

Programme Intelligence Report

Thriving & Prosperous Economy (Updated 9th August 2016)

Workstream: Sustainable Employment

Promote entrepreneurship and innovation

Gross Value Added (GVA) for Cardiff and the Vale of Glamorgan in 2014 was £10,655m, representing 19.6% of the Wales total, while GVA per head (£22,107) exceeded the comparable figure for Wales (£17,573) but was below that of the UK (£24,616).¹

For 2015 the median gross weekly full-time earnings of those working in the local authority is £499.20; down 1.0% on the previous year². This is greater than the Welsh average (£473.40) but is just 94.6% of the UK figure (£527.70). The equivalent pay for full-time workers residing in Cardiff (£510.20) also exceeds the comparable figure for Wales (£484.40) but is only 96.7% of the UK median, although it has increased by 2.8% over the year.

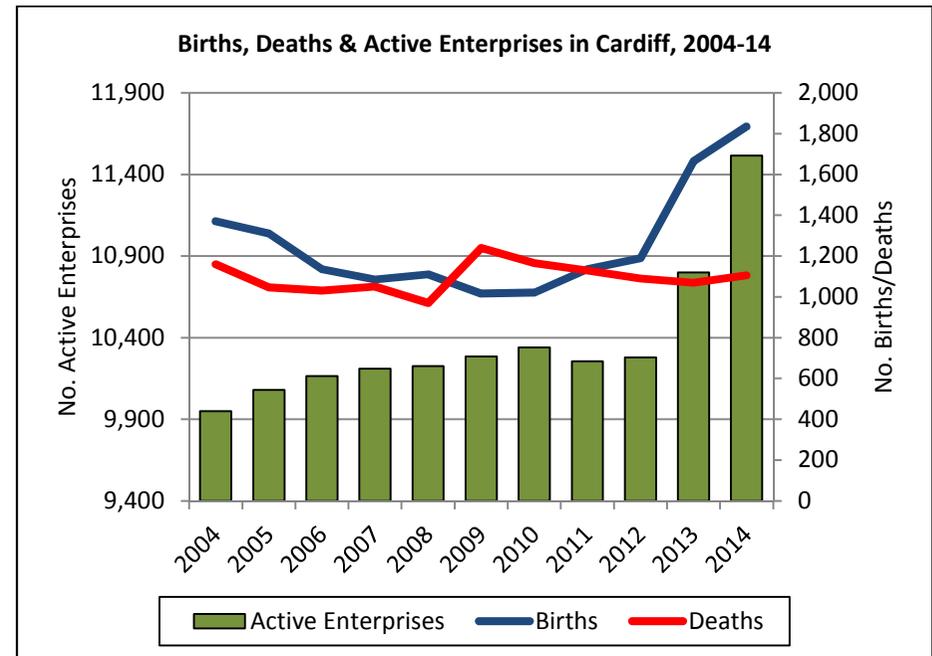
There were 11,515 active enterprises in Cardiff in 2014; the largest figure since records began in 2004. This represented an increase of 6.6% over the year, which was also the greatest annual growth rate in Cardiff over the period, and compared to a 3.0% rise across the whole of Wales³.

¹ Office for National Statistics (ONS), Income Approach. These figures are provisional. UK figure excludes Extra-Regio and statistical discrepancy.

² Annual Survey of Hours & Earnings (ASHE) 2015, ONS (provisional figures)

³ Business Demography, ONS. Numbers are rounded to the nearest five. Percentages have been calculated using these rounded figures.

When compared with the other core cities, it can be seen that only Manchester (9.2%) saw a larger expansion in active enterprises over the year.

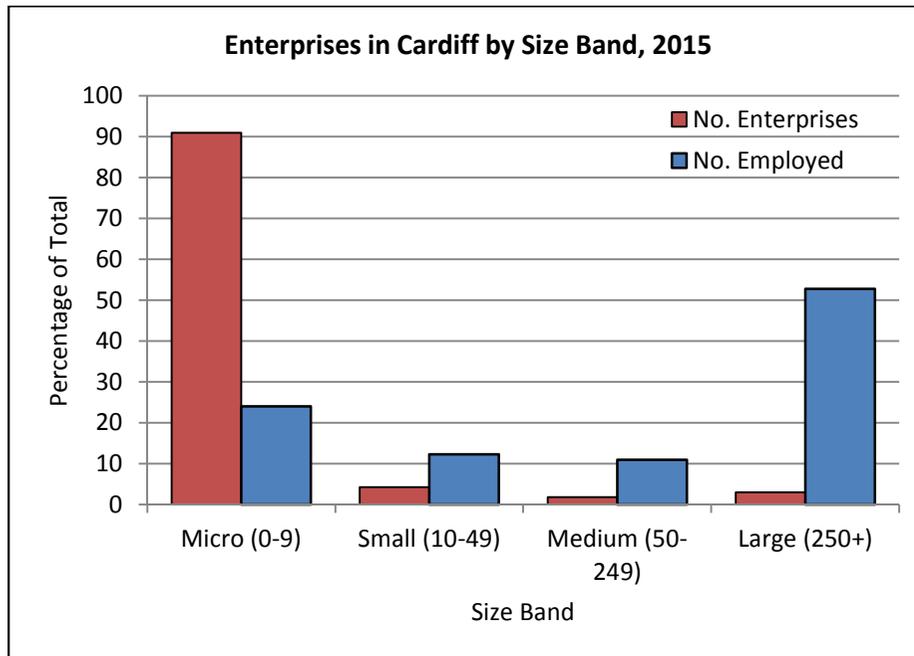


Source: Business Demography, ONS

The number of newly born enterprises generally followed a downward trend between 2004 and 2009, but has recovered since this time, reaching a total of 1,835 in 2014; again the largest figure since records began in 2004.

