BEING ASSESSMENT BRIEFING DOCUMENT: ECONOMY

1. Introduction

Through the Understanding Our Communities project, public services are gaining a better understanding of the good things about communities, what matters to people and how their experiences and what they have to offer can help us to plan and provide services.

The Well-being of Future Generations (Wales) Act 2015 has been put in place to make sure that public services are doing all that they can to improve the cultural, economic, environmental and social well-being of people and communities, and working in ways that will help to create a Wales we want to live in, now and in the future.

The Act means that public services will have to:

- Think about the long term;
- Look to prevent problems;
- Look to contribute towards the Act's seven well-being goals in all that they do;
- Work better with each other; and
- Work better with people and communities.

Under this Act, public services must carry out and publish a Well-being Assessment, which looks at the state of well-being of people in the area, people within specific communities within that area and think about what this picture is likely to look like in the future.

The Well-being Assessment will connect the environment in which we live, the economy in which we work, the society which we enjoy and the cultures that we share, to people and their quality of life. It is important to understand how these different elements of well-being relate to peoples' lived experiences in your locality and different communities in your area.

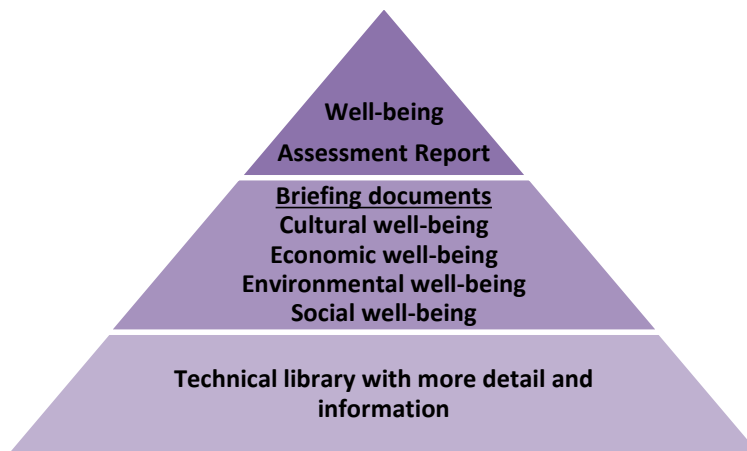
In Cwm Taf, we have been collecting information for the Well-being Assessment, from the people making policy and commissioning decisions about services, the people delivering services and the people receiving services.

We then spent some time, talking with these people about the headlines that emerged under each theme, thinking about how they affect well-being and what the impact is likely to be on communities, now and in the future.

A summary of the headlines relating to economic well-being are contained in this document. The document shows both how each headline relates to well-being and how economic well-being relates to the other well-being themes.

The headline information across all themes of well-being is reported in the overall Cwm Taf Well-being Assessment. Each level of this Assessment is supported by a more detailed level of data and information. All of the information gathered throughout the project to inform these headlines will also be available in an online library.

Figure 1: Structure of Cwm Taf Well-being Assessment



2. Economic well-being

The well-being goal, a prosperous Wales describes well-being as "an innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work".

What the term "economic well-being" means to local people in Cwm Taf is to have a job and to have money. People's skills and knowledge can influence their

opportunities for employment, which in turn enables them to generate wealth. Generating wealth is important because money is essential to life¹.

Dodge *et al.* (2012) propose a definition of well-being as "the balance point between an individual's resource pool and the challenges faced". Individual differences in a person's ability to generate wealth are reflected in the challenges faced by people living in Cwm Taf.

3. Headlines

Growing a resilient local economy that recognises the limits of the global environment.

In common with other developed countries, Wales has a higher consumption rate of key natural resources than the global average and a higher carbon footprint. Food, housing energy consumption and private travel are dominant contributors to our ecological footprint. Road transport and domestic consumption of electricity and gas² contributes most to our carbon footprint.

A key challenge is to create a long-term state where we shift towards the sustainable production and provision of essential goods and services that all people can access. These essential goods and services are quality food, sustainable transport and decent housing, in combination with amenities for people to participate in activities (such as access to attractive neighbourhoods and open spaces).

Our communities spoke of physical regeneration as a tool to create a place that attracts investment and business³. This has the potential to develop resilience through sustainable urban planning in combination with the development of green infrastructure⁴ to improve the conditions for local residents and businesses.

