

The environmental and economic legacy of Wales' industrial past

Submission to the Welsh Affairs Committee from the Industrial Communities Alliance (Wales)

Introduction

This submission is made by the Industrial Communities Alliance (Wales), part of the all-party association of local authorities in the industrial areas of England, Scotland and Wales. In Wales, the Alliance membership covers nine authorities including the main councils covering the Valleys and the old coal and steel communities of South Wales.

Wales' industrial heritage has profoundly shaped its economic, environmental, and social landscape. Addressing the environmental damage, economic decline, and social deprivation resulting from deindustrialisation requires sustained effort, innovative policy solutions, and long-term investment.

The legacy of heavy industry in Wales

The rise of heavy industries in Wales fuelled economic and social development over almost 300 years and brought prosperity and social and economic progress but left a painful economic, environmental and social legacy.

For those working in heavy industries – coal, iron and steel, slate, chemical and tin and so on – economic rewards were to be had. But harsh working conditions left many with chronic illnesses and life-limiting physical hardships that in some cases persist to this day. The poorest areas of Wales, particularly those once tied to old heavy industries, now face significant disparities in health and well-being. For example, residents in these areas live on average 17 fewer healthy years than those in wealthier regions and avoidable mortality rates are nearly four times higher¹.

The decline of heavy industry has exacerbated economic hardships, leaving former industrial areas struggling with high numbers on incapacity benefits and reduced job opportunities. It's not at all surprising that today's incapacity counts remain stubbornly high in the old industrial communities of Wales because these places face not only high underlying levels of ill health but also a shortfall in the opportunities that in the more prosperous parts of Britain allow residents with health problems or disabilities to remain in employment.

¹ Public Health Wales NHS Trust (2025) *Investing in a Healthier Wales: prioritising prevention*.

In 2023, 14 per cent of all adults of working age (16-64) in the former South Wales coalfield claimed incapacity benefits. In addition, 13 per cent of the total population were claiming Disability Living Allowance or Personal Independence Payment – in absolute terms just over 100,000 people, of whom nearly 60,000 were of working age².

As the old heavy industries that gave Wales its place in modern Britain closed, they left a noxious legacy of environmental damage and economic and social hardships. While these challenges are particularly focused in the South Wales Valley communities, the legacies are also evident in the Swansea Valley and surrounding valleys, the old North Wales coalfield towns and the slate quarry communities of Eryri.

When the economic base of a community disappears, it casts a very long shadow. The problem is not resolved by grassing over old mine-workings, or by a few hundred new jobs where there were formerly thousands. Properly rebuilding the economic and social base of communities can take decades and it is clear that the job is not yet complete.

Environmental damage and efforts to remediate

The environmental consequences of industrial activity have been profound. Coal tips, chemical contamination, and heavy metal pollution scarred the landscape.

Since the 1930s, successive governments have taken action to try to alleviate the legacy of both environmental and economic damage. This has focused on efforts to regenerate former industrial sites, particularly colliery sites in the South Wales Valleys, and in dealing with the pollution left from coal tips and chemical and heavy metal pollution.

In the case of the legacy from old coal waste, clearly the Aberfan disaster in 1966 brought a particular focus and at last spurred efforts to deal with unsafe coal tips. Funded and managed by initially the Welsh Office and later by the Welsh Development Agency, for many years these efforts were regarded as world-leading in their planned and programmed approach and in the persistence of the investment. Without this programme it is difficult to imagine how the green valleys and communities of South Wales would look today.

The UK Government's recent acceptance that the cost of dealing with dangerous coal tips cannot simply be left to fall on the devolved administration in Cardiff Bay is welcome, although well overdue. Challenges remain however, particularly in ensuring that remediation efforts are sustained and adequately funded to prevent future hazards.

Economic regeneration initiatives

Alongside land reclamation, the Welsh Development Agency's advance factory building programme was instrumental in reclaiming many sites, converting old colliery sites and

² DWP data taken from S Fothergill, T Gore and D Leather (2024) *The State of the Coalfields 2024*, Centre for Regional Economic and Social Research, Sheffield Hallam University.

other brownfield land into modern, well-serviced industrial estates, sometimes in the most unlikely places. This multi-annual programme built new modern factory premises in many communities, particularly in the valley towns of South Wales, where the private property sector would not or could not make a return on investment.

Importantly, local authorities were consulted in the development and roll-out of the programme and had a degree of certainty about the location, scale, character and timing of the building programme for their communities. The programme's long-term vision – encouraging businesses to locate in deprived areas by reducing upfront risks – helped create jobs and foster economic growth. While the public sector carried the up-front risk, eventually this would be rewarded through higher employment, an increased tax-take and lower benefit payments.