Unsurprisingly, the number of deaths increased sharply immediately following the onset of the recession in 2008, and

in 2009 and 2010 exceeded the number of births in the area. However, since 2009 this figure has fallen back and in 2011 had again been overtaken by the number of births. In 2014, 1,105 enterprises ceased trading, including 7.2% of businesses that were set up in the previous year. This compared poorly with Wales (6.4%), as well as the UK (6.5%) and the majority of the other core cities; only being exceeded by Newcastle upon Tyne (7.5%) and the City of Bristol (7.6%).



Source: Welsh Government

In 2015 over nine-tenths (91.0%) of enterprises in Cardiff had 0-9 employees but they employed less than a quarter (24.0%) of the workforce and were only responsible for 11.8% of the turnover. In comparison, 94.7% of enterprises in Wales fell into this size band, accounting for more than a third (34.0%) of the labour force and 14.4% of turnover.

More than half (52.8%) of the local authority's workforce were employed in large enterprises (250+ employees), despite this size band only accounting for 3.0% of all enterprises in the area, with them responsible for 70.3% of turnover. In Wales, just 0.7% of enterprises were of this size, employing less than two-fifths (38.1%) of the workforce and accountable for 63.2% of turnover.

Meanwhile, in 2015, 1.4% of Cardiff's enterprises were non-UK owned with these businesses accounting for 14.0% of those employed in the local authority. Across Wales, 0.5% of enterprises were non-UK owned with them employing 13.8% of the workforce. This shows that the number of people employed by a non-UK enterprise in Cardiff (58 employees per enterprise) is, on average, much lower than for Wales as a whole (134 employees per enterprise).

Promote the development of key economic sectors

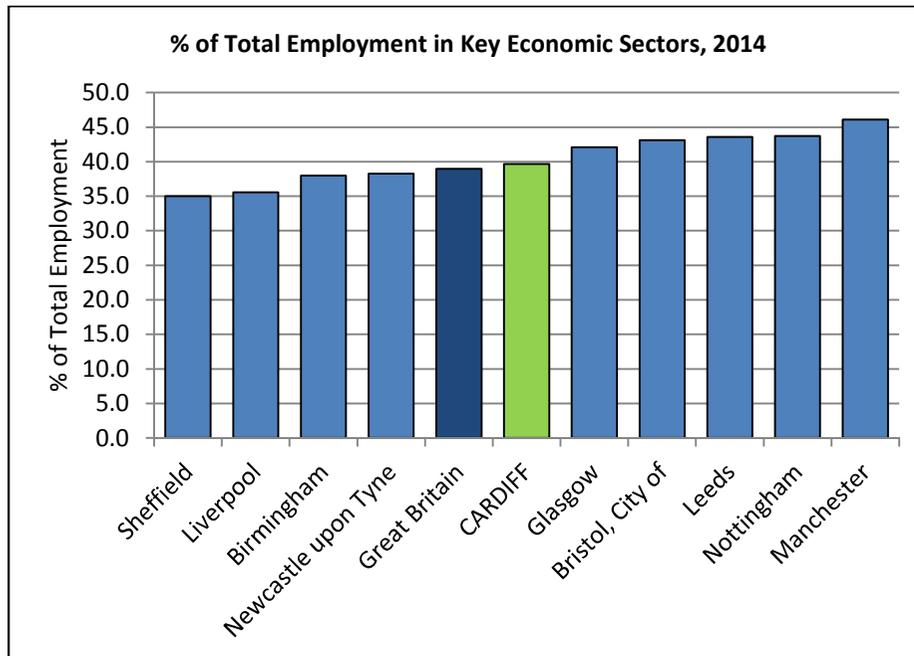
The total number of people in employment in Cardiff is 200,400⁴ with more than three-quarters (77.7%) of these working in the private sector. Across the core cities, the proportion working in the private sector ranges from just 72.7% in Newcastle upon Tyne to over four-fifths (81.6%) in Leeds. The figure for Great Britain as a whole is 82.4%.

It is estimated that almost two-fifths (39.7%) of those working in the local authority are employed in Cardiff's key economic sectors⁵ (i.e. Financial & Business Services, Sustainable

⁴ Business Register & Employment Survey (BRES) 2014, ONS. This figure excludes farm agriculture (SIC subclass 01000). Numbers have been rounded to the nearest hundred.