What residents feel is essential for their current and future economic well-being was considered in conversation. During this conversation older people tended to express a belief that, whilst they may struggle they were in a relatively strong position compared to young people, where their perception was that "things will only get worse for future generations, the young people are the ones that will really feel the impact of the cuts" (Whealle, 2016).

¹ [Cwm Taf Engagement Hub \(2016\)](#)

² NAEI (2016) [Local authority CO₂ interactive maps](#) (2014)

³ [Cwm Taf Engagement Hub \(2016\)](#)

⁴ Wildlife Trust Wales (2016) [Green Infrastructure](#)

How does this headline impact on well-being?

If we could build our local economy based on a foundation of sustainable urban planning and green infrastructure, we will likely create conditions that are attractive to business investors, visitors and local residents alike.

What are the risks of not maintaining or improving well-being in relation to this headline?

The natural environment is a core foundation of our economy. Local development plans and planning policies determine how land can be used within a local authority's boundary. We need to ensure that local development plans focus on the positive use of the natural environment through sustainable urban planning and the principles of green infrastructure to support the growth of a resilient local economy.

In addition to an economy that recognises the contribution of paid employment⁵ to well-being is the contribution of unpaid or voluntary work. Volunteering has a non-monetary contribution to the economy that is "vital to charities and civil society, it helps to strengthen local communities, and improves the well-being of individuals who participate" and because this contribution is rarely assessed in monetary terms, there is a risk that we undervalue and under-invest in policies that promote volunteering" (Fujiwara *et al.* 2013).

Economic growth and the creation of new jobs have the potential to reduce spending on welfare. Beatty and Fothergill (2014) estimate the welfare reforms to disproportionately affect people living in Merthyr Tydfil and Rhondda Cynon Taff. They estimate an average reduction of £720 per year per working age adult in Merthyr Tydfil and £670 in Rhondda Cynon Taff. Both areas are higher than Wales (£550) and GB (£470)⁶. The worst affected communities are Maerdy and Pen-y-waun in Rhondda Cynon Taff and Gurnos in Merthyr Tydfil, where the estimated loss is expected to average more than £1000 per year. We can expect this loss of benefits to have a negative impact on consumer spending.

What additional information would help in relation to this headline?

We have only limited information on how the different elements of well-being relate to people in different community areas in Cwm Taf.

An unknown dimension is Brexit. Until the UK Government sets out and confirms its position with the European Union the potential impact on different communities and

⁵ See headline 3.3

⁶ See the [REPORT](#) for full details on the impact of the welfare reforms at ward level across the Valleys.

communities of interest across Cwm Taf will remain an unknown factor. However, we can assume a negative impact on less prosperous areas in Wales because they have retained entitlement to the highest level of regional aid from the European Union (Beatty and Fothergill, 2014), which is unlikely to continue.

We are unaware of how businesses in Cwm Taf see their role or contribution to improving people's well-being. We would like to explore this area of well-being with businesses in Cwm Taf in the future.

The Cwm Taf local authorities are part of the Cardiff Capital Region City Deal. The deal was signed in March 2016 and aims to unlock economic growth across the Cardiff Capital Region; however, there is limited information on the overall economic outcomes they want to achieve or the expected impact on well-being.

The information used to reflect on a low carbon economy focused on the end-user as emissions data. What we don't know is the potential impact of small scale energy efficiency measures on our carbon footprint balanced against a shift in national production using sustainable fuels (solar, wind, water and tidal power).

The term "innovative" is used in the well-being goal "a prosperous Wales" to address society but we have little information on what an innovative society looks like. This is something we need to know in the future.

The impact of crime on the growth of a resilient local economy, and considering the findings of the Home Office Organised Crime Procurement Pilots in the context of Cwm Taf.

People spoke anecdotally on the positive and negative impacts of retail park developments and their influence on town centres. It would help to explore the positive and negative perspectives in light of the high commercial vacancy rates in town centres, with specific reference to Cwm Taf areas.

The role of tourism and visitors to the local economy is already identified in the Destination Management Plans for Rhondda Cynon Taff and Merthyr Tydfil. We need to know how these plans connect to the different areas of well-being to promote and enhance areas so they are attractive for visitors.

Helping the movement of people throughout Cwm Taf.

