Investment in Places series

Framing a place-based investment strategy for Newport

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Abstract

Productivity in Newport is about how the area converts its resources into better outcomes for firms, workers and residents. These assets span physical infrastructure, population health and skills, community networks, finance, innovation, local leadership and natural resources. Newport has sectoral strengths in advanced manufacturing (especially semiconductors), furniture production, clean energy, life sciences and digital technologies. Challenges in Newport include poor health outcomes, a skills gap and lower business investment.

Our report calls for a multi-pronged approach. Our first recommendation is for human capital, including investment in education and training needs, to be aligned with growth sectors, along with creating a graduate retention scheme and improved health outcomes. Second, investment in infrastructure is vital for productivity growth, the long-promised train links from Newport to Cardiff and Bristol need to be expediated along with supporting sustainable travel and expanding high-speed broadband. Third, the marketing of Newport's sector strengths, fostering cluster growth, and encouraging quadruple helix collaboration between firms, academia, government, and communities. Fourth, in terms of institutional capacity, it is important to build trust and an innovation culture through data-sharing frameworks and stakeholder engagement.

With proactive leadership and targeted investment across all capitals, Newport can leverage its sectoral strengths and geographic advantages to become a resilient, high-productivity hub within the Cardiff Capital Region.

Contents

Executive Summary

Productivity in Newport is about how the area converts its resources into better outcomes for firms, workers and residents. We apply the “capitals framework” encompassing physical, human, social, financial, intangible, institutional and natural assets. The study combines quantitative analysis using an experimental data tool with qualitative insights from interviews and a workshop. It highlights Newport’s strong productivity growth relative to Wales but identifies structural weaknesses in several capitals that constrain long-term prosperity.

Current Position and Challenges

Newport’s productivity level (£37 GVA/hour) is above the Welsh average and has grown by 23% since 2008, placing it in the “steaming ahead” category for Wales. However, challenges persist: Newport ranks in the lower part of the data tool for the capital indicators of physical, social, human, intangible and natural. Issues include poor health outcomes, high inactivity due to illness, a skills gaps and limited business investment. There is also a disconnect between business prosperity and household incomes, alongside retail sector decline and infrastructure deficits.

Sector Strengths and Opportunities

The city has notable sectoral strengths in advanced manufacturing (especially semiconductors), furniture production, clean energy, life sciences and digital technologies. Public administration and defence-related activities also contribute significantly to employment. Recent investments—such as semiconductor facilities, data centres and defence growth initiatives—offer opportunities to build innovation clusters and attract high-value jobs, provided skills and infrastructure gaps are addressed.

Strategic Recommendations

The report calls for a multi-pronged approach. First, in terms of human capital, investment in education and training needs to be aligned with growth sectors, along with creating a graduate retention scheme and improved health outcomes. Second, investment in infrastructure is vital for productivity growth, the long-promised train links from Newport to Cardiff and Bristol need to be expediated along with supporting sustainable travel and expanding high-speed broadband. Third, market Newport’s sector strengths, foster cluster growth, and encourage quadruple helix collaboration between firms, academia, government, and communities. Fourth, in terms of institutional capacity, it is important to build trust and an innovation culture through data-sharing frameworks and stakeholder engagement.

Long-Term Outlook

The qualitative analysis underscores the need for a cohesive economic narrative and collaborative initiatives to overcome fragmentation. Newport must diversify beyond semiconductors, develop a robust skills pipeline, and strengthen partnerships across education, industry, and government. Addressing gaps in social and natural capital—such as child poverty and environmental sustainability—will be critical for inclusive growth. With proactive leadership and targeted investment across all capitals, Newport can leverage its sectoral strengths and geographic advantages to become a resilient, high-productivity hub within the Cardiff Capital Region.

Newport Strength of Capitals

The first column is from the capitals data tool. The colours signify: green for authorities ranking 1-120; amber for those ranking 121-240 and red for those ranking 241-361. Local perceptions gauge the strength of capitals from the qualitative workshop and interviews.

Data Tool Capital	Local Perceptions	Recommendations
Physical	Physical	Build new train stations to link commuters to Cardiff and Bristol.
Social	Social	Build trust and celebrate local success stories to strengthen pride in place and resilient communities.
Financial	Financial	Market Newport's sector strengths to investors and talent pools.
Human	Human	Invest in targeted education and training programs aligned with growth sectors.
Intangible	Intangible	Facilitate the quadruple helix collaboration between firms, academia, government and communities.
Natural	Natural	Leverage natural assets for public health and green investment.
	Institutional	Create a shared vision that aligns private, public and civic actors.

Newport Recommendations

Key to action: short term (within the next year); medium term (1-5 yrs); long-term (5-10yrs)

The recommendations cut across a number of different areas and need investment simultaneously to improve productivity.

Barriers to Productivity	What needs to be transformed	Recommendations	Capitals
Reframing Common Purpose: • Fragmented stakeholder landscape.	• Governance and collaboration among public, private, and civic actors.	**Short-term:** develop a shared vision and coordination framework. **Medium-term:** Develop proxy indicators; foster leadership and collaboration; promote innovation culture. **Long-term:** Host regular stakeholder roundtables and develop a joint strategic framework.	Institutional Intangible Financial
Better Welfare Outcome: • Low human and social capital ranking.	• Skills development, education pathways, and talent retention.	**Short-term:** Invest in workforce training, education access and retention strategies aligned with growth sectors. **Medium-term:** Partner with colleges, universities, and employers to create tailored curricula and apprenticeships. **Long-term:** Launch graduate retention schemes and career development pathways.	Human Social
Well-being outcomes • Health inequalities • High inactivity with long-term illness.	• The health of the population.	**Short-term:** Greater use of natural capital for preventative health.	Social Human Natural
Economic Outcomes: • Weak physical connectivity and infrastructure. • Under-leveraged sector strengths.	• Transport links and digital infrastructure. • Industrial clusters and innovation ecosystems.	**Short-term:** Market Newport's sector strengths to investors and talent pools. **Medium-term:** Upgrade rail connections to Cardiff/Bristol; expand digital access. **Long-term:** Support cluster development in semiconductors, manufacturing and fintech.	Financial Intangible Physical Human

1. Introduction

Regional productivity disparities across the UK remain a persistent challenge, with significant implications for economic growth, social wellbeing, and long-term resilience (Sensier and Artis, 2016). While some areas exhibit high levels of innovation and prosperity, others face entrenched low-productivity traps that hinder opportunities for individuals and businesses. Addressing these gaps is critical not only for improving living standards but also for ensuring inclusive and sustainable economic development. This report focuses on Newport, Wales—a city with strong growth potential but notable structural challenges—through the lens of place-based investment strategies.

The study adopts the “capitals framework,” which considers seven interconnected forms of capital: physical, human, social, financial, intangible, institutional and natural. These capitals collectively shape a region’s ability to generate productivity and wellbeing outcomes. By examining Newport’s performance across these dimensions, the report identifies strengths, weaknesses, and opportunities for targeted interventions. The approach combines quantitative analysis using an experimental data tool with qualitative insights from stakeholder workshops and interviews, ensuring that both statistical evidence and local perspectives inform the findings.

Our analysis situates Newport within the broader Wales and UK context, highlighting its relative productivity performance, sectoral strengths, and investment trends. While Newport has achieved above-average productivity growth, challenges such as health inequalities, skills gaps, and infrastructure deficits persist. The report outlines the sector strengths of Newport’s assets—particularly in advanced manufacturing, clean energy, and digital technologies—while addressing barriers to inclusive growth. By fostering collaboration among public, private, and civic actors, Newport can build a cohesive vision and unlock its full economic potential.

Newport’s recommendations centre on addressing its key productivity barriers and unlocking growth potential. Establishing a vision for a common purpose across stakeholders is essential to overcome fragmentation and align efforts across public, private and civic sectors. Strengthening human capital is also vital, as Newport ranks in the lower part of the human capital data tool; this calls for investment in skills development, education pathways, and talent retention, particularly in high-growth sectors. Improving connectivity and infrastructure—such as transport upgrades and digital access—is crucial for economic inclusion and business expansion. Additionally, Newport should leverage its sector strengths in semiconductors, furniture manufacturing, and fintech by supporting cluster development and targeted investment. Finally, addressing gaps in institutional and intangible capital by building leadership capacity, fostering collaboration, and promoting a culture of innovation and trust will help sustain long-term progress.

Investment in Productive Places Campaign

This report sets out our findings for Newport[1] for the Investment in Productive Places Campaign (IPPC)[2]. We discuss how a joined-up strategy for investment can help productivity to grow in places that have the potential to improve and fully leverage investment opportunities. To deepen our understanding of how some of the most abstract and difficult-to-quantify elements of the capitals' framework are being thought about in practice, we use a mixed methods approach presenting both quantitative and qualitative analysis. In addition to gaining insights into how the capitals are viewed across a range of stakeholders, we are also interested in the interdependencies between the capitals. Our qualitative work has involved a survey, interviews and workshop in Newport on 29 November 2024. The interviews were conducted between January and June 2025.

Regional inequalities in productivity and living standards across the UK are stark and have been increasing over time (see McCann, 2020). The need to address such inequalities not only matter for the lived experiences of citizens - the quality of life for individuals and families, but also the levels of economic growth, development and productivity achieved by businesses and organisations that in turn support the level of goods and services that the public benefit from. Although the UK is world leading across a range of sectors and with many places exhibiting high levels of productivity, innovation and good jobs, this is still overly concentrated in specific areas and the long tail of low productivity is a prevalent issue to address.

We argue that a broad-based investment strategy across different types of "capital" is required to help to lift places out of low productivity traps and create better and lasting outcomes for their communities and businesses. The former Government's Levelling Up White Paper (DLUHC, 2022) recognised that reducing spatial disparities would require an understanding of several interdependent factors and identified six capitals to address this, these included:

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.

In our research we add to this list natural capital, this refers to a place's stock of natural resources and ecosystems that provide a wide range of valuable services and products for humanity. The investment in natural capital supports environmental conservation, access to green space, and contributes to net-zero targets by reducing greenhouse gas emissions.

These capitals need to be utilised as productively as possible to foster local growth, as all resources are scarce and better economic and social outcomes are required to help close the large gap in regional inequalities (The Productivity Institute, TPI, 2024). The community

[1] Newport City Council in South Wales and is one of 10 local authorities in the Cardiff City Region, see: https://www.cardiffcapitalregion.wales/about-ccr/.

[2] The Productivity Institute's Investment in Productive Places Campaign web-site: https://www.productivity.ac.uk/regions-nations/investment-in-places/.

capitals framework has been applied to US regions. Emery and Flora (2006) note that a community could become stronger by strategically increasing its capacity within each capital. As the flow of assets are connected investing in one capital can trigger positive outcomes across the other capitals. A study by Losada-Rojas et al, (2024) analyses the community capitals at the US county level for the Great Lakes Region. They find that to build community resilience there was a need to increase active partnerships among education, non-profits, community foundations, businesses and government institutions.

Table 1: Drivers of Productivity, Stakeholders, Capitals and Growth Missions

Drivers of Productivity	Primary Stakeholders	Capitals	Growth Mission
Business performance & characteristics	Firms	Intangible Financial Social	Industrial strategy & trade + Innovation
Skills & training	Individuals in the workforce	Human	People: more people into good jobs
Policy & institutions	Government	Institutional Social	Place: devolution & reform
Health & wellbeing	Individuals in society	Human Social	Build an NHS fit for the future
Investment, infrastructure & connectivity	Business environment	Physical Natural	Investment, infrastructure & planning + Net Zero

Source: Donaldson et al (2025) Table A9.2 and HM Government (2024) Plan for Change.

The Productivity Institute research on the “drivers of productivity” are discussed for Northern Ireland in Donaldson et al (2025) to understand the prosperity gap with the UK. Donaldson et al (2025) note who the primary stakeholders of the drivers of productivity are and how these map onto the capitals, this is summarised in Table 1. The HM Government (2024) Plan for Change outlined the missions and milestones of the UK Government. Table 1 notes how the components of the growth mission link to the capitals and drivers of productivity (with the exception of health and wellbeing that links into the mission to building an NHS fit for future).

The Productivity Institute’s Productivity Lab (Garcia et al, 2024) has produced further scorecards and dashboards[3] for the drivers of productivity for Wales and for ITL3 sub-regions within Wales (see also van Ark et al, 2025). In the next section of this report we produce a scorecard for Newport’s drivers of productivity compared to Wales. We also include details of the experimental data tool for Newport and compared to local authorities in the Cardiff Capital Region and three local authorities in the South West of England. The data tool includes variables for human, social, financial, physical, intangible and natural capitals[4].

