

# Agenda – Economy, Infrastructure and Skills

## Committee

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Meeting Venue:

**Committee Room 3 – Senedd**

Meeting date: Thursday, 25 May 2017

Meeting time: 09.00

For further information contact:

**Gareth Price**

Committee Clerk

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### Private pre-meeting (09:00–09:15)

**1 Introductions, apologies, substitutions and declarations of interest**

**2 Cardiff Capital City Region – City Deals and the Regional Economies of Wales**

(09:15–10:15)

(Pages 1 – 25)

CLlr Andrew Morgan, Chair, Cardiff Capital Region City Deal

Sheila Davies, Director, Cardiff Capital Region City Deal

Attached Documents:

Research brief

EIS(5)–13–17 (p1) Cardiff Capital Region City Deal

**Break (10:15–10:30)**



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

### **3 Swansea Bay City Region Deal – City Deals and the Regional Economies of Wales**

(10:30–11:30)

(Pages 26 – 34)

CLlr Rob Stewart, Leader of the City & County of Swansea, Swansea Bay City Region  
Mark James, Chief Executive, Carmarthenshire County Council

Attached Documents:

EIS(5)–13–17 (p2) City & County of Swansea

EIS(5)–13–17 (p3) Carmarthenshire County Council

### **4 North Wales Growth Deal – City Deals and the Regional Economies of Wales**

(11:30–12:30)

(Pages 35 – 54)

Ashley Rogers, Chairman, North Wales Business Council

Colin Everett, Chief Executive, Flintshire County Council / Lead Chief Executive for the Growth Bid

Stephen Jones, Regional Co-ordinator for the WLGA in North Wales

Attached Documents:

EIS(5)–13–17 (p4) North Wales Business Council

EIS(5)–13–17 (p5) North Wales Economic Ambition Board (NWEAB)

EIS(5)–13–17 (p6) NWEAB – Additional information

### **5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**

### **6 Consideration of evidence – City Deals and the Regional Economies of Wales**

(12:30–12:35)

## **7 Consideration of draft report – Rail Franchise & The Metro**

(12:35–13:05)

(Pages 55 – 124)

Attached Documents:

EIS(5)–13–17 (p7) Draft report

# Agenda Item 2

Document is Restricted

Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and Skills  
Committee

EIS(5)-13-17 (p1)

## The Cardiff Capital Region

The Cardiff Capital Region is comprised of ten local authorities: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taff; Torfaen; and Vale of Glamorgan. It is the largest city-region in Wales and accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses.

The ten councils entered into an agreement to develop a City Deal Proposal in August 2015, the Cardiff Capital Region City Deal Heads of Terms were signed by the councils, UK Government and Welsh Government in March 2016. The Joint Working Agreement which established the Regional Cabinet and include the Assurance Framework was signed on the 1<sup>st</sup> March 2017, with the first meeting of the Regional Cabinet being held on 17<sup>th</sup> March 2017.

The signing of the Cardiff Capital Region City Deal signalled an intention by the UK Government, Welsh Government, and the ten Local Authorities to increasingly work together on issues of long term development, infrastructure, land use, economic development and employment. This important agreement provides a fresh start for the city-region and offers the possibility of an integrated, singular, and long term approach to the region.

This City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth plans. Central to this will be the development of a 20 year £1.2 billion Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects.

Given the importance of the Metro to the UK Government, Welsh Government and Cardiff Capital Region, a proportion of the Investment Fund, £734m, is pre-allocated to the delivery of this scheme. The remaining element of the fund, £495m, named the Wider Investment Fund, will be used to take forward a wide range of projects and schemes that support economic growth across the Cardiff Capital Region.

### The Independent Growth and Competitiveness Commission

The Regional Cabinet established a 'task and finish' Commission to examine the challenges and opportunities for economic growth and competitiveness and make recommendations for how the Cardiff Capital Region can achieve its full growth potential, and contribute most to the Welsh economy.

The Commission concluded that "...although it is tempting to suggest that the Cardiff Capital Region will succeed best in the long term if we focus solely on one or two priorities such as growth sectors, education, enterprise, connectivity, promotion, or tourism. But our commission has found that a long-term strategy for the region needs to combine and sequence multiple interventions that are not in tension with one another but require careful integration. We believe the long-term strategy for the region will include at least:

- Investment in education to improve employability and productivity.
- Fostering of employment growth across distinct skills and income spectrums.
- Infrastructure investment to integrate the region better and provide more opportunities.
- Development in the spatial economy that will see multiple locations of growth.
- Improvements in the quality of place and the range of institutions investing in improving the city and town centres.
- Fostering of emerging sectors of employment and new/young companies.
- Increasing governance integration in the city-region to combine efforts and leverage investment.”

## **Regional Economic Strategy**

The Regional Cabinet has highlighted its intention to support skills and tackling unemployment, investing in innovation and connectivity and supporting enterprise and business growth, regeneration and housing.

The Regional Cabinet, using the research and recommendations from the Growth and Competitiveness Commission, is preparing a Regional Economic Strategy that will support a competitive inclusive Cardiff Capital Region, playing to the strengths of the areas within the region to increase overall opportunity, mobility, jobs and investment. The Strategy will clearly define the regional objectives and include a programme detailing the targets expected from the City Deal during its lifetime and beyond.

Detailed in the Strategy will be a Regional Impact Assessment Toolkit to assist in the process of assessing Candidate Schemes and measure to what extent they will support the delivery of the targets, detailed in the Strategy. The tool will select a broad range of indicators and factors, which are known to have a positive impact on the agreed targets and be designed to consider wider sustainable development objectives and be able to assess and highlight the positive impact proposed Candidate Schemes can have on both social and environmental outcomes and other indirect and non-monetised benefits. An important aspect of this assessment tool will be its ability to identify the spread of any potential benefits to ensure geographic balance across the region and the ability of schemes to target need.

In developing the Regional Economic Strategy, further work is being undertaken on the potential outputs and outcomes expected from the City Deal, which will develop on the expectations currently expressed of delivery of up to 25,000 new jobs and leverage an additional £4 billion of private sector investment.

## **Advisory/Consultative Bodies**

The Regional Cabinet are currently establishing three advisory/consultative bodies to assist them in developing, articulating and delivering the Regional Economic Strategy:

- Business Organisation – to provide a strong business voice articulating the regional needs of business, identifying regional priorities for business support;

- Regional Skills and Employment Board – building on the current Employment and Skills Board and representing a wide range of stakeholders it will be responsible for the region’s skills and worklessness strategy; and
- Economic Growth Partnership – to advise on the overarching city-region economic development strategy.

### **Assurance Framework**

The Regional Cabinet have developed and adopted an Assurance Framework, approved by both the UK and Welsh Governments, which establishes a set of systems, processes and protocols designed to provide an evidence-based and independent assessment of the governance, risk management, and control processes of an organisation. The independence inherent to the Assurance Framework is derived from the separation between the sponsorship of projects/programmes and their appraisal and evaluation.