The geographical landscape of Cwm Taf has meant that the dominant transport routes follow the valley topography on a north south direction to Cardiff, making east west journeys longer and more difficult. Transport and transport costs as a

barrier to accessing work is a consistent message from conversations with local people, with some speaking of being in "travel poverty".

In terms of connectivity, Merthyr Tydfil is a more compact local authority with shorter distances to travel within its boundaries when compared to Rhondda Cynon Taff, where travel distances are longer. The average distance travelled by employed people in Merthyr Tydfil (15.5km) is shorter than Rhondda Cynon Taff (16.3km) and Wales (16.7km).

In Merthyr Tydfil, 44 percent of employed people travel less than 5km to work.

In Rhondda Cynon Taff, 44 percent of employed people travel less than 10km to work.

In terms of public transport, people in Cwm Taf identified the cost of transport as an issue, and also commented that transport links could be improved especially to for example hospitals⁷. There was a belief among people in Merthyr Tydfil that expensive and inflexible public transport prevents them from travelling further afield for work. They see vehicle ownership as an essential commodity, particularly when used to support access to work or training, saying "I found a job, but I couldn't get there, the transport just didn't work out."

How does this headline impact on well-being?

If we could improve community connectivity through the availability of sustainable transport infrastructure across Cwm Taf, we will likely create conditions that help remove barriers and facilitate the movement of people.

What are the risks of not maintaining or improving well-being in relation to this headline?

Community connectivity needs to extend beyond the main arterial routes into the peripheral communities. Opportunities for extensive green infrastructure networks that support active travel can help enhance biodiversity and allow people and wildlife to travel through urban areas.

Local conversations revealed that people identify the car, bus or train as primary modes of transport. When thinking about transport, there were few references to cycling and walking as viable options. People did not place significance on active travel as a viable option, which may mean that active travel may be difficult to

⁷ [Cwm Taf Engagement Hub \(2016\)](#)

present as an alternative without first changing people's perception and removing barriers.

Improving public transport options and availability may permit more individuals and families to become independent and enhancing mobility for those without access to a personal vehicle. Currently there is limited bus service availability in Merthyr Tydfil after 6pm or on Sundays (apart from routes to Cardiff)⁸.

People in decent work improving their overall wealth.

The rate of in-work poverty is the most distinctive characteristic of poverty today with work not always being an opportunity to improve overall wealth (JRF, 2012). The JRF (2016) has found that a record high of 55 percent of people in poverty are in working households. The need for decent work to mean "well paid jobs" is important if work is to be a route to improve overall wealth. The hourly rate of pay shows that, people who work in Merthyr Tydfil are more likely to have lower paid work and accumulate financial earnings more slowly than people in Rhondda Cynon Taff or Wales.

In conjunction, a national conversation summarised by JRF (2016) highlights "too often, people's experiences of trying to get out of poverty tell a story of barriers and traps, rather than routes out". This echoes the challenges experienced by unemployed people in Cwm Taf, who spoke of insufficient employment opportunities⁹ and numerous barriers to employment, particularly the lack of useful support or guidance (Whealle, 2016).

The employment rate in Cwm Taf is growing and long-term unemployment (over 12 months) is reducing; however, levels for adults and young people remain worse than Wales. The challenge in Cwm Taf is to help people develop their resources (skills, knowledge etc.) and tackle the barriers they experience so they can enter into decent employment.

Employment and overall wealth impacts on well-being because there is a positive relationship between wealth, income and a person's well-being (ONS, 2015). This is particularly true when considering the impact of long-term unemployment (over 12 months) on an individual's well-being, where "generally, long-term unemployment adversely affects people's mental and physical well-being and it is one of the most significant causes of poverty for their households" (Pentrogolo, 2014).

⁸ [Cwm Taf Engagement Hub \(2016\)](#)

⁹ [Cwm Taf Engagement Hub \(2016\)](#) and Whealle (2016)

How does this headline impact on well-being?

If we can remove barriers to employment, in particular long-term unemployment, and develop decent employment opportunities in Cwm Taf, we will likely have a positive effect on an individual's ability to generate wealth, increasing levels of life satisfaction, sense of worth and happiness while at the same time, decreasing levels of anxiety.

What are the risks of not maintaining or improving well-being in relation to this headline?

It must pay to go to work. When factors like low wages, expenses for childcare, travel and transport are considered, people can be better off when not employed. You can be working and living in poverty and you can be on benefits and have enough money for everything you need and more. The economy needs to work for low income families and it needs to ensure employment is good enough to improve families' financial circumstances. If not, in-work poverty will continue to grow.