[3] The 2025 TPI Scorecards has been published by TPI’s Productivity Lab https://www.productivity.ac.uk/the-productivity-lab/the-2025-tpi-uk-itl3-productivity-scorecard-series/ and the interactive Wales dashboard https://lab.productivity.ac.uk/tools/productivity-dashboards/tpi-itl3-2025/wales/.

[4] IPPC interactive data tool: https://lab.productivity.ac.uk/insights/tpi-local-authority-capitals-dashboard/

The structure of the report is as follows. First, we discuss Newport's demographics and geography, policy context and recent investments. In the second section we discuss the labour productivity metrics and the drivers of productivity. The third section sets out the sector strengths within Newport. The fourth section describes the capitals and the indicator variables within the experimental data tool. The fifth section focuses on the qualitative findings from the study and presents a word cloud from the workshop discussion and the themes that have emerged. The final section concludes, setting out our recommendations.

Newport Geography and Demographics

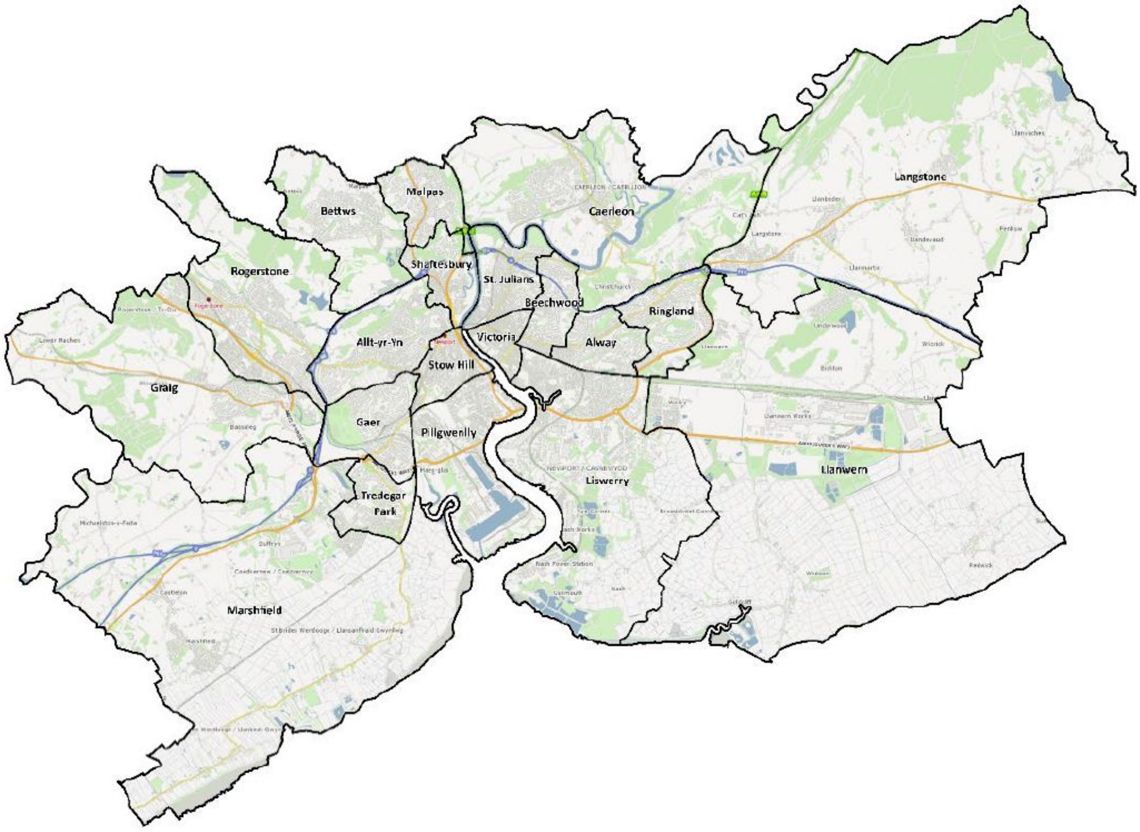
The overall population of Newport as of the Census 2021 was 159,687 people[5]. Between 2011 and 2021, Newport had the largest increase in population of all Wales local authorities, with a 9.5% increase compared to 1.4% for Wales. The 2024 ONS population estimate for Newport is 167,899[6]. Life expectancy rates in Newport closely reflects that of the overall rate in Wales. The 2017-19 data shows that life expectancy at birth in Newport stood at 78 years for males and 82.3 years for females, compared to Wales 78.4 years for males and 82.2 years for females. In the 2021-2023 data (ONS 2024) life expectancy at birth fell to 77.5 years for males in Newport and 81.6 years for females, compared to Wales 78 years for males and 82 years for females.

The location of the communities within Newport City Council area are shown in Figure 1 in the first map. The local authority is divided into 95 Lower Super Output Areas (LSOA) comprising of 21 electoral wards within 4 Upper Super Output Areas. The second map in Figure 1 shows the 2025 Welsh Index of Multiple Deprivation (IMD)[7], with the darker shading signifying the most deprived LSOAs. In the 2025 IMD Newport has 18 out of 100 LSOAs in the least 10% of deprived LSOAs nationally (so 18% of LSOAs).

The relationship between health data and productivity in Newport is closely intertwined, with poor health outcomes directly impacting economic participation and community wellbeing. In Newport, high rates of long-term illness—especially in wards like Ringland—limit residents' ability to work, reducing overall labour force participation. Elevated rates of cardiovascular disease (CVD), cancer, and respiratory illness increase healthcare costs and absenteeism. Pillgwenlly, with the highest CVD mortality, also ranks among the most deprived, suggesting a cycle where poor health reinforces economic hardship and vice versa. Obesity, diabetes, and alcohol misuse—prevalent in areas like Bettws and Pillgwenlly—are linked to reduced productivity due to fatigue, illness, and long-term complications. These conditions also affect younger populations, threatening future workforce stability.

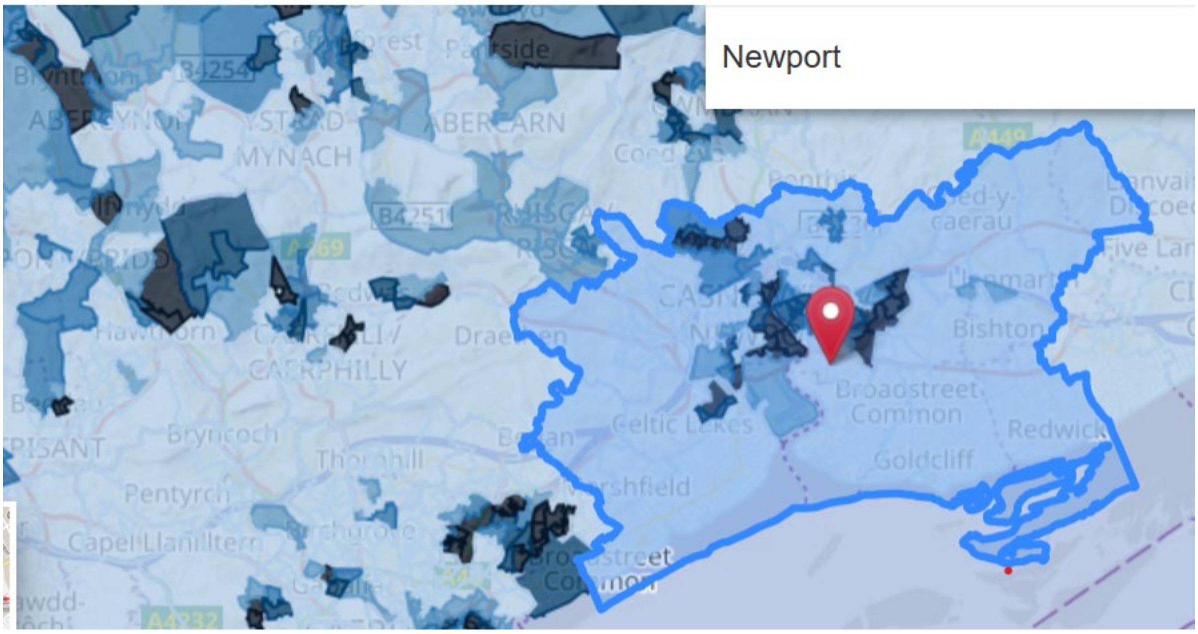
[5] See https://www.nomisweb.co.uk/reports/lmp/lad/1778385212/report.aspx?town=newport and https://www.ons.gov.uk/visualisations/censusareachanges/W06000022/
[6] https://www.ons.gov.uk/explore-local-statistics/areas/W06000022-newport/indicators
[7] https://www.gov.wales/welsh-index-multiple-deprivation-wimd-2025-results-report-overall-index-html

Figure 1: Newport Wards Map and 2025 Index of Multiple Deprivation



Source: [Community Wellbeing Profile - Newport 2021 (Appendix)](#).

Welsh Index of Multiple Deprivation (WIMD) 2025 › View map



Source: Data Map Wales, Welsh Index of Multiple Deprivation 2025, https://datamap.gov.wales/maps/welsh-index-of-multiple-deprivation-wimd-2025.

Bettws saw a 59% rise in its over-65 population, increasing demand for health and social care services. As the ageing population grows, the dependency ratio rises, placing more pressure on working-age individuals and public resources. Wards with high free school meal eligibility (Ringland, Bettws, Pillgwenlly) often correlate with poorer health outcomes. These areas also face barriers to skill development, limiting access to better jobs and perpetuating low-income cycles. Newport's homelessness rate is above the Welsh average, reflecting deep social and health vulnerabilities. Homeless individuals often face compounded health issues, making reintegration into the workforce more difficult.

Newport Policy Context

Next, we set out the Welsh policy context that Newport Council operates within. In recent years the Welsh Government has had a Prosperity for All strategy in 2017. In 2023 the Welsh Government issued an Economic mission strategy[8] noting that:

"Productivity is fundamental for a sustainable and growing economy which produces more with less, innovates, creates returns and rewards to workers and business owners through better wages and incomes. To achieve this, Wales has many longer-term levers, which include skills, education, advice, support and finance and the ability to invest in infrastructure. Productivity and growing businesses also provides the foundation for a growing tax base, from which government resources are generated to fund these investments."

The Senedd elections on 7th May 2026 have brought in Wales' first ever Plaid Cymru government[9]. They have recently announced a new economic mission to boost pay and halve Wales' productivity gap with the rest of the UK within ten years[10].

The 2022-27 Newport Corporate plan sets out the vision to create a "fairer, greener Newport for everyone". This vision includes a comprehensive set of four well-being objectives that focus on the economy, education, environment, social care, and fostering an inclusive council. The plan outlines a strong commitment to collaborate with communities, partners, and stakeholders to achieve these objectives. It is aligned with Wales's Well-being Goals and adheres to the principles of sustainability, prevention, and long-term thinking. The corporate plan sets out its ambition to use economic growth and investment to help local communities thrive by improving education, skills development, and creating good job opportunities to empower individuals. In addition, it sets out the need to work towards a net-zero carbon future while protecting the environment for future generations. It advocates early intervention strategies and emphasises prevention and strong community services.

The Newport Corporate plan states that the effects of the COVID-19 pandemic, the escalating cost-of-living crisis, and the urgent challenges posed by climate change are all key challenges facing the region, as are the deep-rooted issues of inequality and poverty. In addition, there are increasing pressures on social care systems. All of this requires a modernisation of council

[8] https://www.gov.wales/priorities-stronger-economy-html
[9] https://www.bbc.com/news/articles/crlpzky9y05o
[10] https://media.service.gov.wales/news/new-economic-mission-to-close-wales-productivity-gap-with-uk-and-boost-pay

services and infrastructure, ensuring it is equipped to meet the diverse needs of communities in the 21st century. This will require making an environment where every citizen has equitable access and genuine representation, empowering all voices to be heard and valued.

Newport Council published a wellbeing plan 2018-23[11] identifying key areas of intervention. The first is a city where people and places thrive into the future. This is followed by building strong resilient communities, and people gaining access to the right skills and education programs. Lastly, the council aims to the create green and wellbeing spaces and sustainable travel-prioritising cycling, walking, and a better integrated transport system with a lower impact on the environment. To achieve these aims, the council came up with a series of strategies. These include developing multi-agency community hubs to support the provision of public services. They also include work experience programs and giving every young person below the age of 15 an opportunity to engage with employers. Furthermore, the council will monitor progress by carrying out a skills demand audit, primarily through a survey of key city employers to determine what skills are critical for growth, as well as researching resident's views on the availability of training. The council also plans to establish Adult Learning Community Groups to increase rates of digital and carbon literacy as well as improve financial capability provisions.