The Assurance Framework demonstrates how the Regional Cabinet will monitor, measure and scrutinise how objectives are being met and risks managed. It also details the processes used to ensure an adequate response to risks or lack of performance.

HM Treasury define Assurance Frameworks as “an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation.”

Adherence to the processes detailed in this Assurance Framework will assist in ensuring that funding and resources utilised for the purposes of the Cardiff Capital Region City Deal, Wider Investment Fund will be use appropriately to deliver stated outcomes.

### **Performance Management System**

The Regional Cabinet is developing a comprehensive performance management system and evaluation framework which will encompass the decision-making process and programme and scheme delivery. This system will enable the Regional Cabinet to:

- Assess the effectiveness, efficiency and value for money of schemes and the overall programme;
- Monitor impact and progress towards agreed aims and goals, and to understand whether schemes are on track to deliver projected outputs and outcomes;
- Maintain scrutiny and accountability;
- Inform future investment priorities and resource allocations; and
- Inform future activities and delivery and the sharing of best practice.

### **The City Deal and Inequality**

The Regional Cabinet are working with the Welsh Government and the Department for Work and Pensions to co-design future employment support from 2017, for people with health conditions or disability and/or long term employment.

Investment in developing the skills of the current and future workforce is a priority of the Regional Cabinet and vital not only to improve competitiveness but also inclusion.



In seeking to increase employment rates and participation the Regional Cabinet are intent on ensuring that investment helps to address social and physical exclusion. There is a focus on improving accessibility to employment opportunities and also providing appropriate support to enable the economically inactive and unemployed to upskill and access relevant public services that will support their transition to employment.

The Joint Working Agreement includes an objective to “improving the co-ordination of skills and employment support, increasing the number of people moving into work, increasing the number of people undertaking an apprenticeship or other relevant skills provision, and giving people the skills they need.”

### Co-ordination with Welsh Government

The Welsh Government are a signatory to the Cardiff Capital Region Heads of Terms, and are designated as an advisory/consultation body in the Assurance Framework where it states:

“It is therefore critical that any proposed investments are additional, complementary and support actions or proposals being implemented or developed by the Welsh Government. This can only be ensured by a close working relationship and effective information sharing.”

Related to the Wider Investment Fund the Welsh Government will be:

- Invited to actively participate in the work being undertaken in each portfolio area; and
- Consulted on all Candidate Schemes.

### Approaches taken by other Growth Deals

|                        | Transport | Site dev / regen | Housing | Digital / Broadband | Flood defence | Skills capital | Skills revenue | Business support | R&D, innovation | Community dev |
|------------------------|-----------|------------------|---------|---------------------|---------------|----------------|----------------|------------------|-----------------|---------------|
| Glasgow City Region    | Yes       | Yes              |         |                     |               |                |                |                  |                 |               |
| Greater Cambridge      | Yes       |                  |         |                     |               |                |                |                  |                 |               |
| Greater Manchester     | Yes       |                  |         |                     |               |                |                |                  |                 |               |
| Liverpool City Region  | (Yes)     | (Yes)            | (Yes)   |                     |               | (Yes)          |                | (Yes)            | (Yes)           | (Yes)         |
| Tees Valley            |           |                  |         | Yes                 |               |                | Yes            | Yes              |                 | Yes           |
| Leeds City Region      | Yes       |                  |         |                     |               |                |                |                  |                 |               |
| Cambs and Peterborough | (Yes)     | (Yes)            | (Yes)   | (Yes)               |               | (Yes)          | (Yes)          | (Yes)            | (Yes)           | (Yes)         |
| Cardiff Capital Region | (Yes)     | (Yes)            | (Yes)   | (Yes)               |               | (Yes)          | (Yes)          | (Yes)            | (Yes)           |               |
| Sheffield City Region  | (Yes)     | (Yes)            |         |                     |               | (Yes)          | (Yes)          | (Yes)            |                 |               |
| West Midlands          | (Yes)     | (Yes)            | (Yes)   |                     |               | (Yes)          | (Yes)          | (Yes)            | (Yes)           |               |
| West of England        | (Yes)     | (Yes)            |         | (Yes)               | (Yes)         |                |                |                  |                 |               |

# Agenda Item 3

## The current position with regard to the signed Cardiff Capital Region and Swansea Bay City Deals and the next steps planned to take them forward.

The Prime Minister signed the Swansea Bay City Deal on 20 March 2017.

Discussions are now underway to set up the Governance arrangements, which encompasses an Economic Strategy Board chaired by a private sector business person and a Joint Committee (JC) of the local authorities. A City Deal Delivery Team will be established to manage the day to day implementation of the City Deal.

Outline Business cases using the 5 case business model approach are being prepared for each of the 11 projects.

## The intended impact of the City Deals and the way in which this will be governed, funded and monitored.

- Impact

The Swansea Bay City Region is a critically important driver for the Welsh and UK economy. It is a region with strong urban centres complemented by a wider rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

However, the region is underperforming economically. The region's GVA has fallen from 90% of the UK average to 77% over the last three decades with low productivity and high economic inactivity. The economy is also over reliant on traditional primary industries and the public sector and risks falling further behind the rest of the UK and other parts of Wales.

The City Deal will provide the region and its partners with the new ways of working and resources to unlock significant economic growth across the Swansea Bay City Region. It provides an opportunity to continue tackling the area's barriers to economic growth through: developing higher value sectors and higher value employment opportunities to match; increasing the number of businesses within these sectors to widen the economic base; and improving the region's GVA level against the UK average.

Local partners within the Swansea Bay City Region estimate that the City Deal will lead to:

- Funding of nearly £1.3 billion for interventions to support economic growth
- Over £600 million of direct private sector investment levered to deliver interventions
- Investment spread across the whole of the region to ensure all localities and citizens can benefit
- An overall increase to the economy of over 9,000 gross direct jobs
- A contribution to regional GVA of £1.8 billion

- Governance

As part of the Swansea Bay City Deal agreement, local partners will create two new bodies to oversee the implementation of the deal:

- an Economic Strategy Board, chaired by a private sector business person, with membership comprising of five further private sector programme board chairs, two HE/ FE representatives, two Life Science/ Wellbeing representatives and the four local authority leaders.
- a Joint Committee of the four local authorities, chaired by a local authority leader.

The Economic Strategy Board will set the strategic direction for the City Deal and will provide strategic advice to the Joint Committee on matters relating to the City Deal. The board will oversee the production of the final business cases for City Deal projects before referring them to the Joint Committee and receive regular monitoring reports to assure and if necessary challenge delivery of the deal.

UK and Welsh Government funding will flow into the Joint Committee, and the Committee will be responsible and accountable for all financial, staffing and legal decisions in the delivery of the Swansea Bay City Deal. The Joint Committee would need to agree to make decisions on City Deal funding based only on business cases on interventions previously agreed by the Economic Strategy Board.