The voluntary Living Wage offers an option to pay employees a minimum hourly rate that provides a modest but acceptable standard of living, which is higher than the National Living Wage¹⁰. The Bevan Foundation (2016) summarise the benefits of the Living Wage as not just financial; being paid a Living Wage improves family life and individual well-being and choices.

The pathway to employment begins at birth¹¹ and progresses through to adulthood. There are numerous new and existing programmes¹² and projects¹³ delivering services to support working age adults improve their employment prospects across Cwm Taf. We need to work together to ensure that these programmes and projects maximise their impact by integrating their objectives.

What additional information would help in relation to this headline?

The term "decent" is used in the well-being goal "a prosperous Wales" to address work but is ambiguous, so we need to know what decent work looks like. This report assumes that decent means "well paid" but this would need to be confirmed in the future.

¹⁰ The Bevan Foundation explored the potential consequences of the Living Wage, gathering employers', trade unions' and other campaigners' experiences and understanding of the voluntary Living Wage initiative. Explore their findings for [Merthyr Tydfil](#) and [Wales](#) from their published materials.

¹¹ Education from early years to adulthood is explored under the skills and qualifications headline

¹² National programmes like Communities First, Families First, Supporting People and Flying Start

¹³ European funded projects like Communities 4 Work, Bridges into Work 2 and Working Skills for Adults 2

The Cardiff Capital Region City Deal expresses an expectation to increase the number of people moving into employment (including those that have been out of work for a long time) across Cwm Taf. We have an expectation that the Cardiff Capital Region Skills and Employment Board will provide clear details in the future of how it will achieve this.

The role of tourism and visitors to the local economy is identified earlier but we need to understand the local impact of the tourist industry on an employee's earning potential.

Currently parents of 3 and 4 years olds can access early education for at least 10 hours a week during school term time. However, we need to know how the government will deliver its commitment of 30 hours per week of free childcare 48 weeks of the year for working parents of 3 and 4 year olds.

In conversation, the impact of volunteering as a pathway to work was seen as a significant and positive influencing factor. It would be useful to explore this more formally.

The level of childcare provision across Cwm Taf and how the intended provision of 30 hours a week of free early education and childcare for working parents of 3 and 4 year olds in Wales, for 48 weeks of the year, will be available for parents in Cwm Taf.

A future perspective.

Expand the organisations across Cwm Taf who commit to paying the voluntary Living Wage.

Organisations across Cwm Taf increase employment opportunities to reach an employment rate of 87.5 percent by 2036.

In the 20 years from now (2016) until 2036, it is estimated that approximately 30,000 people in Cwm Taf would need to enter into employment. This means filling existing and creating new jobs so unemployed people and people new to the employment market can secure employment in the Cwm Taf region, all while those currently in employment are able to continue to be employed. This equates to 22,000 people gaining employment in Rhondda Cynon Taff and 8,000 people gaining employment in Merthyr Tydfil.

People gaining new skills and qualifications to tackle the challenges they face.

A focus of the well-being goal "a prosperous Wales" is to develop human capital¹⁴ within the population. Education and lifelong learning are primary sources of development for human capital. The ONS (2012) found "overwhelming evidence that children's life chances are most heavily predicted on their development in the first five years of life. It is family background, parental education, good parenting and the opportunities for learning and development in those crucial years that together matter more to children than money, in determining whether their potential is realised in adult life."

In Cwm Taf, educational attainment among pupils is increasing and more people are gaining qualifications; however, overall attainment and qualification levels remain below Wales. Children growing up in poorer families¹⁵ leave school with lower levels of educational attainment, which is major factor contributing to patterns of social mobility (JRF, 2012). The free school meals gap is reducing in Merthyr Tydfil but increasing in Rhondda Cynon Taff in a number of key stages.

Across Cwm Taf, the range of children who are more likely to leave school facing greater challenges because of lower attainment extends to children looked after, Special Educational Needs and White British groups.

The PISA¹⁶ 2015 results highlight a wider challenge for Wales as a contributor to the global labour market. Jerrim and Shure (2016) summarise the change in Wales since 2006, where:

- There has been a statistically significant decline in the average PISA science score;
- There is little evidence of a sustained change in average PISA mathematics scores;
- There has been no statistically significant change in the average PISA reading score.