The city has ambitious plans to develop green and safe spaces. For instance, the council hopes that within 10-25 years the city would be completely navigable on integrated sustainable active travel routes, which would constitute a part of an integrated green infrastructure network. Key to this strategy is to roll out a fleet of ultra-low emission buses across the city; installing electric charging points to encourage the use of electric vehicles and develop low emission or clean air zones. In addition, the local authority also plans to prioritise walking and cycling in highway design.

Newport Developments and Investments

The Compound Semiconductor Applications Catapult is based at Imperial Park in Newport. This building was established in 1996 with LG investing a in a large high-specification semi-conductor plant. Cardiff Capital Region[12] has supported the semiconductors industry with a £38m investment in a manufacturing facility, the Compound Semiconductor Foundry, at Newport, ensuring that manufacturing of the semiconductors, and the jobs that go with it, is not offshored.

Imperial Park and the surrounding Newport area are experiencing notable developments in the tech and industrial sectors. Vantage is constructing a new data centre for Microsoft, though it brings limited employment due to its automated nature. KLA, a major supplier of semiconductor manufacturing equipment, has expanded its presence by building a UK headquarters at Imperial Park, complementing its existing factory on Newport's east side and supporting around 500 high-paid jobs. In a significant move for the UK semiconductor

[11] https://www.newport.gov.uk/documents/One-Newport/Local-Well-being-Plan-2018-23-English-Final-Revised-Aug-21.pdf
[12] https://www.cardiffcapitalregion.wales/about-ccr/

industry, the Cabinet Office approved the US firm Vishay's acquisition of Newport Wafer Fab from Nexperia in March 2024, securing over 400 jobs at Tredegar Park[13]. This factory, originally founded as Inmos in 1980, is now the UK's largest semiconductor manufacturer and has changed ownership multiple times over the decades.

Several issues are holding back the transport infrastructure. In terms of rail infrastructure there are currently only three stations between Cardiff and the Severn Tunnel. There is a proposal for five new stations to be built at Cardiff East (Newport Road), Newport West, Somerton, Llanwern, Magor and Undy[14]. The idea is to give people alternative options to getting in their cars to travel between Newport, Cardiff and Bristol with the main aim of easing congestion on the M4, supporting greener travel. By linking more communities, the new stations should improve access to jobs, education, and services.

In July 2025 it was announced by Welsh Minister, Jo Stevens, that the UK Government would invest £30m into the Cardiff Capital Region (CCR) from the Local Innovation Partnership Fund[15]. This fund is operated by UK Research and Innovation (UKRI) and encourages "Triple Helix" partnerships between the city region authority, businesses and research organisations. The fund aims to help deliver the UK Government's Industrial Strategy and notes the CCR could build on existing strengths "from its role in developing electric vehicle components that will help us build a greener world to its data science capabilities which can improve lives from better public services to improving our health". It also notes in the UKRI guidance document that some places may choose to integrate community groups, or community engagement, reflecting a 'Quadruple Helix' approach that incorporates civil society and community engagement into decision-making[16]. These approaches aim to ensure that innovation is inclusive, impactful, and aligned with regional strengths and community needs, reinforcing the importance of anchor institutions working together to deliver long-term economic and social value.

In September 2025 the UK Government announced[17] that Wales would get a share of the £250m Defence Growth Deal. According to the UK Government this "will harness Wales's unique strengths in autonomy and aerospace, creating high-skilled jobs whilst positioning the nation at the forefront of next-generation defence capabilities that will keep Britain secure." Newport can leverage the Defence Growth Deal by positioning its advanced manufacturing and semiconductor sectors to support next-generation defence technologies, attracting investment and creating high-skilled jobs that align with the UK's strategic priorities in autonomy and aerospace.

[13] https://www.bbc.co.uk/news/uk-wales-68449303
[14] The stations were recommended in a report by Lord Burns and Chancellor Rachel Reeves announced funding in her Spring statement 2024. https://www.walesonline.co.uk/news/wales-news/five-new-railway-stations-being-31844802
[15] https://www.gov.uk/government/news/cardiff-capital-region-backed-by-30m-to-unlock-innovation-and-growth
[16] https://www.ukri.org/publications/local-innovation-partnership-fund-initial-guidance/
[17] https://www.gov.uk/government/news/landmark-wales-partnership-to-create-jobs-and-harness-innovation

2. Labour Productivity

Recent reports have provided detailed analysis of productivity trends in Wales and revealed important insights when compared to other UK nations and regions. These include The Productivity Institute's (TPI) Insights reports (Jones, 2025) and Henley (2021; 2024). Wales faces a longstanding productivity gap with the UK average, with productivity levels over 17% below the UK in 2022 (Jones, 2025). This gap has persisted despite over 20 years of devolution. The productivity gap is evident across most industries and is not just due to industrial composition. Key barriers to productivity include: lower human capital (education, skills) compared to the UK average; weaker business characteristics (R&D, access to finance); poorer health outcomes and higher economic inactivity; lower investment in infrastructure and connectivity, especially in peripheral/rural areas; and lack of agglomeration economies due to a dispersed population and lack of large cities.

Productivity growth is critical for improving living standards, public finances, and achieving broader wellbeing goals in Wales. Wales continues to face significant challenges, notably a persistent productivity gap relative to other UK regions, particularly when compared to London and the South East. This gap stems from various factors, including weaknesses in skills provision, R&D and innovation efforts, and levels of business investment. Moreover, governance and policy coordination problems exacerbate the situation; this includes over-centralisation, frequent shifts in policy direction, and siloed thinking that stifles collaborative progress. As a result, despite the need for urgent action, productivity growth had not been prominent in the past on the policy agenda (Henley, 2024).

We compare productivity levels[18] versus the growth rate in the Figure 2 for Wales unitary authority areas. The chart's axis is set at Wales productivity level of £35.2 (GVA per hour worked) and growth rate (for the constant prices productivity series) of 11.7% between 2008 to 2023. The chart shows a four-type taxonomy[19] to describe how the unitary authority is progressing compared to Wales. By comparing the region's productivity along these two dimensions, the taxonomy of relative productivity performance is constructed as follows:

- Falling behind: both the authority's current year productivity and its productivity growth are below Wales (national average).
- Catching up: the authority's current year productivity is below Wales, but its productivity growth is above Wales.
- Losing ground: the authority's current year productivity is above Wales, but its productivity growth is below Wales.
- Steaming ahead: both the authority's current year productivity and its productivity growth are above Wales.

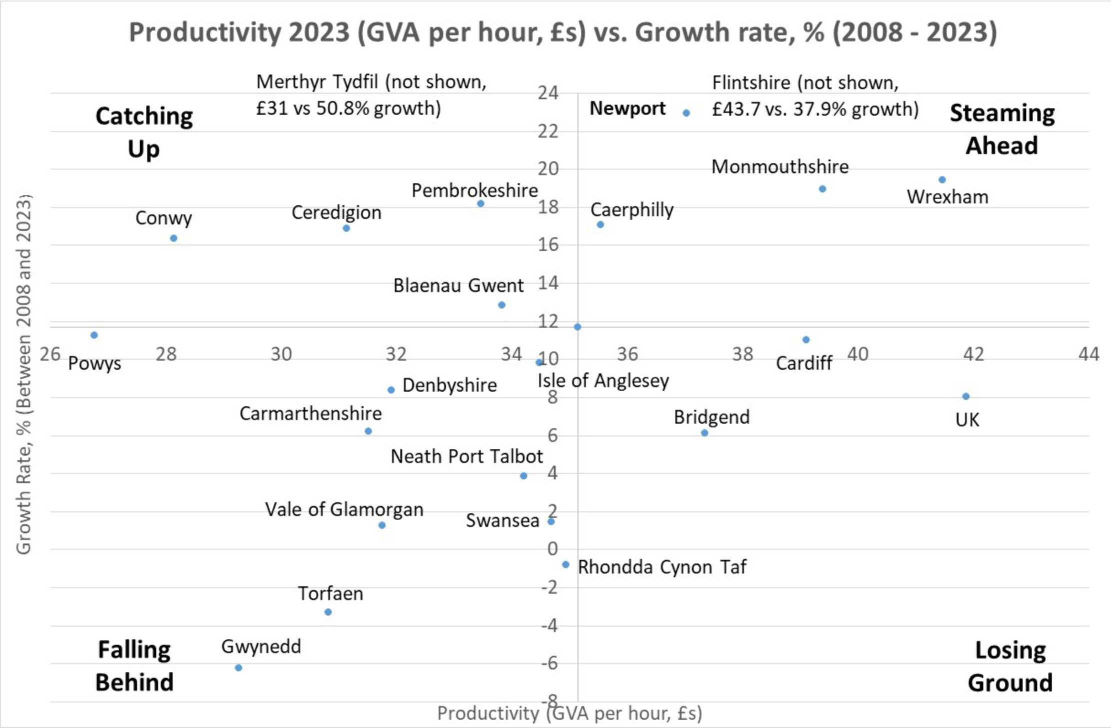
In Figure 2 we can see that Newport's level of productivity at £37 is above the Wales average of £35.2, and since 2008 it has increased by 23% to 2023, almost double the 11.7% growth for

[18] Labour productivity is calculated as real GVA divided by the weekly hours worked series multiplied by 52 weeks for the annual amount. Please note that the ONS (2025a) have stated there are measurement issues with the Labour Force survey used to produce the labour productivity data (particularly at the lower levels of geography). This volatility in the ONS Labour Force survey is due to the low response rates during and since the COVID-19 pandemic. ONS also notes a reweighting of this series with 2021 Census population estimates. For more information on the issues see ONS (2025g), Gouma et al (2025) and Prothero (2025).

[19] The taxonomy is based on the method from Garcia et al (2024).

Wales, so is within the steaming ahead quadrant. The UK level of £42 is noted in Figure 2 with a growth rate 8% between 2008 and 2023.

Figure 2: Wales Unitary Authority Productivity Levels vs. Growth Rates (2008-2023)



Source: ONS (2025i), Table A3 for productivity levels (current price smoothed data using a weighted 5-year moving average). For the growth rate calculation, real labour productivity is calculated as (GVA/GVA deflator)/ (weekly hours worked*52) with GVA from ONS (2025d) and hours from ONS (2025i).

Newport Productivity Metrics and Drivers

The Productivity Institute's research on the "drivers of productivity" are set out in TPI's Productivity Lab scorecards and dashboards for the Wales sub-regions (ITL3, see Watson Ortega-Argilés, 2025, and McKeogh et al, 2025). Here Newport is with Monmouthshire[20] in an ITL3 sub-region (code TLL54). The Productivity Lab scorecards examine four regional productivity drivers: business performance, skills and training, health and well-being, and investment and infrastructure. We present the levels and growth rates[21] for productivity, output, income and the drivers of productivity in Table 2, comparing Newport to Wales (figures are in brackets). The UK labour productivity level is £41.9 (GVA/ hour) in 2023 with a fall since 2022 (-0.2% growth rate), then the cumulative average annual growth (CAGR) of 0.7% per year in the medium term and 0.5% per year in the long term.

[20] Monmouthshire is a rural county with main industries of manufacturing, agriculture and tourism. For more information see Table 5 and https://www.visitmonmouthshire.com/destination-management.

[21] The short-term growth rate is between 2022-2023, the cumulative average annual growth (CAGR) is between 2019 and 2023 for the medium-term and the long-term growth rate is the CAGR between 2008 and 2023. The CAGR is calculated to exclude the COVID-19 disrupted years from the data series. The formula is CAGR = 100 x (((2023 Value /2019 Value)^(1/4 Years)) - 1) applied to the real series (with price effects removed).

In the economy measures for Newport in Table 2 we see that productivity (Gross Value Added, GVA, per hour and GVA per filled job) and output (Gross Domestic Product, GDP, per capita) are above the Wales levels in 2023 (the Wales level is in brackets). Gross Disposable Household Income (GDHI) per head in Newport is below the Wales level in 2023. This could reflect the lower income of working residents in Newport and those who commute out of Newport. See Table A1 in the Appendix for worker flows during the 2021 Census, with Torfaen as the most popular work destination for commuters from Newport.

In terms of growth rates, productivity has been increasing over time. Output (GDP per capita) has increased in the long-term but contracted in the short and medium-term. Incomes per head have increased in the short-term but been falling in the medium and long-term. In Figure 3 we compare the time series of real labour productivity (in constant 2022 money values) for Newport, Monmouthshire, Cardiff and Wales. As we see from Figure 2 Newport has had productivity growth between 2008 and 2023 of 23%.

