

APPENDIX 12.1 – Legislative and Policy Documents

UK

Climate Change Act

Part of the Climate Change Act was to provide the legislative pathway for significantly reducing UK greenhouse gas emissions. It commits the UK Government to reduce greenhouse gas emissions by at least 80% of 1990 levels by 2050.

The devolved administrations of Wales, Scotland, and Northern Ireland account for around 20% of the UK's emissions, and are included in the targets.

UK Industrial Strategy

The UK Industrial Strategy sets out the long-term policy by which the UK Government plans to boost the productivity performance of the UK economy. It sets an overarching context within which economic development takes place, and therefore is relevant to a Welsh context. One of the five 'foundations of productivity' identified is Infrastructure, and one of the four Grand Challenges to put the UK at the forefront of industry relates to Clean Growth - maximising 'the advantages for UK industry from the global shift to clean growth'. Key policies to boost innovation include:

- Increased levels of Research and Development (R&D) investment;
- An increase in the rate of R&D tax credit to 12%;
- A £725 million investment in new Industrial Strategy Challenge Fund programmes;
- Sector Deals in life sciences, construction, Artificial Intelligence, and the auto industry; and
- Driving over £20 billion of investment in innovative and high potential businesses.

The Clean Growth Strategy: Leading the way to a low carbon future

The Clean Growth Strategy has been established in line with the Industrial Strategy to outline how the economic growth promoted by the Industrial Strategy will protect and hopefully improve environmental conditions. The Clean Growth Strategy sets out a comprehensive set of policies and proposals that aim to accelerate the proliferation of 'clean growth' - increased economic growth with decreased emissions.

One of the key policies and proposals in the strategy is to deliver clean, smart, and flexible power. The strategy sets out a range of funding commitments to achieve this.

One commitment is to phase out the use of unabated coal to produce electricity by 2025. To make up the difference in energy production, the strategy commits the UK Government to improving the route to market for renewable energy technologies. This will be achieved investing up to £557 million in Contract for Difference auctions, and a Sector Deal for offshore wind.

The strategy sees innovation as a key means of capitalising on the UK's competitive advantage in the energy sector. Innovation in renewable technologies is highlighted as a key funding commitment as part of delivering clean, smart, and flexible power. The strategy commits the UK Government to £177 million of investment to reduce the cost of renewables, including innovation in offshore renewable energy technologies.

Wales

Environment (Wales) Act 2016

The Act describes the sustainable management of natural resources as managing those resources in a joined-up way that delivers real outcomes for the environment, people, the economy, and communities. The aim of the Act is to make the most of the opportunities that Wales' natural resources present while safeguarding and building the resilience of natural systems to continue to provide these benefits over the long term.

The Act provides a framework that ensures that managing Wales' natural resources sustainably will be a core consideration in decision-making.

To ensure that Wales is contributing to the reduction of greenhouse gas emission, the Act places a duty on the Welsh Ministers to ensure that the net Welsh emissions account in 2050 is at least 80% lower than the baseline.

Well-being of Future Generations Act (Wales)

In the Well-being of Future Generations (Wales) Act 2015, the Welsh Government (WG) commits to the aim of delivering 'sustainable development', which the Act defines as "the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals."

As part of its well-being goals, the Act sets out the goal of promoting a 'prosperous' Wales. This means working towards "an innovative, productive and low carbon society 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."

Another of the well-being goals relates to achieving a 'resilient' Wales. This means striving for a "nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change)."

The well-being goals also promote the importance of a 'globally responsible' Wales. This requires action that aims to improve "the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being."

Prosperity for All

Prosperity for All takes the key commitments from the WG Programme for Government, and places them in a long-term context, setting out how they fit within the work of the Welsh public service.

There are a number of important commitments that fall under the strategy's first aim to provide 'prosperous and secure' economic growth, including:

- Use business support to build capacity and innovation within home grown businesses along local supply chains;
- Harness the opportunities of major infrastructure projects, such as Wylfa Newydd and Swansea Bay Tidal Lagoon;
- Provide more effective support for the development of local supply chains and clusters, so that economic value is retained locally, and more employment opportunities are created closer to home; and
- Establish a bespoke infrastructure consenting process that is responsive to business and community needs, to support sustainable economic growth, and to decarbonise Wales' energy supply.

One of the main objectives set within this first aim is to 'drive sustainable growth and combat climate change'. One aspect of this objective is to capitalise on the economic opportunities of Wales' natural resources by supporting low carbon energy generation and greater use of renewable energy sources.