⁵ SIC (2007) codes used are from the Welsh Government 2015 Priority Sector definitions (<http://gov.wales/docs/statistics/2015/150825-priority-sector-statistics-2015-en.xlsx>). Financial & Business Services and Sustainable Tourism have been

Tourism, ICT, Creative Industries, Life Sciences, and Advanced Materials & Manufacturing). Of the core cities, this is below the equivalent figures for Manchester (46.1%), Nottingham (43.7%), Leeds (43.6%), the City of Bristol (43.1%), and Glasgow (42.1%). However, it is greater than the proportions for Sheffield (35.0%), Liverpool (35.6%), Birmingham (38.0%), and Newcastle upon Tyne (38.3%), as well as Great Britain as a whole (39.0%).

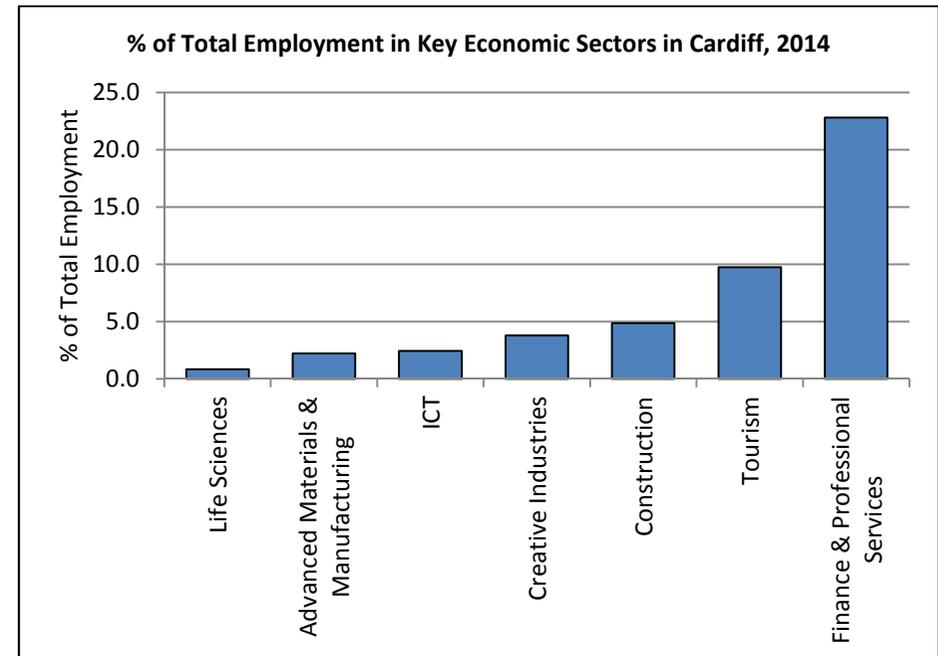


Source: Business Register & Employment Survey 2014, Nomis, ONS

In addition, 4.9% (9,700 people) work in Construction, which has been identified as an important target sector for the future within Cardiff given its role in facilitating growth in the city.

matched to WG's Finance & Professional Services and Tourism sectors respectively. NB. Some SIC codes are included in more than one sector. NB. Those who carried out the original collection and analysis of the BRES data bear no responsibility for the further analysis or interpretation.

This exceeds the proportions seen in all but one of the other core cities, with Leeds (5.0%) being the only exception.



Source: Business Register & Employment Survey 2014, Nomis, ONS

The largest of the key economic sectors in Cardiff is Financial & Business Services with 45,700 employees, representing 22.8% of the local authority's workforce. This is followed by the Sustainable Tourism sector, which accounts for 19,500 workers or 9.7% of total employment.

Meanwhile, ICT employs 4,900 people or 2.4% of the labour force, 4,500 (2.2%) work in Advanced Materials & Manufacturing, and 1,700 (0.8%) are in the Life Sciences sector.

In addition, 7,600 people are employed in Creative Industries, representing 3.8% of the workforce. However, this should

increase in the near future following the opening, in autumn 2014, of the new 32,000 sq ft GloWorks centre for creative industries in Cardiff Bay.