In Figure 4 we compare labour productivity and its components (real GVA and hours) of the series for Newport and Wales. The increasing productivity (GVA per hour) growth over time is due to sustained output growth until 2018, and a fall in hours worked since the financial crisis in 2008 until 2013. In Figure 5 we present the productivity jobs series for Newport, Monmouthshire, Cardiff and Wales. Newport's jobs count also contracted after the financial crisis until 2013, only recovering the 2008 level in 2017.

Figure 6 shows the time series for payrolled employees on HMRC Pay As You Earn (PAYE, ONS, 2025h), the series starts in July 2014. In Figure 6 we see that Newport has experienced higher growth in PAYE employees since 2014 than Cardiff. The Newport employee count is 73,479 in June 2025 compared to 64,300 employees estimate in Nomis from the Annual Population Survey[22]. As noted earlier the volatility in this survey is due to a low response rate following the covid pandemic and the PAYE estimate should be more accurate. So to sum up, employees have increased and this may adjust the number of hours worked/ jobs count in future productivity data releases.

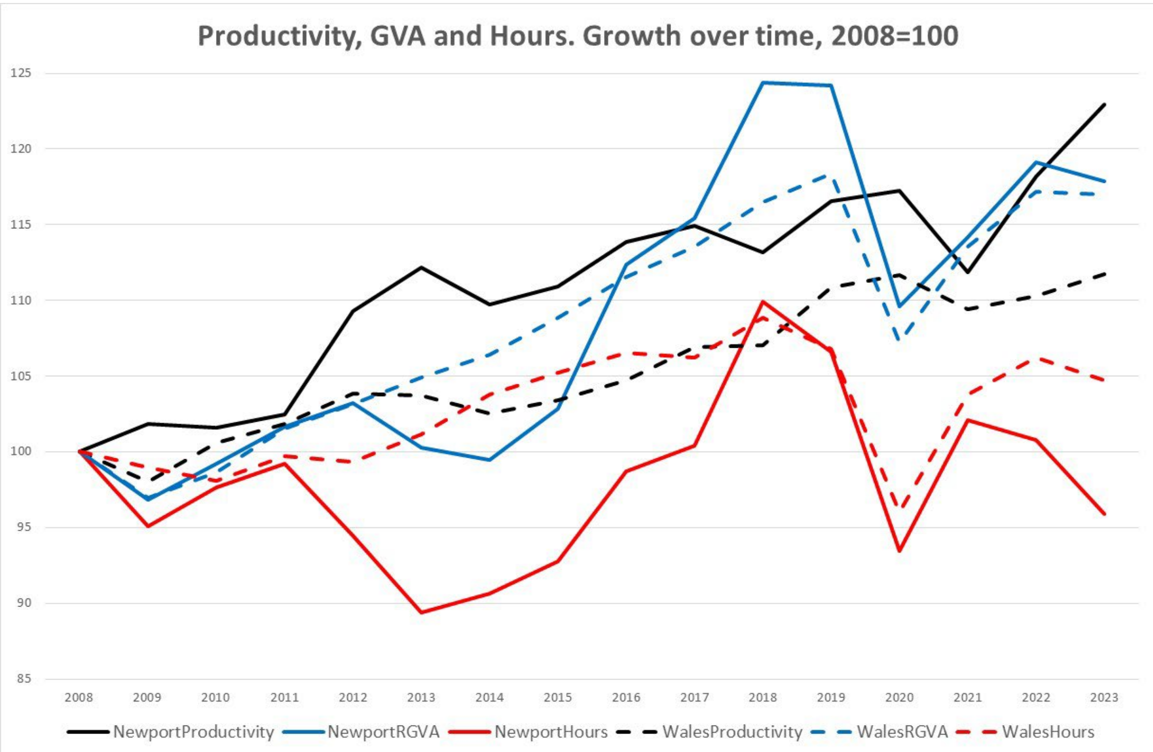
In terms of business performance, we present export intensity and rate of new businesses in the scorecard in Table 2. Export intensity is an important productivity driver as firms competing in international markets tend to increase their productivity through process efficiencies and cost reduction, so higher export performance by local firms leads to higher regional productivity. García et al, (2024) calculated export intensity by adding the nominal values of trade in good's exports and trade in service's exports and then dividing by the GDP. We find high export intensity for Newport and Monmouthshire of 29.6% (share of exports to GDP) in 2023 lower than the Wales share of 34.1% (ONS, 2025b). This is mainly due to the large amount of goods exported from Newport and Monmouthshire (£1,668 million compared to £773 million export of services). Newport and Monmouthshire's export intensity in 2022 was 28.9% so over a year export intensity has increased by 0.7%.

[22] https://www.nomisweb.co.uk/reports/lmp/lad/1778385212/report.aspx?town=Newport

Figure 3: Real Labour Productivity Levels

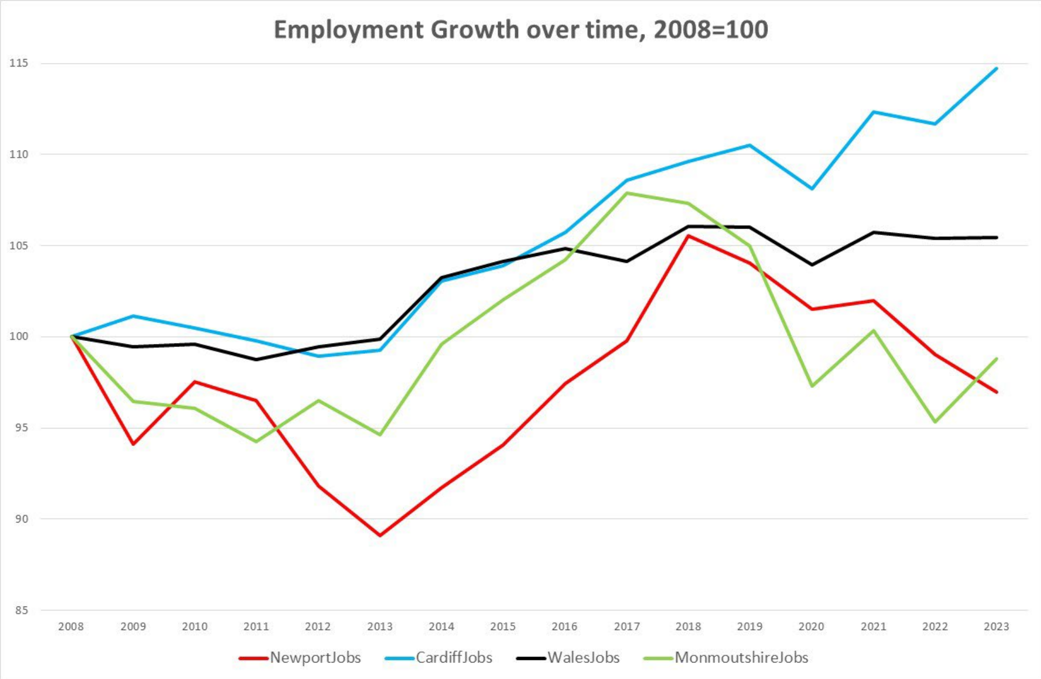
Source: ONS (2025d and 2025i), Local Authority GDP and Productivity.

Figure 4: Real Labour Productivity growth over time



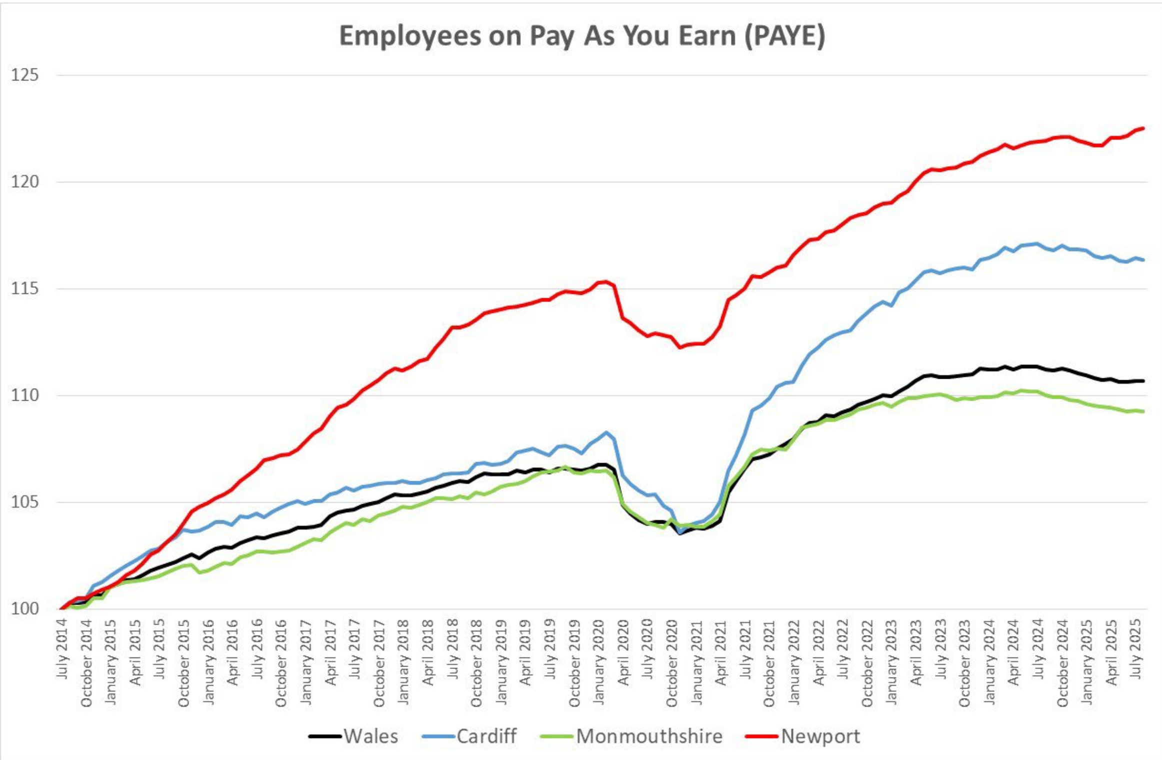
Source: ONS (2025d and 2025i), Productivity, Real GVA (RGVA) and Hours.

Figure 5: Jobs Growth over time



Source: ONS (2025i), Local Authority Productivity Jobs (counting the total number of jobs, with possibly more than one per person). Series set to 100 in 2008.

Figure 6: Pay As You Earn Employees Growth over time



Source: ONS (2025h), Local Authority Payrolled Employees. Series set to 100 in July 2014 (start of series).

Table 2: Scorecard for Newport's Drivers of Productivity

Newport (Wales)		Growth (%, CA growth rates between dates)		
Economy	2023 Level	Short term (2022-2023)	Medium term (2019-2023)	Long term (2008-2023)
UK Productivity (GVA/hour)	41.9	-0.2	0.7	0.5
Productivity, GVA/ hour (£)	**37** (35.2)	**5.3** (2.7)	**1.7** (0.6)	**1.3** (0.7)
Productivity, GVA/ filled job (£)	**57,777** (54,345)	**2.3** (1.2)	**0.8** (0.2)	**1.3** (0.7)
GDP per capita (£)	**32,862** (29,316)	**-1.6** (-0.5)	**-2.1** (-0.8)	**0.2** (0.7)
GDHI per head (£)	**19,250** (20,140)	**0.2** (0.1)	**-0.7** (-0.7)	**-0.2** (0.04)
Gross median weekly pay (£) (full-time worker)	**619** (636)	**-4.6** (-0.6)	**0.1** (-0.1)	**-0.5** (0.1)
Drivers of productivity				
Businesses Performance				
Export Intensity (%)-ITL3	**29.6** (34.1)	**0.7** (-2.5)	**2.5** (0.2)	-
Rate of New Business (%)	**12.2** (10.2)	**-2.7** (-1.3)	**-1.9** (-2.9)	-
Skills & employment				
Medium skilled (% RQF3+)	**62.3** (64.6)	**-0.3** (0.5)	**2.7** (4)	**3** (2.5)
Low skilled (%)	**13.6** (11.2)	**1.5** (-0.8)	**-8.9** (-13.2)	**-5.5** (-6)
Employment Rate (%)	**72.7** (74.1)	**-0.2** (0.8)	**-0.4** (0.3)	**0.6** (0.5)
Health & wellbeing				
Activity Rate (%)	**76.7** (77)	**-0.1** (1.4)	**-0.1** (0.2)	**0.3** (0.3)
Inactive due to illness (%)	**22.8** (33.4)	**-12.6** (-0.6)	**-6.2** (4.3)	**-2.3** (0.6)
Dependency Ratio (%)	**62.9** (61.1)	**0.1** (0.1)	**0.2** (0.04)	**-0.1** (-0.3)
Investment, Infrastructure & Connectivity				
5G connected (%), 2025	**99.8** (56.7)			
Gigabit capable broadband (%), 2025	**92.3** (79.1)			
GFCF per job (£), 2020-ITL3	**6,728** (7,961)			
ICT per job (£), 2020-ITL3	**359** (396)			
Intangibles per job (£), 2020-ITL3	**1,374** (1,530)			

Source: Gross Domestic Product (GDP) from ONS (2025d), Productivity from ONS (2025i) and Gross Disposable Household Income (GDHI) from ONS (2025j). Digital connectivity data from ONS Local Statistics Data: https://www.ons.gov.uk/explore-local-statistics/areas/W06000022-newport/indicators. Note: ITL3 data includes Newport and Monmouthshire.