To manage the implementation of the City Deal, local partners will create a dedicated Operational Delivery Unit that will report directly to the Joint Committee and have day to day responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for interventions and projects.

- Funding

The Swansea Bay City Deal will generate £1.3bn of private and public money to be spent over 15 years consisting of:-

- £241m from UK and Welsh governments
- £396m from the public sector and universities
- £637m in private investment

Funding from the UK and Welsh Governments will be released following the agreement of full business cases for the 11 projects by both Governments.

In addition, as part of the City Deal agreement, the Welsh Government will explore additional funding flexibilities with the Swansea Bay City Region:

- the devolution of business rate income above an agreed growth baseline to provide funding for the City Deal programme;
- providing the ability to levy an infrastructure supplement;
- creating the option for the local authorities to use alternative finance sources; and

- removing conditions around some specific Welsh Government grants, to allow funding to be pooled at the regional level in areas such as school support and interventions that seek to address poverty.
- Monitoring

The Swansea Bay City Region has agreed to work with the UK and Welsh Governments to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach to evaluating the impact of delivery.

The City Deal will be monitored by the Joint Committee and the Economic Strategy Board. The City Deal Delivery Team (Operational Delivery Unit) will provide the UK and Welsh Governments with a quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.
- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

A joint scrutiny committee will be drawn from the membership of the four authorities to provide an independent scrutiny function to ensure greater public accountability over decisions made by the Joint Committee and any of its sub-committees and related entities.

The degree to which the growth and city deals could solve or exacerbate existing inequalities, both within and between regions.

The application of social benefit clauses (for example through the CCS Beyond Bricks and Mortar approach) in construction and other City Deal contracts will promote local sourcing and create training and work opportunities for local people who are economically inactive. This will contribute to addressing inequalities in the labour market.

The Skills and Talent Initiative will help ensure the right skills provision is in place so local people can train to take advantage of the job opportunities arising from the City Deal projects.

The Delivering Homes as Power Stations project includes a major aim to reduce fuel poverty and its impact on health. The projects under the Internet of Life Science & Wellbeing will help address health inequalities.

The degree to which the growth and city deals co-ordinate with Welsh Government strategy.

In line with the Welsh Government's local government reform agenda, the Swansea Bay City Region, through the Joint Committee and in partnership with the Welsh Government, has committed to delivering service reforms that will see a number of strategic functions delivered at the Regional level. This will include land use planning, transport planning and economic development and will provide the underpinning blueprint and delivery mechanism for development across the region.

The Swansea Bay City Deal harnesses the opportunities set out by the Welsh Government within its Innovation Strategy. As part of the Strategic Outline Business Case each project was evaluated against its fits with Welsh Government Policy.

## 1. The current position with regard to the signed Cardiff Capital Region and Swansea Bay City Deals and the next steps planned to take them forward

### Current Position: Swansea Bay City Deal

- On March the 20th 2017 the four SBCR Local Authorities namely; Carmarthenshire County Council, Neath Port Talbot County Council, Pembrokeshire County Council and Swansea City Council signed a £1.3bn City Deal Agreement (Heads of Term) with UK and Welsh Governments.
- The Deal will be funded by £637m (50%) private sector investment, £241m (19%) City Deal funding from UK (£115.6m) and Welsh (£125.4m) Government and £396m (31%) funding from other public sector organisations including the four Local Authorities.
- The SBCR City Deal harnesses the transformative power of digital infrastructure and technology to accelerate economic and inclusive growth in the region by establishing SBCR as a super smart, innovative centre of excellence which addresses some of the most pressing challenges of our time; well-being, energy and the digital revolution. The Deal is structured around four investment themes known as “Internet’s” supported by a total of eleven key projects as follows;
  - **Internet of Economic Acceleration:-** Providing a recognised, world leading environment of next generation digital infrastructure and a supportive environment for technology businesses and start-ups. The Internet of Economic Acceleration will deliver five projects namely;
    - Digital Infrastructure project
    - Swansea City & Waterfront Digital District
    - Centre for Excellence in Next Generation Digital Services (CENGS)
    - Yr Egin Creative Digital Cluster
    - Skills and Talent Initiative
  - **Internet of Life Science and Well-Being:-** Expanding the existing research and innovation infrastructure in the region and pilot a digitally integrated healthcare environment. The Internet of Life Science and Well-Being will deliver two projects namely;
    - Life Science and Well-Being Campuses
    - Life Science and Well-Being Village
  - **Internet of Energy:-** Placing the region at the forefront of energy innovation. The Internet of Energy will deliver two projects namely;
    - Homes as Power Stations
    - Pembroke Dock Marine
  - **Internet of Smart Manufacturing:-** Aligning digital assets and research with development provision under Industry 4.0 principles to improve products, services and processes of the regional manufacturing economy. The Internet of Smart Manufacturing will deliver two projects namely;
    - Steel Science
    - Factory of the Future
- The City Deal is significantly supported by the private sector including organisations such as; Milford Haven Port Authority, Siemens, Fujitsu, Wesley Clover, Medtronic, Valero, TATA Steel, Swansea Innovations, BT and Sony to name a few.
- The signing of the document confirmed joint commitment by all four local authorities to implement the SBCR City Deal proposals along with other specific areas namely wider economic development matters including planning and transport.
- It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council be the Accountable Body and will host the Swansea Bay City Deal Regional Office.
- The Shadow Programme Board (comprising CEs of the four LAs plus LHBs and HE representation) have met.

- Various financial models being looked at for project structures
- Terms of Reference for Governance groups namely Economic Strategy Advisory Group and Programme Board have been drafted and are being discussed by other LAs.
- Region has a formally adopted Regional Regeneration Strategy

#### **Key next steps:**

- The four local authorities are currently discussing the Joint Committee Working Agreement which will establish a robust governance structure for the SBCR City Deal and aim to agree this by the end of June 2017.
- The eleven projects which were agreed as part of the SBCR City Deal will now be supported to develop full business plans using the 5 case business model, leading to commencement and implementation of these strategic regional projects.
- A marketing and engagement plan is being developed to ensure all relevant parties and sectors are engaged with the Deal to maximise impacts across the Region.

## **2. The intended impact of the City Deals and the way in which this will be governed, funded and monitored**

### **2.1 SBCR City Deal Governance**

- **Joint Committee**
  - Comprising the four Leaders of the local authorities it will have ultimate responsibility and accountability for all decisions, including financial decisions, taken in respect of the City Deal. It is proposed that the Joint Committee is supported by the following structure:
- **Economic Strategy Advisory Board**
  - Providing strategic advice on matters relating to the City Deal, overseeing the production of business cases for the eleven projects and monitoring progress. The Board will be chaired by an independent private sector representative and members will be recruited via a public appointments process.
- **Programme Board**
  - Supporting day to day management of the City Deal with membership from, but not exclusive to, Chief Officers of the Local Authorities, the two universities and the two local health boards.
- **Thematic Sub Committees**
  - Supporting each of the City Deal Internet Themes to ensure integration between the respective City Deal projects and consider how the City Deal proposals fit with wider investment plans for the region.
  - The committees will be tasked with identifying and recommending new ways of working and additional investment to complement the City Deal and ensure there are mechanisms to achieve wider impacts e.g. community benefits, supply chain involvement etc.
- **Accountable Body**
  - It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council be the Accountable Body and will host the Swansea Bay City Deal Regional Office.
  - The proposed Joint Committee for SBCR has no separate legal entity and therefore cannot accept grants or enter into contracts in its own right. The accountable body will therefore take on such responsibilities on behalf of the Region.
  - The Body will ensure that decisions made by the Joint Committee are lawful, appropriate and within budget. It will also supply the relevant financial, legal, HR, audit and other professional/technical services support as required.
- **Regional Office**
  - It has been agreed in principle by the Chief Executives in each of the four LAs that Carmarthenshire County Council will host the Swansea Bay City Deal Regional Office.