Prosperity for All: Economic Action Plan

WG has developed an Economic Action Plan in line with the Prosperity for All national strategy. It outlines the actions WG will take to promote economic growth in Wales. The action plan also highlights a number of ways in which WG can respond to the challenges facing the Welsh economy.

One area of focus is on the need for innovation and skills in response to the demand for knowledge-based activities to underpin economic growth.

Another response advocated by the plan is tackling climate change, as 'the shift towards a low-carbon future offers huge opportunities for [the] economy to diversify and grow'. WG wants Wales to capitalise on the opportunities arising from the shift away from fossil fuels to a low carbon economy. As part of this response, WG is committed to supporting businesses that provide growth opportunities in this transitional process, specifically developers, regulators and energy infrastructure providers that can accelerate the deployment of low carbon energy generation.

This approach will help to meet the target of 70% of electricity consumed in Wales being from Welsh renewable sources by 2030.

Planning Policy Wales

WG defines economic development as "...the development of land and buildings for activities that generate sustainable long term prosperity, jobs and incomes." Land uses that can be considered to deliver economic growth include traditional employment land uses such as B1a office, B1b research and development, B1c and B2 industrial, and B8 warehousing.

A number of key factors should be considered when assessing the sustainability benefits of a development, including:

- The numbers and types of long term jobs expected to be created or retained;
- How the development will help redress economic disadvantage or support regeneration priorities, for example by enhancing local employment opportunities;
- The contribution the development would make to achieving wider strategies, for example the growth or regeneration of certain areas; and
- How the proposal would support the achievement of a more prosperous, low carbon, innovative and resource efficient Wales.

PPW sets an expectation for planning authorities to develop an evidence base to inform the development of renewable and low carbon energy policies. It also sets out the need for planning authorities to:

- Take into account the contribution their area can make towards the reduction of carbon emission and increasing renewable and low carbon energy production;
- Identify the accessible and deliverable renewable energy resource potential for their area, and consider the likely utilisation of this resource over the plan period;
- Assess the social, economic, environmental and cultural impacts and opportunities arising from renewable and low carbon energy development;
- Engage with the renewable energy development industry and consider the deliverability of schemes; and
- Consider local and strategic priorities for renewable energy.

PPW stipulates that local planning authorities should support the development of innovative business and technology clusters of low carbon activities. Planning authorities are also encouraged to look favourably on proposals for new low carbon energy generation.

Technical Advice Note 23: Economic Development (2014)

The Welsh Government provides a number of technical advice notes that provide detailed planning guidance. These notes are taken into account during the preparation of local development plans by local authorities. Technical Advice Note (TAN) 23 provides guidance on the role of land use planning in promoting economic growth. It takes a 'whole economy' view of sustainable economic growth - it does not assume that economic objectives are necessarily in conflict with social and environmental ones, with physical development able to simultaneously contribute to these different dimensions of sustainability. TAN 23 recognises the importance of developing B1-B8 land uses as part of this process.

There are three primary questions that TAN 23 requires planning authorities to ask when considering a planning application.

Firstly, if the application is refused, is it likely the demand could be met on an alternative site where development would cause less harm? Alternative locations will not necessarily be confined to the same local authority. If the subject site does not possess any unique characteristics, it should be possible to find alternative locations nearby. Where a subject site possesses distinct advantages, it may be necessary to look much further afield for suitable alternative locations.

Secondly, how many direct jobs will be based at the site? TAN 23 requires consideration of the approximate measure of a development's contribution to the local economy. Such an assessment can also include indirect job creation.

Thirdly, would the development make any special contribution to policy objectives? This makes it necessary to consider policy objectives listed in PPW. TAN 23 specifically references PPW advice that the planning system should particularly support the low-carbon economy and innovative business and technology clusters. Developments that contribute positively to these categories count as making special policy contributions.

People, Places, Futures – The Wales Spatial Plan

Note: the Welsh Planning Directorate are currently producing a National Development Framework for Wales, which will set out a 20-year land use framework for Wales and will replace the current Wales Spatial Plan when published.

People, Places, Futures (PPF) guidance states that a sustainable future "depends on the vitality of our communities as attractive places to live and work. We need to reduce inequalities between communities whilst retaining their character and distinctiveness" (para 10).

The Plan aims to facilitate the development of initiatives which "tackle child poverty, employability, skills deficits and economic inactivity, as well as improving the environment, health and wellbeing, and community safety" (para 10.1).