According to García et al (2024) entrepreneurship, firm dynamicity and firm creation has been found to be important drivers of regional productivity and local prosperity. The rate of new businesses for Newport was 12.2%, above 10.2% in Wales in 2023. We see from Table 2 that business births have fallen in the short and medium-term.

Measures in skills include the share of the population with medium-level skills (Regulated Qualification Framework 3 plus, RQF3+) and those with low skills (this includes the 16–64 year-old population with no qualifications and those with RQF1 qualifications). The academic literature has found that high-level skills can drive productivity by allowing for complex problem solving, technological adoption, greater communication and collaboration, and enhancing decision-making capabilities. A higher share of the working population with no qualifications is expected to be detrimental to regional productivity. The share of medium-level skills in Newport at 62.3% of the working population (aged 16-64 years) in 2023 is below the Wales level of 64.6%. The share of the working population with low skills is at 13.6%, higher than 11.2% for Wales. Both measures have improved over the medium and long-run. The employment rate for Newport at 72.7% is lower than Wales at 74.1%. The Newport employment rate has fallen in the short and medium term but has increased since 2008.

Health and wellbeing indicators include the economic activity rate and then the share of the inactive population that is inactive due to illness, along with the working population share. The activity rates are calculated as those that are active in the labour market (either employed or unemployed) as a share of the working age population (aged 16-64 years). Newport has a slightly lower activity rate at 76.7% compared to that of Wales at 77% in 2023. This rate has decreased in the short and medium-term but increased since 2008. The share of the inactive population in Newport who are inactive due to ill health is 22.8% in 2023, lower than 33.4% for Wales, this has fallen between 2022 to 2023. The dependency ratio is (calculated as the share of population <16 and >64/ share of 16-64 year-olds), is 62.9% in Newport, higher than 61.1% for Wales.

The final block on Table 2 notes information on investment, infrastructure and connectivity. In Newport, 5G coverage and gigabit capable broadband connectivity are well above the Wales average in 2025. Whole economy investment (Gross Fixed Capital Formation, GFCF) per job and components of this include investment in Information and Communication Technology (ICT) and intangibles[23], both per job. Newport and Monmouthshire were below the Wales average for whole economy, ICT and intangible investment per job in 2020. These series are from the ONS (2022).

3. Sector Strengths

We analyse two data sets to gauge industrial strategy sector strengths across the Cardiff Capital Region local authorities along with 3 local authorities in the South West of England which were part of the Western Gateway[24]. In Table 3 we present analysis by The Data City using their Real-time Standard Industrial Classification (RTICs) codes gathered from searching

[23] Within intangibles are research and development; mineral exploration and evaluation; computer software and databases and entertainment, literary or artistic originals.

[24] The discussion in our workshop covered the functional economic geography for Newport which includes commuting west to Cardiff and east into England as far as Bristol, Bath and South Gloucestershire within the Western Gateway area. The Western Gateway was a pan-regional partnership for South Wales and Western England, stretching from St Davids in Pembrokeshire to Swindon. The UK Government withdrew funding from the Western Gateway in March 2025, see: https://western-gateway.co.uk/

firms' websites for sector keywords. Then we present employment sector specialisation results from the Business Register and Employment Survey (BRES) in Table 4.

Table 3 shows the specialisation in the eight priority sectors outlined in the Government's Modern Industrial Strategy 2035 for local authorities. The location quotients (LQ) are calculated by taking the number of operating addresses of companies classified in the sectors (company counts) as input data. A location quotient greater than one shows the local authority has a greater strength in that sector than the UK average. From Table 3 we see that Newport's greatest specialisation is in advanced manufacturing with a location quotient of 1.68 (this is the highest for local authorities in Wales), followed by clean energy industries LQ of 1.16, life sciences LQ is 1.15 and then digital and technology companies has a LQ of 1.1. The highest LQ for defence in Wales is for Caerphilly.

Table 3: Newport Companies Industrial Strategy Sector's Location Quotients

IS-8 Sector	AM	CE	CI	D	DT	FS	LS	PBS
Newport	**1.68**	**1.16**	**0.84**	**0.71**	**1.1**	**0.71**	**1.15**	**0.98**
Monmouthshire	1.15	1.09	0.93	0.56	0.77	0.71	0.8	1.07
Bridgend	1.18	1.72	0.81	0.83	0.85	0.69	0.75	1.09
Vale of Glamorgan	0.81	0.6	0.95	0.46	0.48	0.78	0.97	0.92
Cardiff	0.75	1.18	1.1	0.95	1.41	1.43	1.29	1.12
Rhondda Cynon Taf	1.05	1.26	0.74	0.25	0.75	0.57	1.72	0.91
Caerphilly	1.4	0.98	0.82	2.01	0.76	0.59	1.35	0.89
Blaenau Gwent	1.6	0.63	0.65	0	0.84	0.42	1.49	0.74
Torfaen	1.46	1.12	0.7	1.04	0.58	0.57	0.8	0.86
Merthyr Tydfil	0.71	0.61	0.59	0	0.89	0.53	1.78	0.73
Bristol, City of	1.04	1.84	1.54	1.13	1.46	1.77	1.44	1.47
Bath and North East Somerset	1.01	0.77	1.49	0.67	0.85	0.93	0.93	1.26
South Gloucestershire	1.32	1.22	1	2.46	1.4	1.01	1.38	1.15

Source: The Data City Real Time SIC Codes, https://thedatacity.com/real-time-sic-codes/. Key to sectors: Advanced Manufacturing (AM); Clean Energy (CE) Industries; Creative Industries (CI); Defence (D); Digital and Technology (DT); Financial Services (FS); Life Sciences (LS); Professional and Business Services (PBS). The Data City indicators are from July 2025.

We calculate location quotients using sectoral employment data, these give the relative specialisation for the employment sectors in Newport, compared to Great Britain (GB). A location quotient greater than one indicates higher specialisation than the GB level of employment in that sector. Table 4 shows the highest 20 location quotients for Newport employment sectors at the 2-digit SIC code level from the Business Register Employment Survey (calculated as the average LQ between 2015-23). In the columns we compare the sector's employment numbers in 2015, 2023, the 2023 employment sector share and the growth rate between 2015 and 2023. In Table 4 we can see from that Newport's total number of people in employment has increased by 8.5% between 2015 and 2023. Retail trade has around 7000 people in employment, 8.8% of the total, and has contracted by 22% since 2015.

Table 4: Newport Employment Sectors by Highest Location Quotients

People Employed by Sector	2015	2023	Share in 2023	Growth Rate 2015-2023 (%)	Location Quotient 2015-23 (average)
24: Manufacture of basic metals	1250	1000	1.26	-20	6.79
65: Insurance, reinsurance and pension funding, except compulsory social security	800	20	0.03	-97.5	2.88
31: Manufacture of furniture	300	700	0.88	133.3	2.85
36: Water collection, treatment and supply	250	300	0.38	20	2.76
26: Manufacture of computer, electronic and optical products	700	1000	1.26	42.9	2.73
27: Manufacture of electrical equipment	600	1000	1.26	66.7	2.41
10: Manufacture of food products	1750	2000	2.5	14.3	2.10
35: Electricity, gas, steam and air conditioning supply	900	600	0.76	-33.3	1.89
84: Public admin. & defence; compulsory social security	6000	7000	8.83	16.7	1.86
64: Financial service activities, not insurance & pension funding	2250	2250	2.84	0	1.83
96: Other personal service activities	1500	700	0.88	-53.3	1.71
20: Manufacture of chemicals and chemical products	300	400	0.5	33.3	1.61
49: Land transport and transport via pipelines	1500	1250	1.58	-16.7	1.47
17: Manufacture of paper and paper products	150	200	0.25	33.3	1.43
86: Human health activities	8000	8000	10.1	0	1.37
37: Sewerage	125	75	0.1	-40	1.36
78: Employment activities	3500	3000	3.78	-14.3	1.33
38: Waste collection, treatment and disposal activities; materials recovery	500	400	0.5	-20	1.31
55: Accommodation	1250	1250	1.58	0	1.27
28: Manufacture of machinery and equipment n.e.c.	400	600	0.76	50	1.23
47: Retail trade, except of motor vehicles & motorcycles	9000	7000	8.83	-22.2	1.11
62: Computer programming, consultancy and related activities	450	1750	2.21	289	0.62
Total	73050	79270	100	8.5	

Source: Business Register Employment Survey from Nomis https://www.nomisweb.co.uk/ at the 2 digit level Standard Industrial Classification code.

The largest top 5 location quotients for employment in Table 4 are the manufacture of basic metals (LQ of 6.79), insurance, reinsurance and pension funding (LQ of 2.88), the manufacture of furniture (LQ of 2.85), water collection and treatment (LQ of 2.76) and then the manufacture of computer, electronic and optical products (LQ of 2.73). Employment in the manufacture of furniture has grown between 2015 and 2023 by 133%[25], and then the largest growth has been in computer programming employment of 289%. Although the insurance (sector 65) is the second highest LQ employment in Newport it has contracted from 2015, with 800 people in employment, up to 1000 in 2021 but then down to 20 in 2023[26]. The large share of public admin (sector 84) reflects employment in the Office for National Statistics campus and Intellectual Property Office. There are strengths in Newport across manufacturing and services.

Table 5: Newport Gross Value Added Shares of Industrial Sectors in 2023

Industrial Sector	Newport	Monmouthshire	Cardiff	Wales
ABDE: Agriculture, mining & utilities	3.2	3.1	4.1	5.2
C: Manufacturing	14.1	16.7	4.8	15.8
J: Information & communication	2.8	1.3	5.8	3
K: Financial & insurance activities	5.9	1.3	18.8	6.2
R: Arts, entertainment & recreation	0.7	0.8	1.1	1
S: Other service activities	3.9	0.8	1.3	1.5
T: Activities of households	0.1	0.1	0.1	0.1
Share of Tradeable Sectors	**30.7**	**24.2**	**36**	**32.8**
F: Construction	4.5	11.8	4.6	6.4
G: Wholesale & retail trade	9.3	10.3	7	8.7
H: Transportation & storage	4.2	3.8	1.5	2.9
I: Accommodation & food services	2.5	2.8	2.8	3.1
L: Real estate activities	9.8	17.4	10.1	11.6
(Owner-occupiers' imputed rental)[27]	(7.6)	(14.5)	(6.5)	(9.1)
(Excluding imputed rental)	(2.2)	(2.9)	(3.6)	(2.5)
M: Professional, scientific & technical	5.2	3.7	7.5	4.1
N: Administrative & support services	4.5	4.1	4.5	3.5
O: Public administration & defence	9.7	6.2	9.6	8.7
P: Education	5.1	5.2	8.2	6.4
Q: Human health & social work	14.6	10.3	8.3	11.7
Total GVA in 2023 (£ million)	**4,811**	**2,523**	**15,366**	**81,458**