Improve local competitiveness by developing workforce skills

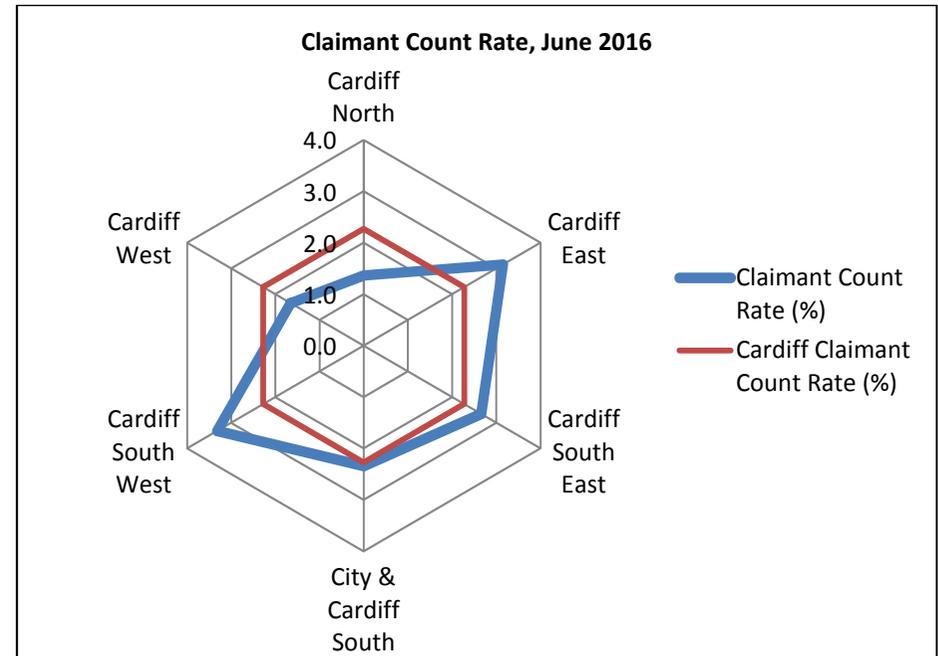
The 2013 UK Competitiveness Index report⁶, produced by the Centre for International Competitiveness, benchmarks the competitiveness of cities and local areas in Britain, using a wide range of economic input and output data, including business start-up rates, the proportion of knowledge-based businesses and gross value added per head.

As expected, Cardiff is the highest placed Welsh city although it ranks as just the 24th most competitive city in the UK, with a competitiveness score of 95.4% of the UK average base figure of 100. This represents a fall of seven places on its position in the 2010 index, when its competitiveness score was 99%.

In June 2016, the claimant count⁷ rate in Cardiff was 2.3% (5,495 people); down from 2.6% in June 2015 but above the all-Wales figure of 2.1%. Across the city only Cardiff North (1.4%) and Cardiff West (1.7%) had rates below the city average, although City & Cardiff South (2.3%) matched it. Cardiff South West (3.3%) and Cardiff East (3.1%), meanwhile, had the highest levels.

⁶ For more information see <http://www.cforic.org/pages/uk-competitiveness.php>

⁷ The Claimant Count measures the number of people claiming benefit principally for the reason of being unemployed.

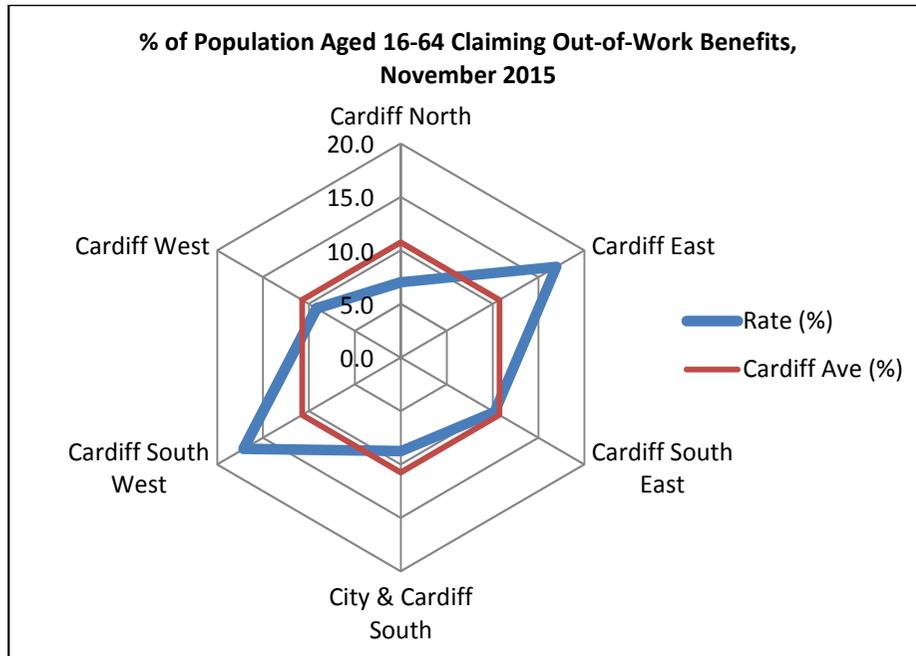


Source: Claimant Count, Nomis/ Mid-Year Population Estimates, ONS⁸

In November 2015, 10.8% of those aged 16-64 in Cardiff were claiming out-of-work benefits⁹, down from 11.4% in November 2014 and below the figure for the whole of Wales (11.8%). However, in Cardiff South West (17.1%) and Cardiff East (16.9%) more than a sixth of 16-64 year olds were claiming benefits of this type. In contrast, this figure was just 7.0% in Cardiff North, and was also less than a tenth in City & Cardiff South (8.8%) and Cardiff West (9.2%).

⁸ Numbers of claimants used in the calculations had been rounded to the nearest five. NPA rates have been calculated using the population aged 16 to 64 from the 2014 mid-year population estimates. The Cardiff rate has been calculated using the 2015 mid-year population estimate.

