



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2021 / 2022**

**FINANCE AND PERFORMANCE SCRUTINY COMMITTEE**

**22 MARCH 2022**

**SUPPORT FOR THE MANUFACTURING BUSINESS SECTOR IN RCT**

**REPORT OF THE DIRECTOR OF PROSPERITY AND DEVELOPMENT**

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**1. PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to outline the range of support that has been planned and established to support the Manufacturing Business Sector in RCT in order to provide opportunities for growth and sustainability.

**2. RECOMMENDATIONS**

It is recommended that the Committee:

- 2.1 Consider the contents of the report.

**3. BACKGROUND**

- 3.1 The Manufacturing Business Sector in RCT is an important component of the local economy in terms of employment and wealth creation. It is important that the Council recognises this in its strategic approach to the economy set out in the Corporate Plan under the Prosperity priority where we aim to create the opportunity for people and businesses to be innovative, entrepreneurial to fulfil their potential and to prosper. A healthy Manufacturing Business sector is important for this, and a range of measures have been put in place to achieve this led by regeneration as part of the Prosperity and Development Service.

3.2 The Manufacturing Sector includes a broad range of business types involved in the production of a range of items including food and drink, electronics and components, engineering, pharmaceuticals, clothing and others. The latest Office of National Statistics figures show that in 2020 there were 9,000 people employed in manufacturing companies in RCT. This accounts for 11.7% of all employees and is slightly above the Welsh figure of 11.2% and above the GB figure of 7.9%. The number of jobs in manufacturing has been subject to a slow decline over the last ten years across the whole country including RCT. The current economic conditions caused by a mix of Brexit and the Pandemic mean that the manufacturing sector will continue to be important with new opportunities for more locally based production and supply chains.

3.3 Because of this, a range of co-ordinated support measures are being planned and put in place in order to support manufacturing in RCT. These include:

- the provision of new Grade A business units to accommodate new and growing local businesses,
- financial support and advice to support investment plans,
- support in sourcing suitable sites and premises for businesses wishing to expand within or relocate into RCT,
- networking and signposting businesses looking for support to other key organisations such as Business Wales and Welsh Government.

3.4 Section 4 of the report provides a more detailed summary of these support services.

#### **4. SUMMARY OF SUPPORT MEASURES FOR THE MANUFACTURING BUSINESS SECTOR**

##### **4.1 Provision of Grade A Business Space**

4.1.1 Following receiving independent commercial advice on the lack of availability of high quality premises for manufacturing type businesses, the Council has for the first time led on the development and delivery of modern business units in key locations as set out below.

##### **4.2 Former Coedely Colliery Site**

4.2.1 The Council secured £2.58m of European Regional Development Fund towards the creation of a quality modern business unit on the former Coedely colliery site. This is the first development on the site which will act as a catalyst for further development. The project has produced a 30,000 sq. ft industrial unit with offices on a plot at the 15-hectare site. The Council has led this development, working in partnership with

Welsh Government. Both partners have invested £675,000 in addition to the EU funding – bringing the total package to £3.93m. The project has developed much-needed modern business accommodation at Coedely, to complement the ongoing investment in the A4119 Dualling project. The Unit has already secured a tenant – a local company with significant growth potential, Mallows Bottling, which will produce, package and distribute alcoholic beverages.



4.2.2 The Council has also been working with a private developer to submit proposals to the Cardiff City Region's Sites and Premises Fund to develop c.70,750 sq. ft of industrial premises at the Coedely Colliery Site. The scheme will comprise a range of units between 1,250 - 30,000 sq. ft with employment space for 150 jobs. If approved works are anticipated to start in May 2022.

#### 4.3 **Robertstown Business Park**

4.3.1 The Council has secured £2.58m from the European Regional Development Fund, through Welsh Government towards the development of 20 commercial industrial units that are currently being built on former derelict land off Wellington Street, Robertstown, Aberdare. The commercial industrial units will be completed later this year and have already received significant enquiries from a number of potential future tenants. These include local businesses wishing to expand and new start up companies. Computer generated visual of Robertstown Business Park designs shown below;



#### **4.4 Former Mayhew Chicken Factory Site, Trecynon**

4.4.1 Current project design development work is being undertaken at the Former Mayhew Chicken Factory site in Trecynon. The Council has recently acquired the former Mayhew Chicken Factory site at Trecynon, Aberdare for mixed use development including modern business space. The site is located adjacent to the Aberdare Bypass and could facilitate the potential development of 19 light industrial units (to include a pilot of three Net Zero Carbon units). This is part of a Welsh Government supported initiative to scope and develop disused sites in the A465 road corridor area. The work covers six Council areas and is being led by the Council on behalf of Welsh Government.

#### **4.5 Financial Support – Including Enterprise Investment Fund**

4.5.1 As part of the review of the Regeneration business grant portfolio in September 2020, Cabinet approved a refocus of the Enterprise Investment Fund. The Fund invests in Small and Medium size enterprises including those in the manufacturing sector. It was agreed that the focus specifically on growth should be revised to allow support for businesses to adapt/diversify in response to the current economic conditions. The grant offers a 50% contribution towards the eligible project costs up to a maximum grant of £10,000.