Pembrokeshire is included in PPF as one of six Spatial Plan Areas. There are a number of key strategic priorities set out in PPF to achieve the vision of 'a network of strong communities supported by a robust, sustainable, diverse high value-adding economy underpinned by the Area's unique environment, maritime access and internationally important energy and tourism opportunities.' One of these strategic priorities is focused on developing a more diverse, entrepreneurial knowledge-based economy, working closely with higher and further education institutions, indigenous businesses and multinational companies, to increase wage levels and create enough well-paid jobs to establish a critical mass that will both attract people with higher skills and reduce the out-migration of young skilled people. Energy and the environment will be critical to achieving success.

Pembroke and Pembroke Dock is included as one of three strategic hubs that perform an important regional role, making it an important focus for future investment. The area is anticipated to see employment growth linked to further development of the port and marina.

Energy Wales: A Low Carbon Transition

Energy Wales, the WG energy policy, sets out how Wales will transition from fossil fuel based energy generation towards a broader energy mix including renewable and low carbon sources.

The policy highlights three key priority areas in which WG intends to focus its efforts.

Firstly, WG intends to provide a clear and consistent policy framework for investors, regulators and decision-makers, as well as appropriate infrastructure investments.

Secondly, WG intends to ensure the transition to a low carbon energy mix will deliver long term economic growth to Welsh communities in terms of jobs, wealth, and investment.

Thirdly, WG intends to support innovation, research, development, and commercialisation in the areas of the energy market that offer long-term growth potential in Wales. By focusing on areas of competitive advantage, WG hopes that clusters of knowledge, goods, and services will emerge that can be exported internationally.

WG outlines a number of commitments in Energy Wales that align with these key priorities, including:

- Focus on development of low carbon energy sources.
- Support the most vulnerable Welsh communities to ensure that poorer households are not disproportionately impacted by the transition away from non-renewable energy sources.

Sectors Delivery Plan

The Welsh Government's Department for Business, Enterprise, Technology and Science has identified nine sectors which have the potential to be, or already are, key to the Welsh economy.

One of the nine key sectors is Energy and Environment. Transitioning towards a low carbon economy is seen as an opportunity for Welsh companies to gain a competitive advantage and benefit from rapidly growing markets.

The Plan sets out a number of short, medium, and long-term priorities for the sector, including to:

- Develop proposals for projects, identifying funding requirements and formulating case-by-case propositions to immediately target marine energy with particular emphasis on unlocking barriers for the sector (short term)
- Secure commitment from funders for commercialisation of projects and knowledge transfer for specifically identified projects (short term)
- Conduct specific technical analysis of areas needed to grow the sector and deliver the commitments made in the First Minister's Energy Wales Policy Statement and objectives set by the Energy Programme Board, including developing supply chain opportunities across the whole sector; sector infrastructure, including ports sites and premises; trade opportunities; and marketing (long term)

- Work with stakeholders, developers and local authorities on developing a proposition to support future marine energy in Wales and unlock the potential from our seas (long term)

Swansea Bay City Region and Pembrokeshire

Swansea Bay City Region Economic Regeneration Strategy 2013–2030

There are a number of economic challenges highlighted in the Economic Regeneration Strategy (ERS) in the areas of business starts, skills, employment, and infrastructure. One of the major opportunities noted in the ERS is the strength of key sectors that possess "...significant potential for growth..." Two of these key sectors are the energy industry and advanced engineering.

Strategic Aim 1 is focused on business growth, retention, and specialisation. The aim is to develop a large, vibrant and increasingly specialised business base by attracting, developing, and retaining a larger stock of sustainable, high-value and productive businesses.

Strategic Aim 4 is focused on the knowledge economy and innovation. The ERS acknowledges the need to specialise and focus on the sectors that display the greatest potential for growth and building a critical mass of successful businesses.

Strategic Aim 5 is focused on 'distinctive places and competitive infrastructures.' Part of this aim is to co-ordinate spatial planning to ensure targeted development of land, property, and infrastructure. This involves delivering substantial employment and investment opportunities that will come about from the successful development of strategic employment sites, with a focus on knowledge-based and innovation-driven business activity.