- The RO will manage all aspects of the programmes administration including gateway reviews, implementation and monitoring of performance frameworks, financial management, undertaking due diligence as required, providing full secretariat support to the Joint Committee, Economic Strategy Advisory Board and Programme Board. It will also develop and deliver engagement and communication.

## **2.2 SBCR CD Funding and intended impact**

This robust structure will ensure that the City Deal Investment is effectively managed in order to achieve the City Deals intended impacts of transforming the regional economy through:

- Becoming a recognised regional centre of excellence in the application of digital technologies, life science & well-being, advanced manufacturing and energy;
- Creating, proving and commercialising new technologies and ideas;
- Establishing and maintaining an effective skills base;
- Creating 9,465 gross jobs over 15 years;
- Recovering 70% of lost GVA;
- Generating a total of £3.3bn GVA impact.

## **2.3 City Deal Monitoring**

Swansea Bay City Region will work with the UK Government and the Welsh Government to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach to evaluating the impact of delivery. If the City Deal is not delivered as set out in the implementation plan agreed by the Swansea Bay Joint Committee, the Welsh Government and UK Government, or if any of the commitments in this deal document are not fulfilled, the Governments will review and may halt the payment of any unpaid funding for this deal.

The Swansea Bay City Region City Deal will be monitored by the Joint Committee. The City Deal Delivery Team will provide the UK and Welsh Governments with a quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.
- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

## **3. The potential benefits offered by a possible Growth Deal for North Wales.**

A Growth Deal for North Wales would provide the same catalytic economic growth for the Region this would enable all the Regions of Wales to work together and share experience, knowledge and where appropriate resources to ensure the City and Growth Deals work together to maximise benefits for Wales and the UK as a whole not just the regions themselves.

## **4. The extent to which a similar growth deal approach could be of benefit to Mid Wales.**

City Deals can assist local leaders to set the economic growth agenda. Successful City Deals are built on big ideas to unlock growth across city regions and their wider economic areas. They work best when everyone in the local area, including civic, business, health and higher education leaders, come together to tell Government what needs to change and what can be done better. The SBCR would welcome the opportunity to assist both North and Mid Wales in the development of their Growth Deal proposals as, as previously stated in point 3 this will ensure maximum benefits are secured for Wales and the UK as whole nations as well as for each individual region. In addition the development of a similar Growth Deal for Mid Wales would establish a consistent approach to financial support and devolution of powers across Wales improving opportunities for collaboration and the development of local, cross boarder initiatives to shared needs / issues.



## 5. The degree to which the growth and city deals could solve or exacerbate existing inequalities, both within and between regions.

### Within Swansea Bay City Region:

- Utilising the transformative power of digital technologies to drive economic innovation and growth in both rural and urban communities the City Deal will ensure benefits are realised across all areas of the region, addressing current inequalities in digital connectivity particularly between rural and urban areas.
- City Deal allows the Region's local partners to design and deliver employment and skills systems to lead to better outcomes for individuals, businesses and local growth through engagement with local employers across the region and not just within their own institutional boundaries.
- Greater financial flexibility and autonomy alongside increased regional influence over a range of powers, as outlined in the SBCR City Deal, will improve the regions capacity to deliver inclusive economic growth in the region.

### Between Regions:

- SBCR's GVA has fallen from 90% of the UK average to 77% over the last 30 years. The City Deal aims to recover 70% of the lost GVA bringing the region back on more level footing with the rest of Wales and the UK.
- Traditional manufacturing is under threat from international competition. The SBCR City Deal focuses on smart manufacturing and the development of next generation technologies to create an alternative, globally competitive industry for the region.
- SBCR has been reliant on traditional primary industries and public sector jobs. The City Deal will generate alternative high value jobs, grow innovative indigenous industries and develop the relevant skills creating a competitive and diverse job market.
- The Deal's focus on digital networks and innovation systems will see SBCR become a world leader across the four internet themes. It will help to transform traditional businesses in the region and provide an attractive and competitive alternative to existing opportunities for new businesses and inward investment in these fields.
- Focus on life sciences and well-being will help address the determinants of health inequality for current and future generations
- It is important that there is as much collaboration and communication between City Deal Regions as possible to ensure that growth between regions is balanced. This includes the sharing of private sector interest and other resources across regions where there is appetite or national interest in doing so. This will ensure that the benefits of City Deals are maximised for Wales and the UK as a whole not just within the regions themselves.

## 6. The degree to which the growth and city deals co-ordinate with Welsh Government strategy

The development of the Swansea Bay City Deal has involved consideration of a range of UK and WG strategies to ensure alignment with strategic priorities for inclusive growth, including the UK Government's Industrial Strategy. The City Deal continues to review its relationship with key strategies at national, regional and local level to ensure the City Deal secures maximum benefits for the region, Wales and the UK. Some examples of how the Swansea Bay City Deal aligns to key WG strategies are:

### Programme for Government: Taking Wales Forward

The SBCR City Deal relates to all four strategies of Taking Wales Forward.

- **SBCR CD Internet of Energy projects** link to the environmental priorities of the prosperous and secure strategy.
- **SBCR CD Internet of Life Sciences and Well-being** corresponds to the priorities of the Healthy and Active strategy.

- **SBCR CD Internet of Economic Acceleration projects** reflect priorities across the united and connected, ambitious and learning, and prosperous and secure strategies. The delivery of City Deals are specifically referenced as fundamental to achieving prosperity for all.
- It is important that going forward Welsh Government adopt an inclusive approach to developing the detail of each of these strategies to ensure that they are aligned with / compliment the regional plans and both WG and the Regions understand how interventions mutually inform and impact each other.

### **Well-being of Future Generations Act**

- The SBCR City Deal team has already been in discussions, and continues to work with colleagues in the Office of the Future Generations Commissioner in Cardiff as SBCR is committed to develop projects which promote each of 7 elements of the Act.
- The City Deal will have a high impact on 21 of the 46 national well-being indicators as well as some impact on a further 22 indicators.
- A long term strategy for sustainable development forms the basis of the SBCR City Deal and the five ways of working will be integral to all elements of the Deal to ensure the creation of long term, inclusive growth for the Region both now and in future.
- The work being undertaken under the City Deal will support and help to inform local well-being plans and objectives in each local authority area.