⁹ Key out-of-work benefits includes the groups: job seekers, ESA and incapacity benefits, lone parents and others on income related benefits.



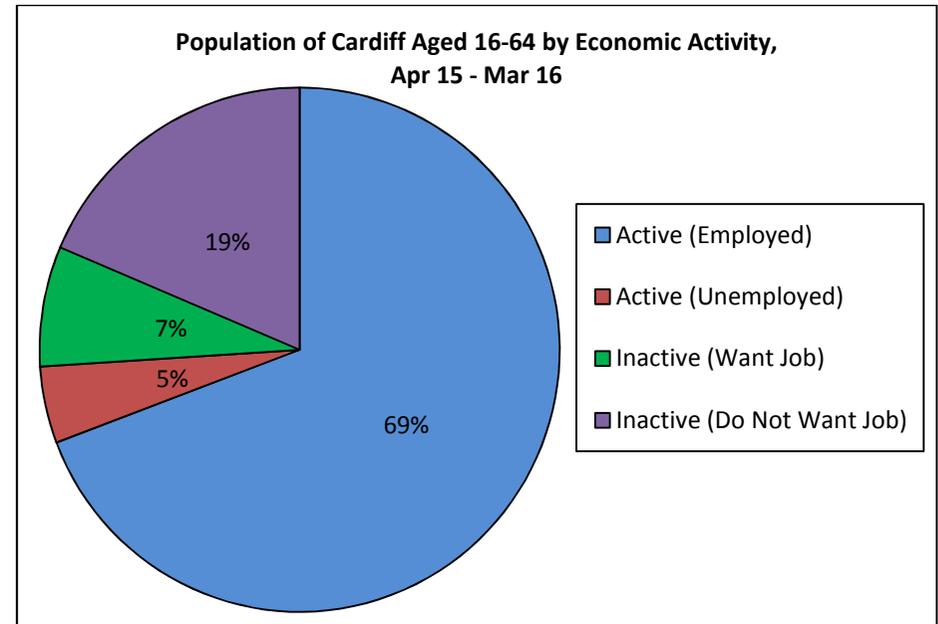
Source: DWP, Nomis/ 2014 Mid-Year Population Estimates, ONS

For the year ending March 2016, the employment rate for the population aged 16-64 in Cardiff (69.2%) was below the equivalent figure for Wales (71.1%). In addition, the unemployment rate¹⁰ was higher in Cardiff (6.7%)¹¹ than Wales (5.4%).

The economic activity rate for those aged 16-64 in Cardiff (74.0%) also compared poorly with the national average (75.3%). Of the 26.0% that were economically inactive in Cardiff, almost three-quarters (71.6%) did not want a job, compared to 73.5% for Wales. However, when students are excluded from calculation, Cardiff's economic inactivity rate (19.4%) falls below that of Wales (20.8%).

¹⁰ Calculated as a percentage of the economically active population aged 16+

¹¹ Model-based



Source: Annual Population Survey, Nomis

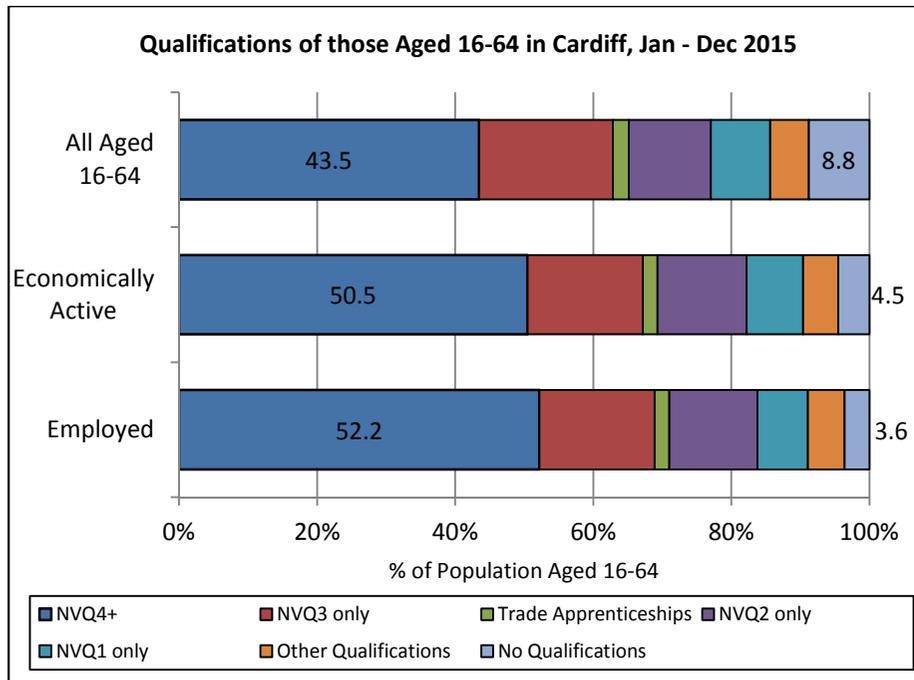
In terms of the reasons given for being economically inactive by those aged 16-64, over a third of the 62,600 people within this category were students (35.7%), while almost a quarter were long-term sick (24.3%) and 16.0% were looking after their family/home. A further 11.3% were retired, and 12.7% gave other reasons (including being temporary sick or discouraged).