The mixture of the modern factory space and the ability of businesses to draw down financial incentives via Assisted Area subsidies was key to the efforts by government at all levels to deal with the fallout from the loss of coal, steel and other heavy industry jobs across Wales.

However, in recent years these economic regeneration efforts have faced setbacks, notably the UK's abandonment of an Assisted Area map in 2020 and the loss of EU funding following Brexit. The replacement for EU funds, the UK Shared Prosperity Fund, initially providing just three-year funding (now extended for a fourth through to March 2026) has eroded confidence, created inefficiency and frustrated the very people it is meant to help.

This has hindered the ability of local authorities to attract investment and develop industrial sites. In the South Wales Valleys, the scarcity of affordable, high-quality industrial space has limited the growth of small and medium-sized enterprises (SMEs), exacerbating economic disparities.

This, allied to the lack of grant aid for investment in capital equipment, has meant that the poorest old industrial towns have been placed in direct competition with towns in the more prosperous areas of South East England, the Midlands and, even on their own doorstep, along the M4 Corridor.

Labour market challenges

The labour market in the former industrial areas of Wales has been dealt a series of body blows, meaning that there is now a serious shortage of adequately paying local jobs.

Job density in the South Wales coalfield lags significantly behind the national average, with only 46 employee jobs per 100 working-age residents compared to an average of 57 across all UK coalfield areas and 93 in London³.

³ BRES data for 2022 reported in *The State of the Coalfields 2024*, op.cit.

Infrastructure investments in rail and road have only relatively recently materialised. Clearly, this investment and the resulting improvements in connectivity and mobility are to be welcomed but it has been very late in coming and, initially at least, is most likely to enable long-term commuting rather than bring new job opportunities into the old industrial communities.

Compounding this, commuting has long been recognised as damaging the bonds between an individual's place of work and their home and can erode the strong community networks that have been one of the best and most distinctive features of older industrial towns and villages.

The outflow of younger, skilled residents further compounds the problem, leaving behind an ageing population with greater health and social care needs. Consequently, for many, long-term reliance on benefits becomes an unavoidable reality, reinforcing cycles of deprivation.

Growth Deals and regional development strategies

Recent initiatives to address the economic legacy of heavy industry in Wales revolve around the four regional Growth Deals funded directly by the UK Government, which now cover the whole of Wales. The availability of funding through the Growth Deals and the positive start of collaborative working by the local authorities and other stakeholders involved in the Growth Deal Partnerships is to be welcomed.

In South East Wales, the Cardiff Capital Region Growth Deal has shown promise by bringing local authorities and stakeholders together to focus on key sectors. However, these deals primarily align with private sector interests, investing in areas and technologies already attractive to businesses particularly in South East Wales and especially along the M4. This approach contrasts with previous strategies that prioritised directing resources to the most deprived areas.

This approach is a fundamental departure from the Assisted Area approach to economic regeneration that gave rise to the advance factory building programme in that public investment now follows private sector investors rather than incentivises private investors to make choices that benefit communities in need of regeneration.

Relying on trickle-down in this way, so that investments in prosperous areas eventually benefit deprived communities, risks leaving the most vulnerable behind. The time required for such benefits to materialise, if they ever materialise, is often incompatible with the urgent needs of struggling communities.

What sort of industrial strategy and regional development is needed?

Serious, sustained efforts to build employment and improve the environment within the old industrial areas are needed to regenerate and support the most affected communities across Wales.

The new Labour government has promised a significant rethink on national industrial policy and a recalibration of economic and regional development approaches. Until these emerge, the former industrial areas of the UK and particularly in Wales continue to wait for relief from the legacy of their industrial past.

The Industrial Communities Alliance made substantial representations to ministers in the previous administration, notably on a replacement for EU funding and on a replacement for the EU's State Aid rules. More recently, the Alliance has published proposals aimed at the new Labour government. These are set out in three booklets: *Ten Steps to Revive British Industry*⁴ (addressing industrial strategy), *Funding for Local and Regional Development*⁵ (dealing with a replacement for the previous administration's 'levelling up' funds) and *Apprenticeships*⁶ (on the reform of skills training). In addition, the Alliance published a report in 2023, *More Jobs, Better Jobs, Closer to Home*, that set out an agenda for action.

- **The restoration of regional Aid**

There is a pressing need to sustain and restore aid to the less favoured regions and nations of the UK, including Wales, where the damage caused by the economic, social and environmental legacy of heavy industry is most persistent.