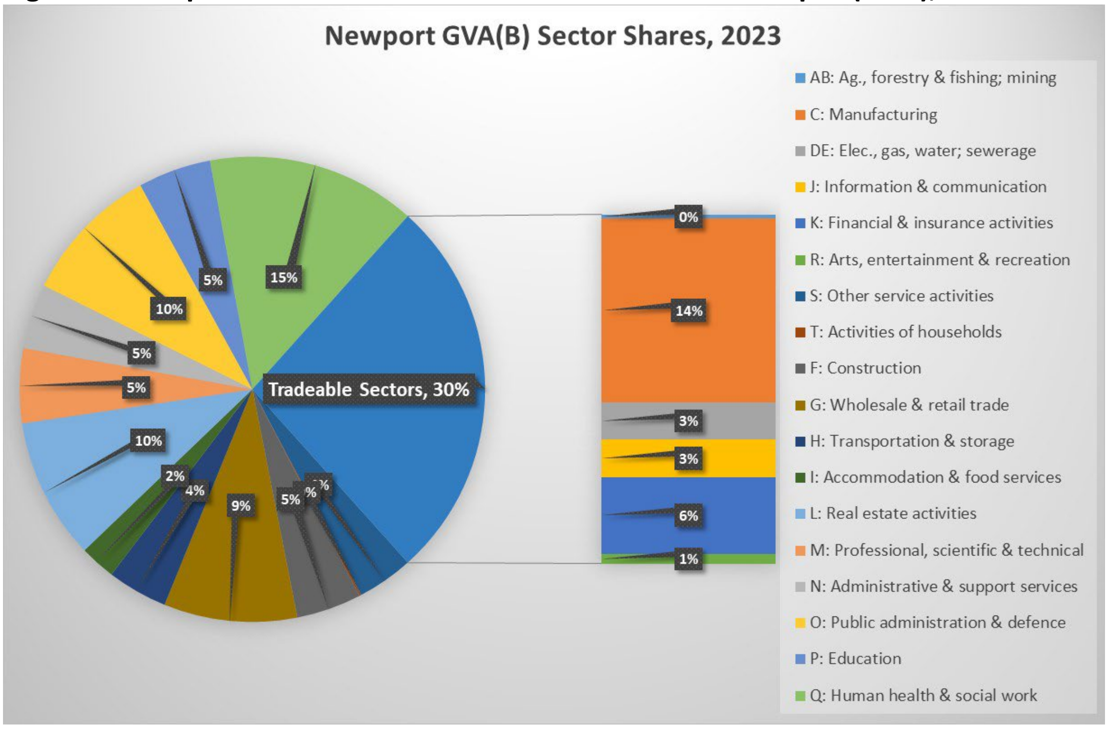
Source: ONS (2025e) and ONS (2025f) Regional GVA (balanced) by industry. Sector shares are calculated with GVA in chained volume measures in 2022 money value. Total GVA is in current prices for 2023.

[25] Newport's manufacture of furniture could refer to the Bisley group of office furniture manufacturer, https://businessnewswales.com/newport-based-office-furniture-manufacturer-reveals-its-latest-project/

[26] This could be due to the Go.Compare move of offices from Newport to Hodge House in Cardiff, see: https://businessnewswales.com/go-compare-moves-hq-to-hodge-house-office-building-in-cardiff/

[27] ONS use imputed rental data to estimate the housing services that households consume when they do not rent their residence. Imputed rent is the rental price that an individual would pay for an asset they own. The methodology ONS use to calculate imputed rent uses the share of the different types of housing stock multiplied by median house prices of an area. In Table 5 a large share of sector L (real estate activities) is divided into the estimates for imputed rent and excluding it leaving the real estate sector a smaller share.

Figure 7: Newport Share of Tradeable vs. Non-tradeable output (GVA), 2023



Source: ONS (2025e), GVA by industry sector.

The OECD (2016) found that regions with larger tradeable sectors[28] were able to catch up to the frontier regions quicker than those regions with lower shares. Tradeable sectors bring money into the community, together with the wages of residents who commute to other parts of the region. We calculate the share of tradeable sectors for Newport, Monmouthshire, Cardiff and Wales in Table 5 utilising the GVA sector shares for 2023.

In Table 5 we see that Cardiff has the largest share of the areas listed for tradeable sectors at 36% of GVA, Newport has a 30.7% share and Wales has 32.8%. Figure 7 presents a pie chart for Newport's sector shares of GVA, with the largest share of value from human health and social work at 14.6% share, then manufacturing at 14.1%.

Newport has a small, but growing information and communication sector of 2.8% of the economy (up from 1% share in 2012), with 2.2% of the workforce in computer programming in Table 4. Newport has a substantial finance sector of 5.9% of the share of GVA, but this has been contracting over time (from a high of 8.5% in 2018).

[28] The OECD (2018) classifies tradeable sectors as the following: agriculture (A), industry (BCDE), information and communications (J), financial and insurance activities (K) and other services (RSTU). The remaining sectors are then classed as non-tradeable. The OECD defines tradeable sectors as "those that produce goods and services that can traded across regions and international borders". Firms can operate in sectors that are tradeable, although they may not actually engage in trade, but they are exposed to competition from abroad. See Chapter 2, page 59 in OECD (2018).

4. Capital Variables

We compare Newport with Welsh local authorities in the Cardiff Capital Region along with three local authorities in the South West of England which were part of the Western Gateway. The data are calculated with the method in Silva Ruiz et al (2026) for the capitals of physical, social, financial, human, intangible and natural in the following tables. The indicator data for 361 UK local authority districts is mainly from the ONS (2025c). The variables are grouped into capitals and the strength of the capitals is assessed by ranking all UK local authorities.

Experimental Data Tool

In Table 6 we present the physical capital indicators in the experimental data tool. We compare several indicators to represent physical capital including: 2024 median house prices, 2023 electricity consumption, 2024 gigabit capable broadband coverage, 2023 resident population density and 2023 access to amenities indicator with the number of supermarkets per 10,000 of population. The rankings for physical capital of the authorities are in left hand column.

Table 6: Physical Capital Indicators in the Cardiff Capital Region

Local Authority	Median House Prices (£), 2024	Electricity Consumption (kwh/meter), 2023	Broadband availability (Gb), 2024	Population Density (resident/ km sqrd), 2023	Supermarkets (per 10,000 population), 2023	UK Rank
Newport	**237,213**	**2957.3**	**88.6**	**867**	**2.76**	**259**
Monmouthshire	341,156	3480.1	69.6	111	3.23	200
Bridgend	227,362	2925.2	81.2	586	2.41	320
Vale of Glamorgan	300,519	3186.8	85.5	407	2.35	222
Cardiff	281,107	3027.4	90.2	2695	3.09	129
Rhondda Cynon Taf	162,669	2790.4	61.5	571	2.95	357
Caerphilly	196,976	2854.8	79.5	637	2.05	342
Blaenau Gwent	139,435	2696.5	50.4	621	2.24	361
Torfaen	191,429	2812.9	77.8	744	2.38	344
Merthyr Tydfil	155,236	2799.5	70.2	528	2.21	356
Bristol, City of	360,860	3092.4	93.3	4435	2.88	65
Bath and North East Somerset	439,714	3482.8	68	573	3.36	124
South Gloucestershire	348,748	3347.4	83.4	604	2.79	143
Wales Median	210,330	3113.6	70.8	338	2.86	
UK Median	277,547	3315.9	83.7	575	2.71	
Productivity Correlation:						
Wales (N=22)	0.17	-0.24	0.38	0.36	0.02	
UK (N=361)	0.51	0.19	0.13	0.25	0.22	

Source: see Silva Ruiz et al (2026) for method and variable sources.

In Table 6 we find that Newport ranks 259/361 and is in the lower end of authorities for physical capital assets. Bristol ranks the highest in this grouping, in the top 20%, and Cardiff in the top 40% of the physical index compared to other UK local authorities. We can compare the authorities to the Wales and UK median. We see that Newport has higher house prices, broadband availability and population density than the Wales median. Electricity consumption and access to supermarkets per 10,000 of the population is lower than the Wales median as Newport is more densely populated. The last 2 rows of Table 6 show the cross-correlation coefficients of productivity (GVA per hour) with each of the indicators for the 22 authorities in Wales and for all local authorities in the UK. Here we see that median house prices have the highest correlation with productivity of 0.51 for all local authorities in the UK, this is lower for Wales at 0.17. Broadband availability has a positive correlation of 0.38 with productivity for Wales authorities, along with population density with a 0.36 correlation coefficient with productivity, so there is some association between higher productivity and higher broadband availability and population density.

Table 7: Social Capital Indicators in the Cardiff Capital Region

Local Authority	Children in relative poverty (%), 2023	Population Change (%), 2011-2021	Museums (per 100,000 population), 2021	ONS well-being survey 2022/23			UK Rank
				Anxiety	Happiness	Life satisfaction	
Newport	**23.8**	**8.7**	**1.88**	**3.22**	**7.13**	**7.27**	**271**
Monmouthshire	14.5	1.8	8.61	3.23	7.64	7.63	128
Bridgend	19.8	4.3	1.37	3.13	7.72	7.49	155
Vale of Glamorgan	16.1	4.2	3.03	3.43	7.43	7.5	206
Cardiff	21	4.5	1.66	3.55	7.1	7.15	330
Rhondda Cynon Taf	23.4	1.4	2.52	3.35	7.22	7.39	301
Caerphilly	21.8	-1.6	2.27	3.51	7.37	7.34	317
Blaenau Gwent	28.1	-4.3	8.97	3.61	7.22	7.32	353
Torfaen	22.5	1.3	5.42	3.13	7.3	7.37	268
Merthyr Tydfil	25.5	0.1	3.4	3.6	7.48	7.47	295
Bristol, City of	22	9.4	2.96	3.44	7.2	7.31	253
Bath and North East Somerset	11.1	9	9.82	3.59	7.2	7.38	184
South Gloucestershire	12.3	9.5	2.75	3.14	7.36	7.65	87
Wales Median	22.2	5.6	1.52	3.32	6.69	7.44	
UK Median	18	5.2	4.02	3.25	7.42	7.48	
Productivity Correlation:							
Wales (N=22)	-0.43	0.35	-0.5	-0.09	-0.03	-0.15	
UK (N=361)	-0.36	0.21	0.08	0.17	-0.09	-0.02	

The social capital experimental data tool indicators are presented in Table 7. These include the 2023 share of children living in relative poverty[29], the population change between the 2011 and 2021 Censuses, an indicator of culture with the 2021 museums per 100,000 population and then results from the ONS local authority well-being survey for anxiety (inverse of 10-anxiety is used), happiness and life satisfaction. For these indicators Newport scores in the lower end of the social capital index ranking 271/361. The indicators of concern for Newport include the share of children in relative poverty (23.8%), higher than the Welsh median, along with life satisfaction scores in the well-being survey being lower than for Wales. The positive indicators in the index include the change of population with a change of 8.7% between 2011 to 2021 that is higher than the Wales median (5.6%). In Newport there are a greater number of museums per 100,000 population, the happiness score is higher and anxiety is lower than the Wales median. In terms of cross-correlations with productivity, population change for Wales is positively correlated with productivity with a coefficient of 0.35. Child poverty is negatively correlated with productivity at -0.43.

The data tool for financial capital in Table 8 includes: prosperity in 2022 (GDP per capita), 2022 Gross Disposable Household Income per head (GDHIph) and the 2024 gross median weekly pay of residents in the local authority (this includes all full and part-time resident workers). The share of new businesses created in 2023[30] and the 2023 rate of high growth businesses[31] per 10,000 population. In Table 8, we see that Newport and Cardiff are in the top 50% of the financial capital index. Newport has higher prosperity, worker wages, rate of new businesses and more high growth businesses than the Wales median. There is a disconnect in the economy as the prosperity earned by companies (GDP per head) is not filtering down to the local population, with incomes levels per head in Newport lower than the Wales median. Torfaen is in the top 5% of the index for financial capital, with a very high share of businesses births and high growth businesses. People may start up new businesses out of necessity because they cannot find work, this may be the case in Torfaen and the council supports self-employment in the everyday economy to encourage economic resilience[32].

[29] This is the percentage of children under 16 who are living in a relative low-income household. In these statistics, a family must have claimed Child Benefit and at least one other household benefit (Universal Credit, tax credits or Housing Benefit) to be considered as low income. The inverse of this measure is used.

[30] This is the share of newly registered businesses out of the total active business population.

[31] High growth businesses have an average growth in employment of greater than 20% per year over a three-year period. This variable shows the share of high growth businesses as a percentage of active businesses with 10 or more employees.

[32] See the Torfaen Economic and Skills Strategy: 2021-2030, https://www.torfaen.gov.uk/en/AboutTheCouncil/Strategies-Plans-and-Policies/Economy-Skills-Strategy/Torfaen-Economy-Skills-Strategy-2021-2030.aspx.