The latest figures from the Annual Population survey showed that around a fifth (19.9%) of those aged 16-64 in Cardiff had received job-related training in the previous 13 weeks. For those working in the public sector this figure was 40.0%, compared to 30.0% for service industries, 23.3% for private industries, and 21.7% for those employed in production.

Job-related training was also more prevalent amongst the more qualified employees. Almost two-fifths (38.7%) of those

qualified to NVQ level 4 and above had received job-related training in the previous 13 weeks, compared with only a fifth of those qualified to NVQ level 3 and below (20.1%).

More than two-fifths of Cardiff's population aged 16-64 are qualified to level NVQ 4+ (43.5%), compared to 33.7% for all of Wales. This figure rises to more than half for those that are economically active (50.5%) and those that are in employment (52.2%).

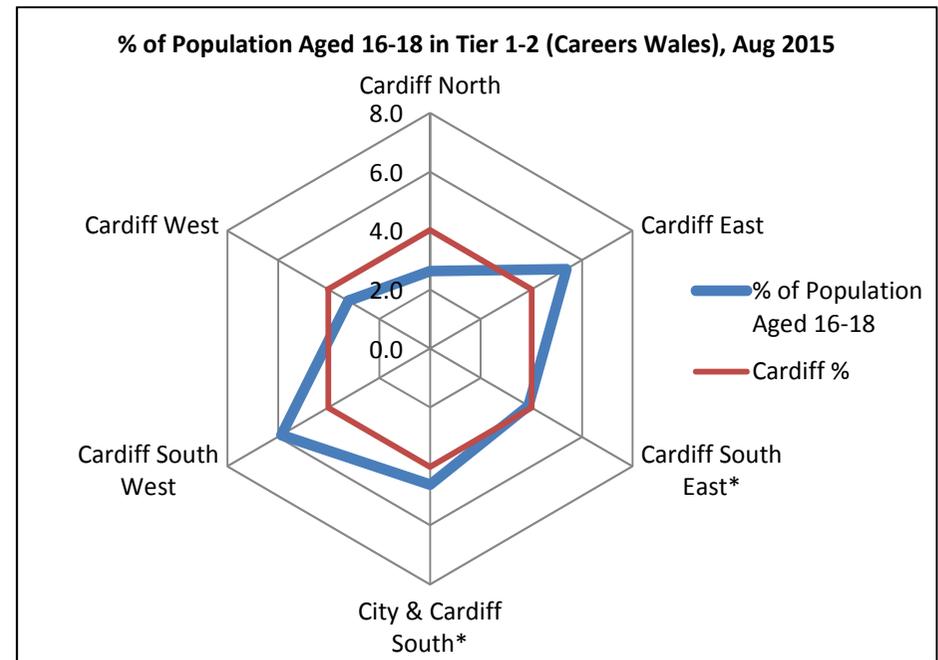


Source: Annual Population Survey, Nomis

In addition, only 8.8% of those aged 16-64 have no qualifications; below the Welsh average of 10.5%. For the economically active and those in employment this figure was even smaller at 4.5% and 3.6% respectively. As would be

expected, this suggests that people who are out of work have lower qualification levels.

At the end of August 2015, 4.0% of those aged 16-18 in Cardiff were in either Tier 1 (2.6%) or Tier 2 (1.4%) of Careers Wales' Tier Model¹². However, across the NPAs this proportion ranged from 2.6% in Cardiff North to 5.9% in Cardiff South West. As well as Cardiff South West, the figures for Cardiff East (5.4%) and City & Cardiff South (4.6%) also exceeded the city average.



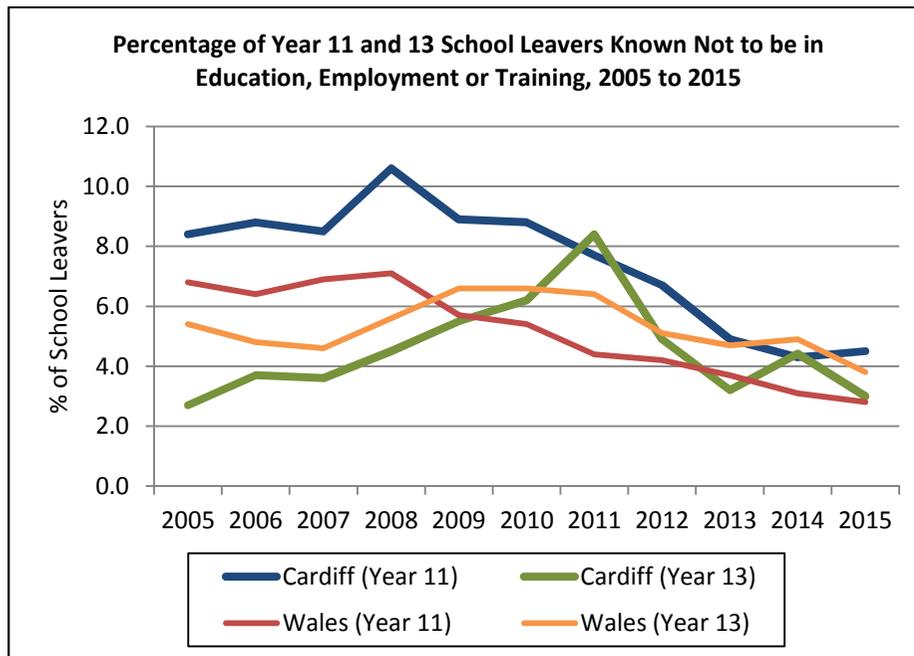
Source: Careers Wales / 2014 Mid-Year Population Estimates