The Alliance takes the view that the primary objective of any new spending on local and regional development needs to be economic development in the places most in need. That means more jobs, better jobs and a stronger and larger business sector.

Prime among the steps advocated by the Alliance is economic regeneration support that will encourage long-term investment in old industrial towns and communities and incentivise businesses to invest in plant, machinery and the skills to make productive use of those assets. Put simply, policy makers should not sit back and simply wait for private sector investors to spot an opportunity.

However, it is clear that money alone is not enough. While EU funding poured into Wales over decades, it did not yield the transformative results hoped for. One key step forward would be to revive and update an Assisted Area map incentivising businesses, particularly in manufacturing, to locate in areas requiring the most assistance, creating new jobs and demanding the development of new skills. This would deliver local jobs

⁴ Industrial Communities Alliance (2024) *Ten Steps to Revive British Industry: proposals for a Labour government*, ICA, Barnsley.

⁵ Industrial Communities Alliance (2024) *Funding for Local and Regional Development: proposals for a Labour government*, ICA, Barnsley.

⁶ Industrial Communities Alliance (2024) *Apprenticeships: proposals for a Labour government*, ICA, Barnsley.

paying decent wages, allowing incomes and spending to be recycled within the most deprived towns and communities without the need to wait years for trickle down to happen – if at all.

- **Investment in strategic industries**

Over recent decades, Britain has withdrawn from many industrial sectors, including some key strategic sectors, making the economy increasingly reliant on maintaining trading relationships with other nations across what has become a more fragmented and uncertain world.

Clearly no economy can function without strong trading relationships but Britain as a whole needs a strong manufacturing base capable of supplying our own needs, trading with others and with the skills and know how to allow business leaders to innovate and stay in the game as far as economic growth is concerned. The UK economy needs a large and varied manufacturing sector to deliver sustainable prosperity so it's vital to hold on to what we've still got.

What is required is an industrial strategy that supports new technologies and innovative sectors but also makes commitments to maintaining strategic sectors and the UK's sovereign capability in fundamental technologies and product areas. The older industrial areas of the UK, and Wales in particular, can play a part in delivering such a strategy, given the opportunity.

One obvious and relevant example is the steel industry where, following the closure of the blast furnaces at Port Talbot, there is surely an urgent need to invest in the technology and facilities that will allow green, virgin steelmaking to be secured for the UK as a whole.

No-one would suggest building new steelmaking facilities in the green fields of Oxford, Cambridge or Surrey. A commitment to a serious steel strategy must surely prioritise investment in the areas where steel production has most recently ceased. The communities in South Wales in particular have a capability and capacity in terms of skills, space and communications that would allow the UK to make the necessary investments to secure this key strategic industry, building new heavy industry, providing skilled jobs and supplying the materials needed for growing sectors, including the renewable energy sector.

- **A long-term commitment to regeneration**

One lesson from past experience in older industrial areas is that bringing new businesses and new jobs into Wales or anywhere else is not a one-time effort. Economic regeneration is not a short-term fix but a sustained process requiring courage and resilience.

In the older industrial communities of South Wales, setbacks from deindustrialization and technological change have all too often disrupted well-intentioned efforts. But these obstacles should never be an excuse to abandon regeneration efforts.

To revitalize the Valleys, we need a long-term view – a commitment of at least 15 or 20 years. The technologies and production methods that underpinned the electronics and automotive sectors in the latter decades of the twentieth century, for example, brought some relief to Assisted Areas reeling from job losses in coal, steel and other heavy industry. Unfortunately, new manufacturing techniques, investments in automation and digital technologies in products as well as in production lines mean that whole industries, let alone companies and individual factories, don't last forever.

The arrival - and then departure – of major employers such as Ford, Sony, Bosch and Hoover, to name a few, is often quoted as a failure of economic development policy in Wales. However, the 'churn' of investors demonstrates not that it wasn't worth encouraging these global businesses to locate in South Wales because they and others stayed and employed thousands of local people, in some cases for their whole working life.

What it does underline is that the economic regeneration job is long term and policy makers need to be agile, demonstrate flexibility, and be willing to make investments for the long term.

- **Develop skills and talent**

Building a skilled workforce is essential for capturing opportunities in emerging industries, such as green technologies and the digital economy. Expanding apprenticeships and investing in education and training can equip residents with the skills needed to thrive in a changing economic landscape.

A commitment is needed from the UK government to supporting skills, technologies and equipping people through apprenticeships at all levels. Arguably, this is a prerequisite if the old industrial areas of Wales are to capture at least a share of the benefits from the next generation of industries and thereby mitigate the historic damage to the physical landscape, economy, communities and personal health.

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