Table 8: Financial Capital Indicators in the Cardiff Capital Region

Local Authority	Prosperity (GDP per capita, £), 2022	Income per head (GDHIph, £), 2022	Gross Median Weekly Pay (£), 2024	Businesses births (%), 2023	High growth Business (%), 2023	UK Rank
Newport	**30,598**	**17,558**	**578.6**	**12.2**	**4.2**	**178**
Monmouthshire	26,923	24,081	672.4	9.1	3.9	177
Bridgend	27,761	18,193	621.2	10.2	3.9	232
Vale of Glamorgan	19,495	22,364	613.2	11.1	3.7	183
Cardiff	40,950	19,106	584.6	11.0	5.0	158
Rhondda Cynon Taf	23,540	17,281	579.7	11.8	3.1	267
Caerphilly	21,381	17,914	567.9	10.5	4.0	280
Blaenau Gwent	19,090	15,568	576.9	10.7	3.4	296
Torfaen	24,061	17,410	570.2	21.3	4.8	16
Merthyr Tydfil	21,663	16,621	594.5	11.8	3.2	251
Bristol, City of	44,043	22,465	634.7	11.2	6.1	62
Bath and North East Somerset	29,460	24,779	596	9.7	5.1	157
South Gloucestershire	55,593	23,233	655.6	10.6	5.4	77
Wales Median	24,767	18,186	573.95	9.9	3.9	
UK Median	29,380	21,359	603.8	10.4	4.2	
Productivity Correlation:						
Wales (N=22)	0.68	0.17	0.57	0.01	0.29	
UK (N=361)	0.27	0.48	0.57	0.0003	0.33	

Human capital indicators for the data tool are shown in Table 9. The variables included are the 2023 employment rate, 2023 share of the population with level 3 skills and above, the inverse of the dependency ratio[33] in 2023, 2018-20 healthy life expectancy (male and female age in years combined) and the 2023 proportion on adults who smoke (the inverse of this measure is used in the tool so 100-CigSmokers). Newport is in the lower end of the human capital index, Monmouthshire in the top 20% and Cardiff in the top 30%. Newport has a lower employment rate, share of level 3 skills in the population and a lower healthy life expectancy than the Wales median. The dependency ratio is lower than Wales so there are more dependents than working age population, this is negatively correlated with productivity for Welsh authorities.

[33] The dependency ratio is the non-working age population to working age population (16-64 years).

Table 9: Human Capital Indicators in the Cardiff Capital Region

Local Authority	Employment Rate (%) in 2023	Skills (RQF level 3+) in 2023	Dependency Ratio in 2023	Healthy Life Expectancy, 2018-20	Cigarette Smokers (%) in 2023	UK Rank
Newport	**72.7**	**62.3**	**0.59**	**59.4**	**13.7**	**275**
Monmouthshire	76.2	77.4	0.73	69.0	7.1	63
Bridgend	67.1	62.3	0.63	59.2	12.1	318
Vale of Glamorgan	77.5	73.9	0.69	63.4	7.7	128
Cardiff	74.6	69.6	0.47	64.4	10.2	90
Rhondda Cynon Taf	69.1	55.9	0.61	58.9	16.6	343
Caerphilly	75.9	63.9	0.63	56.9	13.6	286
Blaenau Gwent	69.4	53	0.62	56.1	15.8	357
Torfaen	76.4	60.8	0.65	57.9	16.3	320
Merthyr Tydfil	73.9	49	0.62	57.3	17	352
Bristol, City of	76.1	74	0.42	60.7	12.7	112
Bath and North East Somerset	78	75.4	0.55	65.7	11.0	71
South Gloucestershire	85	72.1	0.59	66.2	8.8	42
Wales Median	74.3	63.5	0.65	63.4	13.7	
UK Median	76.5	66.7	0.63	63.4	11.4	
Productivity Correlation:						
Wales (N=22)	0.19	0.004	-0.46	0.06	0.002	
UK (N=361)	0.18	0.28	-0.34	0.31	-0.25	

Intangible capital indicators for the data tool are shown in Table 10. The variables include two variables from the Data City[34] to represent the concentrations of innovative and digital firms in the local authority areas. The Data City train its machine learning technology using the website text of companies which spend heavily on research and development, producing a language model that identifies the shared language patterns across all companies that The Data City has collected information on[35]. For example, with the innovation score, this language model includes keywords like “research,” “cutting-edge,” and “design thinking” but also other less common keywords, such as “apprenticeship” or “training.” The model is then used to score all The Data City companies’ website text, identifying those that use the same language. A location quotient is calculated comparing the share of companies with innovation attributes to the full sample of companies, then compared to the UK level.

The digitalisation location quotient also follows a location quotient approach, where The Data City calculate the concentration of firms working on digital activities in each local authority compared to the UK’s average. They obtain the total number of companies working in digital

[34] These variables are discussed in more detail in the TPI Productivity Lab blog: https://www.productivity.ac.uk/the-productivity-lab/the-digitalisation-and-prevalence-of-innovative-practices-in-firms-in-mayoral-combined-authorities/
[35] https://thedatacity.com/blog/introducing-our-company-innovation-measure/

activities using the Real-Time Industrial Classification (RTIC), which is The Data City's machine learning-based company classification methodology. RTICs are output datasets that group all companies that describe their activity similarly. The model is trained with a set of company websites representative of the digital sectors. Like the Innovation Score calculation process, the algorithm creates a language model that defines the shared linguistics by the company websites and uses it to score the rest of the company websites against it. So, for example, all companies developing Artificial Intelligence technologies can be grouped in a dataset. The Data City has several RTICs representing digital sectors[36].

The remaining two indicators in the intangible capital index are from Beauhurst's (2024) Local Growth Index. These include the number of registered patents to firms in an area and the number of firms receiving InnovateUK grants (for data up to 2023). Both indicators are then divided by the number of registered companies in the local authority.

Table 10: Intangible Capital Indicators in the Cardiff Capital Region

Local Authority	Innovation LQ	Digital LQ	Patents/Firms (1000)	InnovateUK Grants/Firms (1000)	UK Rank
Newport	**3.45**	**1.04**	**2.35**	**3.41**	**221**
Monmouthshire	3.55	1.3	4.66	3.92	116
Bridgend	2.61	1.01	5.64	4.73	134
Vale of Glamorgan	2.83	1.24	2.53	2.67	267
Cardiff	5.13	2.62	2.21	2.97	51
Rhondda Cynon Taf	2.56	0.69	3.83	2.87	286
Caerphilly	3.31	0.95	3.39	2.5	225
Blaenau Gwent	2.14	0.71	5.03	3.91	222
Torfaen	3.08	1	6.33	2.41	141
Merthyr Tydfil	2.99	0.48	2.75	1.1	338
Bristol, City of	5.72	3.65	3.3	7.15	13
Bath and North East Somerset	3.55	1.36	4.44	6.18	81
South Gloucestershire	4.32	1.7	4.85	6.63	37
Wales Median	2.72	1.02	3.88	3.67	
UK Median	3.21	1.33	3.27	2.86	
Productivity Correlation:					
Wales (N=22)	0.32	0.48	0.2	0.28	
UK (N=361)	0.52	0.36	0.13	0.11	

Newport is in the second half of the intangible capital index, ranking 221/361 in Table 10. The innovation and digitisation location quotients are above the Wales median so there is promise

[36] The RTICs selected are: Artificial Intelligence, Cyber, Cryptocurrencies Economy, Data Intermediaries, Design and Modelling Technologies, Digital Creative Industries, E-commerce, Fintech, Gaming, Immersive Technologies, Internet of Things, SaaS, Software Development, Streaming Economy.

for future developments in these areas. The patents and InnovateUK grants (by 1000 firms) are both below the Wales median. Cardiff is in the top 20% of the intangible capital index.

The indicators we present in Table 11 present the experimental data tool of natural capital. The indicators are from the Department from Energy Security and Net Zero (DESNZ, 2024). Table 11 shows the territorial greenhouse gas emission estimates for the total of each sector. The greenhouse gas emissions are measured in kilo tonnes of carbon dioxide equivalent (kt CO2e). The category for Land Use, Land-Use Change and Forestry (LULUCF) covers the net emissions from land classes including: forest land; cropland; grassland; wetlands; settlements, other land and the pool of harvested wood products. The DESNZ (2024) report presents the emissions per capita and per square kilometre. To create the index each of the above categories are divided by land area in square kilometres before standardising.

Table 11: Natural Capital Indicators in the Cardiff Capital Region (Territorial Greenhouse Gas Emissions by Sector of the Economy)

Local Authority	Industry	Commercial	Public Sector	Domestic	Transport	LULUCF Net Emissions	Agriculture	Waste	UK Rank
Newport	**232.9**	**88.6**	**25.5**	**190.7**	**413.9**	**8.7**	**43.4**	**74.4**	**232**
Monmouthshire	63.9	35.4	14.3	139.1	305.1	-19.7	230	8.7	86
Bridgend	248.3	46.1	21.3	184.3	284.4	-1.2	40.5	22.3	152
Vale of Glamorgan	557.2	53.1	25.1	175.0	225.8	40.7	78.2	9.8	231
Cardiff	211.4	193.4	84.7	416.7	677.9	7.9	16.6	98.7	290
Rhondda Cynon Taf	126.5	72.3	42.3	317.5	419.9	-42.0	48.9	50.2	44
Caerphilly	130.5	34.2	14.4	234.1	244.7	-23.1	44.8	70.1	93
Blaenau Gwent	79.3	17.2	9.3	96	80.1	-3.3	8.8	37.7	95
Torfaen	90.4	24.5	19.8	116.6	143.7	-3.8	13.7	11.0	117
Merthyr Tydfil	44.5	16	10.2	81.7	81.8	-8.3	12.5	13.8	51
Bristol, City of	97.7	261.4	106.5	466.8	529.3	3.1	5.0	100.5	193
Bath and North East Somerset	37.0	67.7	45.7	233.8	243.0	-18.6	95.5	12.9	127
South Gloucestershire	161.4	143.4	34.4	317.2	857.9	-13.2	120.2	38.8	151
Wales Median	108.4	46.6	18.9	184.4	245.5	-11.4	116.5	25.0	
UK Median	75.8	66.6	23.2	188.3	263.0	0.2	44.8	38.1	
Prod. Corr.:									
Wales (N=22)	0.08	0.49	0.37	0.35	0.5	0.54	-0.52	0.39	
UK (N=361)	-0.05	0.29	0.07	-0.05	-0.004	-0.02	-0.17	-0.01	

Source: DESNZ (2024). Greenhouse gas emission estimates in kt CO2e in 2022.

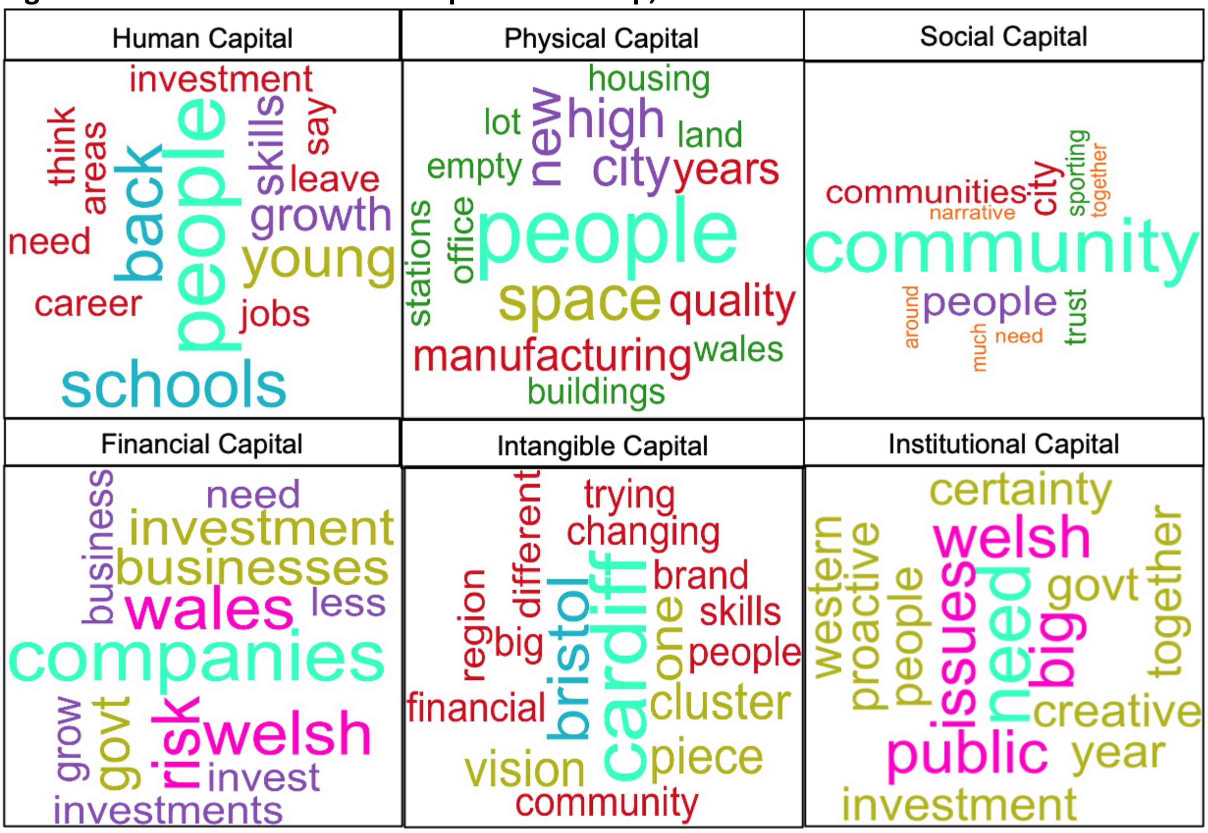
Newport is in the second half of the natural capital index in Table 11, Monmouthshire is in the top 25%. Rhondda Cynon Taf authority is 44/361, with -42 in the Land Use, Land-Use Change and Forestry (LULUCF) category. It is negative as it has 27% woodland coverage taking emissions out of the atmosphere, ONS (2021). Newport has high emissions from transport with the M4 running across the authority. Newport also has higher emissions than the Wales median for industry, commercial, public sector and waste emissions.