* Cardiff South East and City & Cardiff South both include all of Cathays in the number of clients and rate calculations.

¹² Tier 1: No contact with Careers Wales or the Local Authority. Tier 2: Require pre-engagement courses or are unavailable for work.

When looking at the destination of year 11 school leavers in Cardiff between 2005 and 2015, it can be seen that the percentage known to be NEETs has consistently exceeded the equivalent figure for Wales, despite following a downward trend between 2008 and 2014. In 2015, 4.5% of year 11 school leavers in the city fell into this category. This was up from 4.3% in 2014, the first increase since 2008, and compared with 2.8% across Wales.

Year 13 school leavers in Cardiff that are known to be NEETs, in contrast, followed an upward trend between 2005 and 2011, before falling back sharply in 2012 and 2013. Despite a rise in 2014 to 4.4%, the rate declined again in 2015 to 3.0%; the lowest proportion since 2005 and below the national average of 3.8%. In fact, over the period the Cardiff figure has only once exceeded that of Wales; in 2011.



Source: Careers Wales / ELLS, Welsh Government, StatsWales

The first Jobs Growth Wales scheme was introduced by the Welsh Government in April 2012, aimed at providing job opportunities for 16-24 year olds that are job ready but have had difficulty securing employment¹³. This original programme came to an end in April 2015, with 2,482 job opportunities created in Cardiff and 2,041 job opportunities filled. However, new funding was secured in May 2015 for a second Jobs Growth Wales scheme, allowing the programme to continue for a further three years, with the first jobs advertised in mid-June.

Measures are being undertaken by Cardiff Council's Into Work Services to increase employment levels through the provision of advice and training. Figures for 2015/16 show that 40,005 people received Into Work Advice, while 3,722 people attended work preparation workshops (target: 3,500), 1,431 attended accredited Into Work training sessions (target: 800), and 2,291 attended non-accredited sessions (target: 2,700).

In addition, 1,327 Digital Inclusion/Into Work outreach sessions were carried out over the period (target: 1,000), 91% of people passed the accredited Into Work training sessions (target: 90%), and 98% of those attending the Into Work training sessions subsequently felt more 'job ready' (target: 85%). Meanwhile, 401 people had been assisted into employment (target: 300).

¹³ More information can be seen at <http://wales.gov.uk/topics/educationandskills/skillsandtraining/jobsgrowthwales/?lang=en>

Development of City Business Infrastructure

An area covering 140 acres (56.656 hectares) in central Cardiff has been designated an Enterprise Zone by the Welsh Government with the emphasis on the financial services sector. The aim is to build on the current cluster of businesses of this kind and establish an internationally competitive destination for financial and professional services. Businesses located within the Enterprise Zone are able to benefit from associated incentives, support and infrastructure investment.

In September 2012 it was announced that the UK Government had awarded Cardiff £11 million to upgrade broadband provision in the City Region and turn it into one of ten 'super-connected' cities. The investment will be the catalyst for foreign investment, new jobs and major improvements in quality of life for citizens, and will ensure that Cardiff is on track to become a world class Digital City.

The Super Connected Cardiff project will deliver:

Broadband infrastructure - the urban areas of Cardiff will have 100% availability of ultrafast (1Gb) broadband connections for business and 100Mbps broadband for homes.

Wireless infrastructure - 4G provision to 100% of the City and free wireless infrastructure to key areas including an always available Cardiff Information Portal.

As part of the project, in partnership with BT, free-to-access high speed Wi-Fi was introduced across the heart of the city centre in November 2013, covering the busiest areas for tourism, commerce and leisure. This was later extended

across the whole of the city centre, as well as the Cardiff Bay area, and all public buildings, schools and buses.

In October 2014, Cardiff launched its own internet exchange, IXCardiff; the only dedicated Internet Exchange Point (IXP) in Wales. Internet traffic will no longer have to be exchanged in London, which will cut costs for local internet providers and make Cardiff, and the whole of South Wales, more attractive to investors and enterprises.