### **Sectors Delivery Plan**

- The SBCR City Deal will have a direct impact on all of the nine industry-led investment sectors identified by the Welsh Government's Department for Business, Enterprise, & Technology as being, or having the potential to be, key to the economy of Wales.
- The City Deal supports the cross economy areas of Entrepreneurship & Business Information, Property and Innovation. The SBCR City Deal complements both sectoral and special developments for inclusive growth.

## **7. We would also welcome comparative views on approaches taken by other growth deals and regions across the UK**

- A Regional Development Group has been established by WG to allow Welsh regions to share information and experiences in relation to general regional development including City Deals and Growth Bids. Although it is not possible to compare City Deals / Growth Bids like for like as they address area specific issues, the group has been a positive and important opportunity to gain insight and best practice as well as identifying any shared issues in terms of the process of developing and delivery City Deals / Growth Bids.
- We have also have had conversations with colleagues in the city deal team in Glasgow.
- The SBCR City Deal has had extensive financial and strategic input from the private sector in developing the deal and the eleven specific, pre-defined projects within it. This differs from the approach of some City Deals where there has been limited funding and/or strategic input from private sector or City Deal funding has been drawn down to support general growth areas e.g. housing and specific projects defined at a later stage.
- The advantage of City Deal funding is that it meets the circumstances and needs of each region and therefore it would be premature, given the infancy of the Deal, to compare effectiveness of the approach of SBCR with that of other City Deals.
- Local Enterprise Partnerships (LEPs) have had a fundamental role to play in the majority of English City Deals however LEPs do not exist in Wales or Scotland and therefore City Deals have been driven primarily by Local Authority led partnerships. Given that the first City Deal outside of England and therefore without LEP involvement (Glasgow) was only signed in 2015 it is difficult to assess the outcome of these different approaches at this early stage.
- Devolved nations are also likely to have different experiences to English City Deals in respect of devolved powers and working alongside two government authorities to deliver the City Deals.



Cyngor Busnes Gogledd Cymru  
North Wales Business Council

## Agenda Item 4

North Wales Business Council  
C/O 8 The Paddock  
Prestatyn,  
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LL19 8NB

### The National Assembly for Wales' Economy, Infrastructure & Skills Committee - City Deals and the Regional Economies of Wales

3<sup>rd</sup> May 2017

#### Introduction

The North Wales Business Council is the umbrella body for the private sector across North Wales, and our members include the Chamber of Commerce, FSB, IOD, EEF, CBI, North Wales Tourism, CITB and all 4 of the region's Universities & Colleges.

The North Wales Business Council is a partner of the North Wales Economic Ambition Board and has worked closely with the Ambition Board, the Welsh Government, the UK Government and the Mersey Dee Alliance to develop plans to grow the economy of North Wales. The Business Council is also highly involved on the North Wales Growth Deal, in particular around the Business Growth & Innovation work.

The North Wales Business Council welcomes the opportunity to feed comments in to the Economy, Infrastructure and Skills Committee's inquiry into City Deals and the regional economies of Wales. Comments are offered on the below issues, highlighted for the inquiry.

#### Potential benefits offered by a possible Growth Deal for North Wales

Growth Deals are excellent opportunities for Region's to aid the delivery of their strategic economic objectives, that support sustainable communities and a thriving business base. The Growth Deals in themselves offer both the opportunity to secure & accelerate delivery of key strategic developments e.g. around transport infrastructure / housing / innovation, but also offer the opportunity to re-evaluate and reset (where it makes sense) how key services and supports for both residents and businesses are delivered e.g. economic development.

Growth Deals should not be about a continuation of delivering the 'status quo', i.e. simply more resources/revenue funding, for simply more of the same.



To be truly transformational, Growth Deals need to be a best fit combination of both targeted substantial investment and changes in delivery of services/ways of working that truly aid the 21<sup>st</sup> Century economies and communities, that they seek to enhance and support.

A North Wales Growth Deal building on the foundations of the joint work across both Public & Private Sectors, which produced the Growth Vision for the Economy of North Wales, has the potential to transform and sustain the economy of the region, at a time when technological disruption (3D commercial printing / the internet of 'things' / drones and autonomous vehicles etc. . . .) is increasing and the UK economy as a whole, faces the challenge of leaving the European Union, with all the uncertainties, challenges and opportunities that has, and will continue to create. There is in fact, no better time for a Growth Deal for the North Wales region.

The Business Council has worked hard with Partners in Local Authorities (and collectively as the North Wales Economic Ambition Board), along with our HE & FE institutions, to make sure that both the Growth Vision for the region and the work completed so far on the draft Growth Deal, supports both our domestic businesses (Micro and SME's) and our large overseas businesses based in the region.

Growth Deals generally have a 'hook' around which the deal is focused e.g. building on a particular expertise / developing a sustainable competitive advantage in one sector or another, with projects within Deals that then support the delivery of that focus/hook. This certainly has a logic to it, as all effective strategies / action plans need a focus / key deliverables and the resources to deliver.

In developing regional USP's (unique selling points), care needs to be taken that while developing world class expertise and competitive advantage in 1-2 sectors, with supporting resources to achieve this position, we still need to provide a base level of support for those sectors and businesses, that fall outside of the 'prime focus'. We believe this is the case, with the work so far on the North Wales Growth Deal.



As regards governance on any deal, models such as the Joint Committee structure of Councils and representatives from the Private Sector E.g. North Wales Business Council, along with HE & FE, certainly makes sense. Given that the Private Sector and HE & FE are responsible for delivering the majority of economic growth and innovation, excluding them from any decision making / senior governance body would not be acceptable (regardless of whether they have 'skin in the game' on direct financial investments within the projects of any Growth Deal).

The draft North Wales Growth Deal as developed to date, includes arguably the core areas where we as a region, need substantial investment and a step change in how some services are delivered e.g. Transport Infrastructure, Business Growth & Innovation, Sites & Premises for Business.

As a region having collectively built a bottom up strategy/vision, and having identified the investments that will support its delivery, the Growth Deal should be seen as the key mechanism (but not the only one) for securing that Vision and a sustainable regional economy.

In particular, one should note the importance of Transport Infrastructure investments across both road and rail (e.g. the Growth Track 360 projects and campaign) within the Growth Deal. These projects are critical to the ongoing health of the economy, and should be considered essential for delivery.

Not only is connectivity within the region exceptionally important (connecting our residents to employment centres and training/education opportunities) but from a business / economic development perspective, it is critical for connectivity to our neighboring areas of Cheshire and the Wirral. The North Wales economy in fact, together with Cheshire and the Wirral can be accurately described as a functioning economic area in its own right, with a free flowing labour market and business footprint (the North Wales & Mersey Dee region).