Swansea Bay City Region City Deal

The City Deal is joint commitment by the Welsh and UK Governments to invest up to £241 million on interventions that will support economic growth. The intent is to increase the number of businesses and employment opportunities in high value activities. The City Deal sets out a number of investment themes around which interventions will be focused:

- Economic acceleration: support for digital infrastructure, the creative industries, business start-ups, and the development of the skills to match growth ambitions.
- Life sciences and wellbeing: expansion of research and innovation infrastructure.
- Energy: place Swansea Bay City Region at the forefront of energy innovation by establishing a centre of excellence to develop and exploit opportunities in marine energy and other technologies.
- Smart manufacturing: aligning digital assets and R&D provision to improve products, services, and processes.

Pembrokeshire County Council Local Development Plan: Planning Pembrokeshire's Future

The Local Development Plan (LDP) establishes a vision and policy context for directing development in Pembrokeshire between 2013-2021. Although it deals primarily with land use, it is a useful guide as to the direction of travel of planning policy in the County.

The LDP highlights a number of issues facing the Pembrokeshire economy, including:

- Lack of employment opportunities in rural areas;
- Loss of skilled young people from the County; and
- Need to expand industrial/port activities.

The Plan supports the potential for Pembrokeshire to develop its economy in areas such as renewable energy.

Under Objective E - Building on the County's strategic location for energy and port related development – the Plan includes a sub objective to 'ensure sufficient land is available for port and energy/renewable energy technologies both for research and for delivery'.

General Policy GN.4 commits to supporting developments that 'enable the supply of renewable energy through environmentally acceptable solutions', stating that Pembrokeshire has 'significant' potential to provide energy from all renewable sources and to build on its role as an 'energy centre'.

Pembrokeshire Economic Development Strategy and Action Plan 2017–2022

The Pembrokeshire Economic Development Strategy and Action Plan (PEDSAP) builds on economic development and regeneration policies at Welsh Government, Swansea Bay City Region, and Pembrokeshire levels.

PEDSAP sets out a framework for improving economic outcomes for residents and businesses in Pembrokeshire, with the aim of coordinating interventions between public, private, and third sector stakeholders.

The vision of the strategy is to "Make the County an economically competitive, productive and prosperous place with a sustainable economy supporting incomes and employment and economic growth underpinned by successful new enterprises, existing businesses and those attracted to the County."

The strategy highlights a number of strengths and opportunities in Pembrokeshire's economy, including:

- There are strong local clusters of employment in energy and marine.
- The expansion of the renewable energy sector in Pembrokeshire over recent years is providing local residents with new employment opportunities.

- Coastal locations wish strong tidal flow, and sites suitable for wave power generation. Combined with the availability of high-voltage power transmission, this presents an opportunity for Pembrokeshire to become a marine energy hub.
- Pembrokeshire also has the potential to be a centre of excellence in research, technology, and innovation in the marine energy sector.
- Strategically developing knowledge-based economic activities can bring about increased levels of innovation.

PEDSAP also highlights a number of threats to economic growth in Pembrokeshire, including:

- Employment in Pembrokeshire's energy sector is currently concentrated in a small number of large companies, exposing the labour market to vulnerabilities should any of these firms fail.
- Regulatory burdens associated with a transition towards a low-carbon energy mix and falls in oil and gas prices are having adverse impacts on the profitability of Pembrokeshire's biggest energy employers, which are focused on non-renewable energy sources.

The strategy steers policy towards placing an emphasis on sectors and clusters that already have a large and highly concentrated presence in Pembrokeshire, demonstrating competitive advantage and scope for diversification. These sectors are identified as:

- Energy and renewables (including wave and tidal energy)
- Tourism and visitor economy (including accommodation and food services, and the arts, entertainment and recreation sectors)
- The rural economy.

One of the key policy themes in the strategy for achieving growth in these sectors is 'improving sites, premises, and physical regeneration'. This policy theme states:

"The provision of adequate sites and premises for employment uses, and in particular for the priority sectors is critical to allow sustained economic development and growth. Generally, in spite of the level of investment that has been made much of the commercial and retail property is in need of upgrading..." (p44)

The strategy also highlights the lack of commercial floorspace available to meet the need of the growing renewable energy sector:

"There are insufficient larger units above 10,000 sq.ft. These could secure a 'step-change' in inward investment projects, companies within the supply chains of the main anchor occupiers and/or emerging technologies within the energy sector. At the larger end of the industrial market, the available floorspace is of poorer quality, being of dated specification." (p44)

The policy theme concludes by asserting the need for an increase in the "supply of sites and quality units with a range of sizes for start-ups, existing indigenous businesses and inward investors."