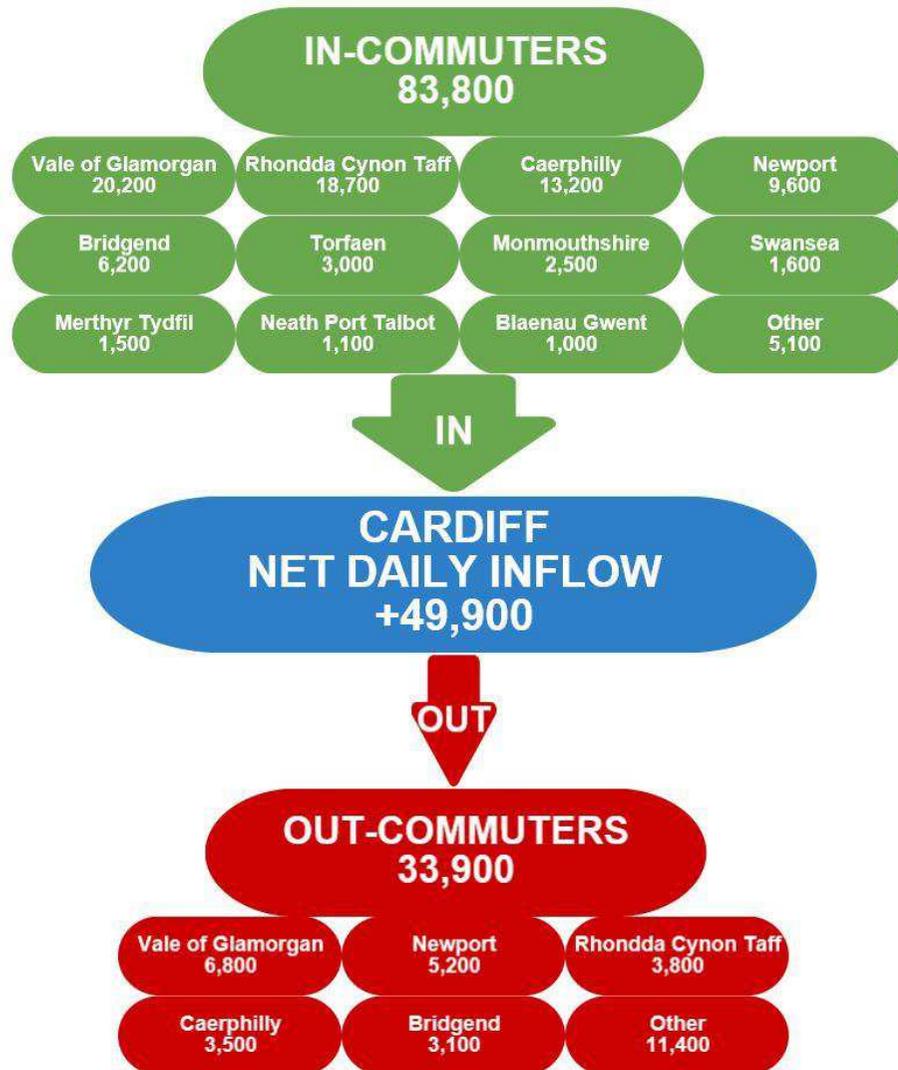
The Property Times: UK Regional Offices Q3 2015 report, produced by Cushman & Wakefield, indicated that there was 914,145 sq ft of office space available in Cardiff. Since the previous quarter there had been take-up of 40,403 sq ft and 39,000 sq ft of new supply, leaving the overall availability relatively unchanged.

According to Cardiff Council Business and Industrial Monitoring data (2015) there is 42 hectares of land available for office and industrial use, which benefits from existing planning permission.

The latest statistics available on commuting from the Welsh Government show the large numbers of in-commuters to Cardiff from outside its local authority boundaries¹⁴. An estimated 61,700 commute in to Cardiff from the neighbouring local authority areas of the Vale of Glamorgan, Rhondda Cynon Taff, Caerphilly and Newport alone, while a further 22,100 commute to the city daily from further afield.

¹⁴ These workplace statistics cover those in employment and are based solely on a person's main job. All commuting data rounded to the nearest 100, therefore the sum of the parts may not equal the total.

Cardiff's Daily Commuting Pattern 2015



Source: Annual Population Survey/ONS/Welsh Government/StatsWales

As expected, out-commuting from Cardiff by those residing in the city is less pronounced. It is estimated that there are a total of 33,900 daily out-commuters, including approximately

6,800 who work in the Vale of Glamorgan, 5,200 in Newport, 3,800 in Rhondda Cynon Taff, 3,500 in Caerphilly, and 3,100 in Bridgend. Consequently, there is a net daily inflow of around 50,000 people to Cardiff.

Figures from the 2011 Census show that less than two-thirds (62.0%) of Cardiff's working residents aged 16-74 usually travelled to work by car/van; the lowest figure in Wales and below the Welsh average of 74.2%. Cardiff also had the largest proportions using a bus/minibus/coach (10.2%) and bicycle (3.7%), as well as the second highest percentage travelling on foot (15.4%), and the fourth greatest share travelling by train/underground/metro/light rail/tram (3.5%).

The average distance travelled to work by Cardiff residents aged 16-74 was 12.7km. This was the lowest figure in Wales and compared with a Welsh average of 16.7km.