As we move further afield geographically, effective transport connectivity to the wider Northern Powerhouse region, the rest of Wales and the UK's major commercial centre London, is a key lever in supporting access to key and growing markets. Effective and efficient transport connectivity is also one of the key elements in a regions attractiveness for Inward Investment.



Any Growth Deal which does not deliver on transformational change on transport & services, which takes into account the real-life way economies function e.g. cross border for the North Wales Mersey Dee economy, could be described as being short sighted.

Evidence to positively support that this is not the case for North Wales (i.e. the real world way our regional economy functions, has been taken as a core principle of the Growth Deal work), can be no clearer than the exceptionally close working relationship between partners across North Wales, Cheshire and the Wirral, which has culminated in the Growth Track 360 rail investment campaign and prospectus, with work and support across both Private and Public sectors (e.g. NWEAB, North Wales Business Council, Mersey Dee Alliance, Cheshire & Warrington LEP) on both sides of the border. Growth Track 360 forms a core part of the draft North Wales Growth Deal.

## Extent to which Growth and City deals could solve or exacerbate existing inequalities, both within and between regions

A strategic and balanced regional approach to economic growth, taking into account existing inequalities within North Wales and leveraging the opportunities provided by large scale developments and projects across the region, for the collective benefit of North Wales, is the basis on which the Growth Deal for the region is predicated. In that sense, the Growth Deal is targeted at (by virtue of its *raison d'être*) reducing existing inequalities.

A Growth Deal cannot though (at least not in its first iteration) become a silver bullet for low GVA and deprivation. For North Wales, the draft deal developed so far, seeks to 'fix' some of the region's key issues which affect current prosperity and hinder strong growth, in a practical and manageable number of key areas / investments e.g. securing effective and resilient transport infrastructure, fit for a 21<sup>st</sup> century sustainable economy.



As regards Growth Deals solving or exacerbating existing inequalities, between regions, as long as all regions are given the opportunity to submit Growth Deal proposals to UK government (and where applicable Welsh Gov), then the end result (given it should be a bottom up process, by the region for the region) should be one of a relatively level playing field.

All regions should though be given standard support, in the development process for a deal, by UK & Welsh Government's. This should help to iron out any preexisting inequalities in levels of resource / experience in one region versus another.

For the North Wales region though, the Growth Deal (incorporating differing ways of delivering certain services, which may include a degree of devolution of resources/powers down from National & UK Government's and upwards, to a regional level from individual Local Authorities) will also support our working on an equal footing / parity, with Partners and LEP's in England. This will be key when working with partners over the border e.g. within the Northern Powerhouse Partnership.

## The degree to which the growth and city deals co-ordinate with Welsh Government strategy

Growth Deals in principle within the rest of the UK, seek to marry national priorities/initiatives for economic growth and sustainable communities, with local realities and objectives within regions. This in theory, should be relatively straightforward to achieve within England, but becomes increasingly complicated when taking into account the devolved nations.

Areas which are devolved e.g. Economic Development, then within Growth Deals, need to take into account not only Welsh Govt. strategy and plans but also initiatives at a UK Gov level e.g. Sector Deals within the UK Industrial strategy.

This is still a 'workable' situation for North Wales, though from a Private Sector point of view, the question remains if there is a degree of lost productivity / speed on developing, agreeing and implementing/delivering Growth Deals, when several layers of strategy have to be taken into account, at varying levels across differing areas/themes of any Deal?



Within a country the size of Wales, there also remains the question of critical mass of delivery and policy on a national Wales level versus regional level e.g. North Wales. Certain services/structures which would work delivered at an English regional vs. a UK Gov level, may not be seen by Welsh Government as workable in a Welsh Regional setting, given the critical mass required for national government structure and services delivery.

From a business perspective, we look for the common sense best approach from the Public Sector (given businesses fund through taxation, a large percentage of all Govt. spending whether UK, Wales Governments or Local Authorities), whilst remaining cognizant that these regional/national/UK level issues will always play a part in devolved nations.

Certainly, within the North Wales Growth Deal, the concept of pulling key regional resource on economic development together (co-location), across a "Team North Wales" from the NWEAB and Welsh Gov, should be seen as a 'no brainer'. This would certainly help to knit together (through joint working) regional plans and Welsh Government national level strategies to mutually inform each other. In that way development proposals will be neither 'top-down' nor 'bottom-up' but will be co-produced and consistent.



## Who we are

This submission is made on behalf of the North Wales Economic Ambition Board (NWEAB). The membership of the NWEAB comprises the six North Wales Councils, Bangor and Wrexham – Glyndwr Universities, Grwp Llandrillo Menai, Coleg Cambria, the North Wales Business Council, the Mersey Dee Alliance and the Snowdonia, Anglesey and Deeside Enterprise Zone Chairs. Ambition Board meetings are attended by Welsh Government Officials and a representative of the North Wales Voluntary County Associations.

The Ambition Board is the Learning and Skills Partnership for North Wales.

## Current Position

North Wales was invited to develop and submit a North Wales Growth Bid to the UK Government in April 2016. The Bid was to develop close links with the Northern Powerhouse and include proposals to devolve functions from the UK and Welsh Governments to North Wales Councils and their “partners”.

The UK Government’s invitation the North Wales Economic Ambition Board gave the impetus for the development of the North Wales Growth Vision. The Growth Vision was published in the autumn of 2016 and was agreed individually by all six Local Authorities and the North Wales Business Council.

The Vision work draws on: -

- The work of the North Wales Economic Ambition Board (NWEAB) and its partners, particularly, the North Wales Business Council and the Mersey Dee Alliance which has developed a cross border proposition for joint adoption by both the NWEAB and the Cheshire and Warrington Local Enterprise Partnership
- The priority sectors identified by the Northern Powerhouse Partnership and advice from UK Government Ministers including the Northern Powerhouse Minister
- Planned infrastructure investments identified by the Welsh Government in Ministerial Task Forces comprised of Council and Business Leaders in North Wales
- The work of Growth Tack 360 (the North Wales and Mersey Dee Rail Task Force)
- Preparations to maximise local employment from the region’s flagship UK investment - Wylfa Newydd

The UK Government responded positively to the North Wales Growth Vision and asked the six North Wales Councils to develop a prioritised programme of proposals as a North Wales Growth Bid. The 2016 Autumn Statement included a reference to the continued commitment of the UK Government to a North Wales Growth Bid.

In January 2017, the Wales Office facilitated a meeting of UK and Welsh Government officials with officers representing the six North Wales Councils. The meeting agreed that a formal North Wales Growth Outline Bid will be presented to the UK Government in June/July 2017. This submission will trigger formal negotiations with the aim of finalising and closing a deal by the end of 2017.