¹⁴ Organisation for Economic Cooperation and Development ([OECD](#)), defines human capital as the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being (OECD 2001).

¹⁵ Free school meal status when used as a proxy for socio-economic status should be treated with caution ([Hobbs and Vignoles, 2007](#)).

¹⁶ [The Programme for International Student Assessment \(PISA\)](#), led by the Organisation for Economic Co-operation and Development (OECD), provides evidence on how the achievement and abilities of 15-year-olds varies across participating countries.

Jerrim and Shure (2016) also highlight that only 6 percent of the variation in how Welsh students are performing can be put down to their socio-economic background, in the other UK nations, 11 percent of the variation can be explained by socio-economic background.

Education and helping people to develop life skills such as budgeting, was highlighted as important because of the particular challenges many people faced in Cwm Taf. Parents taking responsibility in conjunction with schools was important, for example parents acknowledged the need for help where "if you're a parent who doesn't know how to budget yourself how are you going to help your children" (Whealle, 2016). This message is not restricted to budgeting and can translate across other skill deficits where parents and families do not have the confidence to develop.

The need to gain higher level skills represents a significant challenge in Cwm Taf. This is most evident to people furthest from the labour market, who talk about the need to develop life, literacy and numeracy skills just to enable them to meet everyday challenges (Whealle, 2016). Others spoke of skills development for people in and out of work, in particular communication skills¹⁷, because of the importance of continuous development, career progression and preparing for the jobs of the future.

This is important because predictions indicate that the majority of new jobs and vacancies will be in higher level occupations with individuals needing to gain higher level skills in order to access those jobs (Winkler, 2015).

How does this headline impact on well-being?

Improving skills and educating people has the potential to contribute positively to well-being because it helps an individual develop their resource pool (skills and knowledge) to meet the challenges they face.

"Higher levels of qualifications and continued formal and informal learning have been found to be associated with greater individual subjective well-being" (ONS, 2012).

What are the risks of not maintaining or improving well-being in relation to this headline?

People who report no educational qualifications are more likely to be in relative low income or economically inactive, with those who have a degree level or above least

¹⁷ [Cwm Taf Engagement Hub \(2016\)](#)

likely to be in relative income poverty (DWP, 2015). If we focus on improving people's skills, they will be able to meet more difficult challenges (Dodge *et al.* 2012).

In Wales, provision for early years' support is available across eligible areas in Cwm Taf from the Flying Start programme. This programme offers eligible parents free quality childcare for 2-3 year olds, parenting support, an enhanced health visitor service and support for speech, language and communication. The impact of this programme is the subject of [national evaluation](#); however, there were issues related to service access, with the geographical (postcode) approach to determine eligibility consistently criticised as "unfair" and viewed as "families who can pay for childcare themselves getting more help than me" (Whealle, 2016).

All pupils are taught literacy and numeracy skills in our schools and local authority anti-poverty programmes help co-ordinate essential skills provision for adults. Adult participants talk about the benefits of engaging in adult learning programmes to learn life skills (Whealle, 2016).

What additional information would help in relation to this headline?

We do not know what the specific skill requirements to focus on beyond the core skills of literacy, numeracy and digital literacy. We will have a better understanding of the future skill requirements through the development of local anti-poverty and economic strategies.

Since 2000, the European Union and the Welsh Government has funded employability programmes, investing in workforce and skill development across Cwm Taf. The complexity of withdrawal of European Union funding arrangements make additional information essential to understand the likely implications for future programmes of work.

Skills development is a component of each local authority's current anti-poverty programmes, with projects ranging from early years' development and family support to employment pathways. The current programmes are in flux through restructuring and aligning, which is a strategic issue that we will need to know the outcome of for future planning.

A future perspective

Organisations across Cwm Taf improve the skills of the working age population so only five percent are without a qualification by 2036.

In the 20 years from now (2016) until 2036, it is estimated that approximately 11,350 people in Cwm Taf would need to gain a qualification. This means increasing the skills held by the current workforce, and ensuring those who are new to the workforce have the necessary skills and qualifications. Equating to 8,135 people gaining a qualification in Rhondda Cynon Taff and 3,215 people gaining a qualification in Merthyr Tydfil.

Development that facilitates a growing local economy and recognises the limits of the global environment.