5. Qualitative Analysis

On 29th November 2024, the Investment in Productive Places Campaign (IPPC) project team held a workshop with various public and private stakeholders in Newport to discuss each of the seven capitals in a group setting. Stakeholders were invited by Newport Council. These members were selected to be representative of each of the capital asset areas as laid out in the introduction of this report. Following a brief introduction and baseline survey of all members present, the discussion on each individual capital area was limited to 10 minutes. The summary of each of those 10-minute discussions is displayed in the word clouds in Figures 8 and 9.

In Figure 8 the word cloud for human capital illustrates that the discussion generally focused on the transition of young people into the labour market. This paid special attention to skills and the growth of jobs and sustainable careers in the area. The discussion also covered how to better link investment, skills and jobs in the area to the education and school system. On physical capital, space, housing and physical assets were the main topics of conversation. In particular, the quality of industrial manufacturing sites and accessibility of the area via train links, were high on the agenda.

Figure 8: Word Cloud for the Newport Workshop, November 2024



In Figure 8, the social capital box shows how the exchange focused extensively on the strengths of the local community, and cohesive activities such as sports. This was with an aim to build greater trust between groups in the community and build a more positive narrative about the area. Similarly, on intangible capital, the ‘people’ and community aspects shine through, particularly around a ‘vision’ of improved branding and marketing of the area to attract greater investment. Much of the discussion centred on how to do this in a complementary manner which did not directly compete with larger urban centres of Cardiff and Bristol.

Regarding financial capital in Figure 8, the stakeholders explored the challenges presented to businesses and individuals in the local area in turbulent times. In particular, the issues with local, Welsh and UK-level funding, and issues surrounding risk-averse approaches to investment. This multilevel complexity was also reflected in the institutional capital section, where the participants discussed the need for more cohesion and joined-up strategic approaches to funding to give greater certainty to local policymakers, businesses and residents. This also included horizontal forms of governance and partnerships, such as the Western gateway, to avoid top-down approaches which ignore the flows of the functional economic area.

Figure 9: Word Cloud for the Newport Workshop, November 2024

Stakeholder Workshop Word Cloud

Baseline Survey Word Cloud

The summaries of the discussions overall and from the baseline survey prior to the session are shown in Figure 9. From these two datasets, we can see that the discussion is much more focused on community and the local population, their needs and concerns when discussed as a group. The need to attract capital investment and funding to improve spaces in the region to generate growth is a primary concern. The survey word cloud is shown on the right in Figure 9, when we ask several questions pertaining to participants’ understanding of productivity. Here the discussion becomes more related to strategy, performance, and mobilising the resources of the local region for greater productivity. This is with a view to improving the value of individual, firm-level and economic outcomes, as well as life satisfaction and wellbeing.

We followed up the workshops with interviews on each of the capitals. The qualitative analysis highlights the multi-faceted nature of driving productivity and prosperity in Newport, requiring collaboration across sectors, flexibility to adapt, and a long-term, holistic approach that addresses both economic and social factors.

Newport has a promising opportunity to shape its future by developing a cohesive vision and investment proposition for the region. By addressing the current challenges, key anchor institutions can work together to foster stronger collaboration and unity. There is a clear commitment to creating a comprehensive economic narrative and a plan for sustainable growth that highlights strategic areas for investment. By focusing on a diverse range of sectors, rather than limiting attention to just semiconductors, Newport can create a robust skills strategy that supports various industries. With proactive leadership and a willingness to adapt to the evolving political landscape, there is great potential for Newport to thrive. The following themes describe some of the key challenges identified through the qualitative analysis of interviews and a stakeholder workshop in greater detail.

Theme 1: Creating a cohesive vision

Residents of Newport have a strong sense of pride and there is a sense that the area is often overlooked in favour of Cardiff, despite Newport having unique qualities that deserve recognition and appreciation. This not only influences local identity but also reinforces a desire among residents to demonstrate what Newport has to offer, emphasising the importance of acknowledging its value. Getting this right appears critical, and at present, a clear, realistic, and bold plan for the city's economic future, particularly around education, skills, and social mobility appears to be a priority.

It appears to be a challenge for Newport to define its current identity and strengths, which is inhibiting the ability to create a forward-looking focus. This issue is not uncommon, but it is crucial for Newport to prioritise developing a cohesive vision. Addressing this challenge could help mitigate other related problems and negative consequences. One consequence of lack of a cohesive narrative is linked to finances. A lack of cohesive narrative undermines the development of a credible investment proposition for the area. Newport is part of strong pan-regional partnership through the Cardiff Capital Region (and previously also the Western Gateway)[37], so there is a strong economic narrative that could be a good foundation to build on. By leveraging this experience and partnership, Newport can strengthen its more local partnerships and create a compelling narrative that drives investment and economic development in the region.

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[37] As noted above the Western Gateway ceased to exist from March 2025 when the UK Government withdrew funding, see: https://western-gateway.co.uk/

Theme 2: Focused and collaborative initiatives

In addition to shaping a cohesive vision, regional partners must collaborate to develop a unified, strategic focus. The council, educational institutions, industry, and community organisations should proactively work together to identify shared priorities and coordinate their efforts. There is a willingness to do this, but some uncertainty exists about what should be the primary focus.

It seems necessary to shift the emphasis from job creation to fostering productivity improvements and building resilient, high-quality employment. Nonetheless, there should be clear training and education pathways from entry level through to advanced training and employment.

To progress effectively, the region must identify and prioritise sectors beyond semiconductors; it was suggested that focusing on three to four high-value technology sectors would be most beneficial. This targeted approach could help develop a strong supporting ecosystem and reduce dependence on a single industry. By concentrating on various sectors, the region can encourage innovation and minimise risks linked to market fluctuations.

Through proactive engagement among stakeholders, the region can benefit from timely, relevant educational initiatives tailored to local industry needs. Such collaborations can ensure that educational programmes equip the workforce with vital skills, thereby enhancing employability and fostering economic growth.

Theme 3: Skills and Training Strategy

A comprehensive skills and training strategy should address several key challenges. As identified in theme 2, there needs to be an identification of sectors that present opportunities for Newport. Once identified, there needs to be the provision of undergraduate education in these areas that would develop local talent and provide a workforce suited to emerging industry needs.

Thorough research to understand the gap between the skills and courses required by employers and the interests of prospective students for emerging sectors is critical. Engaging with local education and training providers, and business and industry leaders will help to align the educational offer with market demands. The skills demand audit of key employers will be crucial here.

Newport offers high-quality support for startups, which can be developed further. Initiatives should be created to improve talent recruitment and retention by fostering a competitive and attractive work environment. This could include partnerships with local businesses to offer internship programs, mentoring opportunities, and career development resources, aimed at attracting a diverse talent pool, including PhDs and postdocs.

Creating an environment that attracts both local and international talent is crucial. The region must prioritise building a climate that fosters innovation and draws skilled individuals who can contribute to economic and social development. This requires not only support for high-quality educational institutions but also the establishment of a vibrant community and infrastructure that supports a diverse workforce. A more stable funding approach that supports longer-term initiatives is necessary to build the infrastructure and workforce in these emerging fields.

Theme 4: Strengthening Partnerships

All the above will require strong collaboration across key partners who need to collectively develop clear and comprehensive investment propositions that outline the advantages of investing, living and working in Newport.

Some challenges require cooperation across stakeholders, along with a shared understanding of the benefits that this cooperation brings. For example, improving transportation networks will facilitate better connectivity for businesses and attract new investments. Additionally, fostering stronger integration between higher education institutions and local businesses can create a more skilled workforce and drive innovation.

A dynamic data-sharing framework that serves as a credible reference point would enable multiple partners to assess critical issues across many perspectives. By partnering with others to gather valuable insights on market demands, partners can successfully align community needs with regional and council priorities. Overall, a focused approach on strengthening these partnerships will be key to maximising economic opportunities and creating a cohesive regional strategy for growth and investment.

6. Conclusions

Newport stands out as one of Wales's strongest performers in productivity growth, with GVA per hour exceeding the Welsh average and increasing by 23% since 2008. This positions Newport in the "steaming ahead" category, reflecting its ability to leverage sectoral strengths and maintain output growth despite historical labour market challenges. However, this success masks underlying vulnerabilities, including weak employment resilience during past recessions and persistent gaps in skills, health, and infrastructure.

The city benefits from a growing population, strong business dynamics, and sectoral specialisation in advanced manufacturing, semiconductors, clean energy, and digital technologies. Recent investments in semiconductor facilities, defence-related industries, and data infrastructure provide a foundation for future growth. Newport's position within the Cardiff Capital Region offers additional opportunities to attract investment and foster innovation ecosystems.

Despite these advantages, Newport ranks in the lower part of the data tool nationally for physical, social, human, intangible and natural capital indicators. Health inequalities, high inactivity due to illness, and skills gaps remain significant constraints. Investment in ICT and intangible assets lags behind the Wales averages, and there is a disconnect between corporate prosperity and household incomes. Environmental challenges, including high transport emissions, further underscore the need for sustainable transport development strategies.

To overcome these barriers, Newport must adopt a holistic approach that strengthens all seven capitals simultaneously. This includes creating a shared vision and governance framework, investing in education and training aligned with growth sectors, and improving transport and digital connectivity. Leveraging sectoral strengths through cluster development and quadruple helix collaboration will be critical. Building institutional capacity, fostering trust, and promoting innovation culture are equally important for long-term resilience.

Improving productivity in Newport is not just an economic goal—it is a social imperative that underpins wellbeing, inclusion, and sustainability. By addressing structural weaknesses and capitalising on existing strengths, Newport can position itself as a high-productivity hub within Wales and the wider UK. This requires coordinated action across public, private, and civic actors, supported by robust data and long-term investment. With proactive leadership and a commitment to inclusive growth, Newport has the potential to become a model for place-based productivity transformation.

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Appendix A1. Table A1: Residents and Workplace Flows, Census 2021

Workers	**Newport**	**Cardiff**	**Monmouthshire**
People working in LA	73,892	179,472	42,400
Workers travelled within the LA	24,755	60,924	10,637
Lived and worked in LA	53,541	136,557	30,923
Travelled from another LA	20,351	42,915	11,477
Most popular areas commuted from	Torfaen (4,658) Caerphilly (4,563) Cardiff (3,864)	Vale of Glamorgan (10,318) Rhonda Cynon Taf (9,914) Caerphilly (6,643)	Blaenau Gwent (2,206) Torfaen (2,198) Newport (2,077)
Residents	**Newport**	**Cardiff**	**Monmouthshire**
Working people living in the LA	72,790	160,437	42,841
People who worked from home or no fixed place of work	28,786	75,633	20,286
Travelled to another area	19,249	23,880	11,918
Most popular areas commuted to	Cardiff (5,166) Torfaen (3,459) Monmouthshire (2,077)	Vale of Glamorgan (5,639) Newport (3,864) Rhonda Cynon Taf (3,353)	Newport (2,198) Torfaen (2,077) South Gloucestershire (1,326)

Source: ONS, https://www.ons.gov.uk/visualisations/censusorigindestination/, Census Origin Destination Visualisation.