The North Wales Growth Bid has a cross-border dimension, with both the UK and Welsh Governments looking for the North Wales Growth Bid to be co-ordinated with: -

- The Devolution Deal of the Cheshire and Warrington Local Enterprise Partnership which includes a spatial proposition for the Mersey-Dee area
- The Liverpool City Region Devolution Deal given linkage with proposals for rail and a North Wales Metro requiring the participation of Merseytravel
- The Northern Powerhouse Partnership strategic planning function

The North Wales Growth Bid will incorporate the work of: -

- The cross-border North Wales and Mersey Dee Rail Task Force's (Growth Track 360) short term priorities
- The nascent North East Wales Metro Partnership which will support cross-border economic working, trade and worker movement

The North Wales Growth Bid timetable takes account of the 2017 Local Authority elections. The new Council Administrations will carry forward the bid. The Cheshire and Warrington Devolution Deal was agreed by the Cheshire and Warrington LEP in March this year and this will enable co-ordinated progress and integration of proposals as they are developed.

## Next Steps and Plans

The Region will submit an outline North Wales Growth Bid in June/July of 2017. The submission will trigger formal negotiations with the UK Government. It is intended to conclude a signed Growth Deal around the end of 2017 and the beginning of 2018.

## Governance

The six North Wales Councils have agreed in principle to establish a Joint Committee to own and implement the North Wales Growth Bid. The Joint Committee may include non-voting representatives of key partners: -

- The Cheshire and Warrington LEP
- North Wales Higher Education Institutions (Bangor and Wrexham – Glyndwr Universities)
- North Wales Further Education Institutions (Grwp Llandrillo Menai and Coleg Cambria)
- The North Wales Business Council

Governance is also likely to include: -

- The North Wales Economic Ambition Board as a stakeholder advisory group. The Ambition Board will have a formal role in the delivery of skills proposals as the Regional Learning and Skills Partnership.
- A high-level government led (UK and WG) Cross Border Forum
- A local authority joint transport body as a sub-committee of the Joint Committee (which has been agreed “in principle”)

### Themes of the North Wales Growth Deal

Officers of the six councils and partners are working closely together to develop detailed proposals for the North Wales growth Bid: -

- Transport Infrastructure and Services including the North-East Wales Metro Concept
- Business Growth and Innovation
- Skills, Employability and Reducing Worklessness
- Delivering Developed Sites and Premises for Employment and Housing

There will be cross cutting themes informing all the work-streams: -

- Maximising the benefit of investments in Wylfa Newydd and the nuclear sector
- Sustainable and Inclusive Growth which aims at improving pay levels across the working population and reducing poverty
- The geographic dispersal of the benefits of growth

The work-streams will enable the production of a growth bid prospectus which will be supported by action plans.

The region will establish a dedicated Programme Office for planning and delivery.

### The Benefits of a Growth Deal: A Prosperous, Secure and Productive North Wales

North Wales has many assets and strengths, such as exemplary advanced manufacturing facilities, a high growth, renewable energy sector, a diverse and unique heritage that supports a world class tourist sector, and an appealing quality of life offer. The region sits on the main trade route from and into Ireland, one of the UK’s biggest export markets.

There are exciting opportunities for growth: -

- Building on the region’s energy and advanced manufacturing assets
- Unlocking the potential of the cross-border economy
- Connecting to the Northern Powerhouse
- Developing the research and innovation base, supported by the region’s Universities and Further Education Colleges to drive a vibrant, growing SME economy that will produce wage growth and reduce poverty in the region.

A regionally sensitive and revitalised business support framework based on a 'Team North Wales' concept will be essential for high growth SMEs in the growth sectors identified in the North Wales Growth Strategy: -

- Advanced Manufacturing
- Renewable, Non-Carbon Energy
- Creative and Digital

A Growth Deal will enable the Region to take forward its ambitions to transform the economy, build on its strengths and become more prosperous and productive. It will enable a sustained effort to resolve entrenched challenges that have not been fully addressed in the past: -

#### North Wales

- North Wales has one of the lowest relative rates of GVA per head in the UK at around 73% of the UK average. This has led to most of the region qualifying for European Convergence Funding for over three decades.

#### North West Wales

- The North West of the region is challenged by geographic peripherality, leading to a heavy reliance on tourism, agriculture and the public sector. Tourism tends to be seasonal and has a history of low pay and low value employment
- There is a strong tradition of people retiring from England to the centre and north west of the region and choosing not to work, which reduces the percentage of the population engaged in the workforce and depresses GVA per head
- The relative scarcity of high value, well remunerated private sector work in the North West of Wales has led to a form of "brain drain" with many young people leaving the area. Coupled with incoming retirees this weakens the vigour of the economy and the Welsh Language and culture.

#### North East Wales

- North East Wales faced a long, hard road back from "de-industrialisation" in the 1970s and 1980s following the closure of steelmaking, textiles and coal mining enterprises. These closures created substantial unemployment and deprivation for over a decade
- Wrexham and Flintshire have rebuilt their industrial base around the Deeside Industrial Park and Wrexham Industrial Estate. North-East Wales now has the largest percentage of manufacturing output of any economy in the UK. The sub region faces challenges around skills, wage levels and the nature of its manufacturing base. Major employment sites assemble components (e.g. airbus wings, Toyota engines) and are potentially "branch" plants vulnerable to future consolidation elsewhere by multi-national firms
- North East Wales faces a challenge of "political" peripherality on a par with the North West's challenges of geographical peripherality.

The economies of Flintshire and Wrexham are integrated into a "Mersey-Dee", cross border, functional economy which is dissected by a political and administrative border. This has led to both UK and Welsh Government planning for "parts" of that cross border functional economy to the detriment of the whole. Sometimes "the parts" are

overlooked by their respective governments because they lack the critical mass of the whole required to justify investment in a competitive environment with the urban conurbations of the UK.

This cross border functional economy was identified by Elizabeth Haywood in her report for the Welsh Government, “The Dee Region Cross Border Economy – Next Steps” in March 2013. This review focussed on strengthening cross border relationships in the Dee Region, the role of the Mersey Dee Alliance and potential economic benefits.

- Across the region there is a need for intervention to support the Housing Market. Without market support it is unlikely that the housing growth planned in Local Development Plans will be achieved. There are similar issues regarding employment land in North Wales, much of which, has remained undeveloped for two decades.

The aspiration to increase employment opportunities in the region requires both the development of employment sites and housing growth to house an expanding workforce.

The North Wales Growth Vision and its supporting Growth Bids seeks to address these challenges by: -

- Improving Infrastructure – rail, road and bus, enabling an agglomeration effect throughout the region and the cross-border area
- Integrating proposals for employment growth and development of employment land with housing growth and infrastructure investment; with proposals for pump priming investment to enable development of key employment and housing sites
- Improving skills and business support to move employees and the firms based in North Wales up the value chain wherever possible. This will improve productivity and GVA per head
- Supporting world class assets located in the region in the high growth sectors of advanced manufacturing (aerospace, automotive, life sciences and food), renewable/non-carbon energy, tourism, creative industries and professional services
- Dispersing the benefits of growth; seeking to develop distributed growth hubs (e.g. Wylfa, Mon a Menai, Deeside Industrial Park, Wrexham Town and Industrial Estate) connected by excellent transport services enabling people to access employment. There will also be a need for measures to move tourism employment in North Wales “up the value chain” to support the concept of inclusive growth. A new high value tourism sector is developing in North Wales demonstrated by the recent investments in Surf Snowdonia, Zip World and Adventure Tourism

As well as investment, the Growth Bid offers the opportunity to do economic development, transport planning and delivery, housing strategy and delivery and strategic land use planning differently and more collaboratively. This aspiration aligns with the Welsh Government agenda for renewed and resilient local government articulated by the Cabinet Secretary for Local Government and Finance. Most importantly a more co-ordinated and collaborative approach which is more 'place sensitive' can deliver better and more impactful results.