The places where we live have a significant impact on our well-being. Local development plans set out the land-use planning policies and proposals to determine developments and guide opportunities for investment and growth. These policies include land-use allocations for different types of development, for example housing, employment, retailing, education, open space etc. as well as criteria for assessing individual proposals.

The built and natural environment can have a profound effect on people's behaviour and opportunities (Pinoncely, 2016). People's health outcomes, education, employment prospects and opportunities to build wealth and improve well-being are significantly influenced both by their socio-economic status and where they live (Pinoncely, 2016). To grow a local economy, programmes should involve planning needs to encompass transport links, access to local services and amenities, and safer communities (Pinoncely, 2016), all of which are important to create conditions that are attractive to business investors, visitors and local residents alike.

In Cwm Taf, the Welsh Index of Multiple Deprivation (housing domain) identifies several areas¹⁸ that experience significant levels of housing deprivation. These areas present a particular challenge as Wilkinson (1999) summarises years of research evidence to show the associations between housing and health, which supports the argument that good quality housing has a role to play in both physical and mental health. Opportunities exist to improve mental health through targeted regeneration in deprived neighbourhoods (White *et al.*, in press).

People who live in households owned outright or being bought with a mortgage or loan have significantly higher well-being than those who live in rented or paid part rent/part mortgage households¹⁹. In Cwm Taf the average home is more affordable

¹⁸ Merthyr Tydfil (Town 1, Penydarren 1, Park 3, Merthyr Vale 2 and Gurnos 3)
Rhondda Cynon Taf (Mountain Ash West 2, Rhydfelen Central / Llan 2)

¹⁹ This is part of [Measuring National Well-being](#), Personal Well-being in the UK, 2014/15 release by the Office of National Statistics 23 September 2015.

than Wales; however, affordability can still be a key issue for people given lower wages, particularly in Merthyr Tydfil, and mortgage affordability.

How does this headline impact on well-being?

Connecting development and regeneration approaches that strengthen both the natural and the built environment will likely enhance economic, social, environmental and cultural well-being in our communities.

What are the risks of not maintaining or improving well-being in relation to this headline?

The spatial distribution and phasing of new housing development must be considered carefully to ensure that it is viable and to ensure that existing infrastructure can cope, or that planned new infrastructure can be delivered to ensure communities remain sustainable. Without a local development plan there is likely to be a less coordinated approach to the delivery of new employment, housing and infrastructure across Cwm Taf.

What additional information would help in relation to this headline?

There is a significant range in the quality and energy efficiency of the housing stock across Cwm Taf. More detailed data would be useful to help develop a better understanding of property condition and the opportunities to improve.

4. Links to other well-being themes

Economic well-being does not stand alone and has many links with the other well-being themes.

In order to access employment and generate wealth participants in Welsh Government anti-poverty programmes cited the notion that it must pay to go to work, with factors such as expensive childcare and travel costs considered to be factors that mean "work doesn't pay" (Whealle, 2016).

The development of Green Infrastructure can positively impact tourism with increasing visitors (spend) and makes a local area more attractive to tourists, businesses and visitors.

Creating sustainable transport options provides health benefits by reducing the carbon impact of transport, which improves air quality. This can also encourage physical activity, to provide physical and mental health benefits.

The physical environment is a source of positive identity for people, having pride in their local area in terms of heritage and beauty. However, there was a dominant theme in conversation with people of all ages that more was needed to be done in order to keep the local area clean and tidy (Elliott *et al.* 2016). Clean and tidy green space has a contribution to improving physical and mental health, where people are more likely to maximise their use of the outdoors where it is looked after.

Exploring what value voluntary organisations and volunteers have to maintain and build cultural capital through grassroots projects like their contribution to preventative activities, health, crime, environmental quality and social cohesion. Where volunteers and community groups contribute to skills development and invest in or enhance local environmental capital.

The impact of crime and the fear of crime on people's well-being shows a statistically significant difference between victims and non-victims (ONS, 2015). Young people are more likely to be the victims of crime, as are those who are unemployed, living in urban areas or living in the 20 percent most deprived areas (ONS, 2015). While the impact of crime will be most prominent on the affected individual, communities are also affected by criminal activities.

What additional information would help in relation to all headlines?

The spatial mapping and combing of datasets across all areas of well-being to develop our understanding of small areas across Cwm Taf.