4.5.2 In 2021/22 a significant proportion of the support offered to businesses from this fund has been focussed on the manufacturing sector. 8 businesses have been supported with grant offers totalling £80,000 which will also lever in a minimum of a further £80,000 of private sector investment. A good example of businesses supported is the new Treorchy Sewing Enterprise Ltd a community based start up company based at a unit at the former Burberry Factory near Treorchy. Local employees including former workers of Burberry will manufacture quality clothing items here.

4.5.3 The Council is also working with Welsh Government to roll out their Tech Valleys Productivity Enhancement Programme. This Programme

can support manufacturing companies to future proof their business, introduce new technology, diversify their customer base and develop new products with the aim of supporting high value, sustainable jobs and attracting further investment. Businesses can have benefit from an initial free diagnostic of their company from which a comprehensive support package can be offered. This can range from hands on implementation support, skills development, research and development, as well as grant support for capital expenditure.

#### **4.6 Support for Sourcing Suitable Sites and Premises**

4.6.1 When businesses are looking to expand into new sites and premises or relocate into the area it can be difficult for them to source suitable accommodation which best suits their needs as vacant business sites and premises are in multiple ownership and are marketed by a range of agents and organisations. The Regeneration Service receives enquiries direct from businesses and from organisations such as Welsh Government, Business Wales, Cardiff Capital Region and other local authorities to support businesses in their property searches. A register of available sites and premises is kept as up to date as possible by close contact with private sector property agents and this helps businesses by offering a more streamlined service for businesses to make the best choices and lead to manufacturing business growth in RCT. Much of this work is commercially confidential and sensitive as businesses will be making key financial decisions on the future of their companies.

4.6.2 A good example of this is the relocation of Mallows Bottling who have been able to take advantage of relocating their business to the new modern business unit at Coedely providing business and employment growth at a key location within RCT.

#### **4.7 Networking, Liaison and Signposting Support**

4.7.1 Helping manufacturing companies seeking support and advice to navigate the range of products and organisations available to them is an important service that is offered to local businesses who make enquiries or are receiving financial support for investment. Putting them in touch with the right people in the right organisations at the right time is important for them in making the best of their trading and investment opportunities. Having good relationships with these organisations is important and makes signposting possible with support organisations such as Business in Focus, Business Wales, Welsh ICE, Welsh Government and the Cardiff Capital Region.

4.7.2 This also includes signposting to, other relevant Council services such as Planning, Licensing and Employer Support. Employer Support offers

a range of help and advice for employers including support with recruitment, sector specific training, as well as the Staying Well at Work Programme.

4.7.3 The Service also liaises with and supports RCT Procurement colleagues in their work to help local SMEs to access Council and other contract and supply chain opportunities. This work has included supplier development events and workshops which help to enable local SMEs, businesses and sub contractors gain access to potential future Council contract opportunities.

4.7.4 Facilitating companies to network can help them to take advantage of support available to deal with common issues and benefit from trading and supply chain development opportunities. Treforest Growth was established in 2015 as a vehicle for business networking opportunities for companies based at Treforest Industrial Estate and Parc Nantgarw which together form one of the largest business locations in Wales. Treforest Growth is jointly facilitated by the Council and Coleg Y Cymoedd and has a very active involvement of the local companies in the area. Networking is undertaken at face to face events, virtual events and social media contacts. These have led to companies benefitting from supply chain and trading opportunities, training and development opportunities through the college and Council services, dealing with common issues on the Estate, presentations on business to business private sector services, grant and advice support provided by public sector organisations.

## **5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

5.1 An Equality Impact Assessment is not required because the contents of the report are for information purposes only.

## **6. WELSH LANGUAGE IMPLICATIONS**

6.1 There are no Welsh Language implications as the contents of the report are for information purposes only. Applicants to all the schemes referred to in this report were able to apply in the Welsh language if this was their preferred language.

## **7. CONSULTATION / INVOLVEMENT**

7.1 A report on the Review of the Regeneration Grants Portfolio was approved by Cabinet in September 2020.

## **8. FINANCIAL IMPLICATION(S)**

- 8.1 There are no financial implications as the contents of this report are for information purposes only. The financial resources to deliver these schemes came from funding provided by Welsh Government, European Regional Development Fund (ERDF) via WEFO and from the approved RCT CBC budgets.

## **9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 9.1 There are no legal implications as the contents of this report are for information purposes only.

## **10. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.**

- 10.1 The assistance and support provided to businesses in the Manufacturing Business Sector is of significant importance to their growth and sustainability opportunities in this extremely uncertain economic climate. This will contribute to achieving the “Prosperity” priority within the Corporate Plan.
- 10.2 It will also make a significant positive contribution to the seven goals set out in the Well-Being of Future Generations Act, in particular a prosperous Wales, a resilient Wales, a healthier Wales and a Wales of cohesive communities.

## **11. CONCLUSION**

- 11.1 The Manufacturing Business Sector continues to be a significant source of employment and income generation in RCT despite its recent slow decline. The new economic conditions resulting from Brexit and the Pandemic provide challenges but significant opportunities for growth and sustainability in this sector. The provision of a co-ordinated range of support and finance provided by the Council and partner organisations will be important for businesses to take advantage of opportunities to grow, diversify and be more sustainable.