The Growth Bid is set in the context of the Growth Vision - the Bid will have its own targets based on the priorities identified. The Bid's starting point, from the Growth Vision, is to grow the North Wales Economy by 58% from a £12.8bn economy to a £20bn economy by 2035 with the creation of a substantial number of new jobs in that period. It will aim to reduce the relative gap in GVA per head between North Wales and the UK average.

## Impact on Equalities – Within and Between Regions

The bid will explicitly seek to reduce inequality and low pay within North Wales. Improving skills and increasing pressure on the jobs market will help push up wages. Proposals for 'inclusive growth' will seek to expand the workforce by bringing people currently marginalised by poor health, low level skills and poor transport access to employment into the working population. This will require close working with the DWP in North Wales.

The Bid will put forward targets for increasing workforce participation and reducing poverty.

Improving transport and specific measures to improve access to work will enable more people to travel to work conveniently, increasing the agglomeration effect across North Wales and the Mersey Dee cross border economy.

The region is particularly concerned to enable young people to stay in the region and travel to good jobs in the region. This will require better quality transport and regionally developed pathways into employment, including graduate level employment.

There are two key developments to enabling North Wales to enjoy comparative rates of development with Cardiff and Swansea in the future: -

- Unlocking the potential of the cross-border economy and embedding the need to work on a cross border basis on a long-term basis. This will require that North Wales is connected to the investments made in the Northern Powerhouse
- Developing a more place based approach to economic development with more of the resources and services to support the North Wales economy based in North Wales and advised and supported by North Wales voices. This is at the heart of the "Team North Wales" concept.

There is a pressing need to consider the comparative competitiveness of North Wales with the North West of England than Cardiff and Swansea. Wales as a polity needs to ensure that North Wales can both compete with the North West of England and participate effectively in the planning for growth in the North of England via the Northern Powerhouse.

Devolution of functions to North Wales that matches that of neighbouring English regions is a defensive necessity and a desirable enabler of growth.

## Co-ordination with Welsh Government Strategy

The North Wales Growth Bid is aligned with Welsh Government Strategy.

Our Growth Bid will seek to: -

- Accelerate and build on Welsh Government infrastructure investments
- Co-ordinate the work of local authority transport and economic development teams both within local government and with the relevant Welsh Government teams to create a “Team North Wales” approach to economic development and business support
- Build on Welsh Government Sector Plans.

The Growth Bid will also align with the UK Industrial Strategy and connect with the proposed “Sector Deals” being promoted for key sectors like nuclear, steel and automotive on a UK basis. The region will work closely with the Welsh and UK Governments to ensure that the sector and place based growth deals are connected.

The Welsh Government is supportive of our cross-border ambitions. The Welsh Government is a member of the Mersey Dee Alliance and the Minister for Economy and Infrastructure attends MDA Board Meetings.

There is a high degree of joint working between local government and the Welsh Government in North Wales including: -

- EU Structural Funds
- Preparation for Wylfa Newydd
- Growth Track 360
- Skills development through the Regional Learning and Skills Partnership

Many of the proposed infrastructure investments were developed jointly through the work of Ministerial Task Forces led by the Welsh Government, advised and supported by Local Government and Business Leaders in North Wales. They are jointly owned by the Welsh Government and the Region.

Key requests of the Welsh Government going forward will include: -

- Devolution of Business Rates Growth for investment in sites identified for development
- A recognition of the need for a far more 'place sensitive' and dedicated management of Welsh Government Services – Business Support, Skills Development, Finance Wales/SME Support, Marketing and Inward Investment, Sector Support etc.

## Our Comparative Regional Position

The North Wales Deal is unique in that it requires the Welsh and UK Governments to work together to enable cross border working and reduce the separation of the natural partners within the functional cross border Mersey Dee economy.

A significant outcome of a North Wales Growth Deal will be an investment plan for North Wales that is agreed by both the UK and Welsh Governments.

In broad terms the city deals and the North Wales Growth Bid offer an opportunity to develop a Welsh system for economic development, transport planning and land use planning that is more place-based and promotes greater and more explicit collaboration between local authorities, between local authorities collectively and the Welsh Government and between the Welsh Government, the UK Government and the regional/city region entities.

Such a system would have the potential to be more effective, strategic and co-ordinated. It would also align well with the current Welsh Government agenda for Local Government Reform and have the advantage of being deliverable by consent and negotiation without contentious legislation.

## Conclusions

A North Wales Growth Deal is a significant opportunity to enable the region to work collectively with the Welsh Government and the UK Government to build on its assets and address significant, historic and stubborn issues of low productivity.

A North Wales Growth Bid will need to be funded and supported appropriately by both governments to be effective.

The deal will specifically address the twin peripheralities that challenge the North Wales economy: -

- Geographic peripherality and rurality in the North West
- Political peripherality affecting both sides of the border in the Mersey Dee Functional Economy

These two challenges make a more place based approach to economic development support, transport planning and delivery, marketing and promotion of the region and land use planning essential. The Regional Governance arrangements and the proposed "Team



North Wales" approach will underpin the move to a more placed approach to developing the North Wales economy.

The Bid will enable a transformation in support for business growth, innovation and research that will target the development of high growth SMEs in the supply chains of the region's key sectors.

The region recognises that the Ministers and the Welsh Government are the primary providers of economic development services. Therefore, the aspiration of the region is for closer and more collaborative working. There is no intent to see local government takeover Welsh Government Services, challenge the authority of Ministers or revise the devolution settlement in Wales.

There is a need to change the way we work collectively to improve the performance of the economic development function. This involves delivering closer working with economic development partners including businesses in a regional setting. The outcome of this cultural change should be the development of regional leadership and strategic direction for economic development, transport and land use planning.

Local Authorities will be challenged by the need to deliver greater collaboration and the pooling of resources and service delivery.

Local Authorities in North Wales are relatively small and will require support to reduce the risk of borrowing. This is why we discuss the potential delegation of more than business rate growth, with a proportion of total business rate revenue delegation necessary to make development proposals stack up and to fund borrowing.

The North Wales Growth Bid is an important catalyst to change the way we do economic development and face the future positively.

Pwyllgor yr Economi, Seilwaith a Sgiliau/ Economy, Infrastructure and Skills Committee

EIS(5)-13-17 (p6)

Additional Information

A Growth Vision for the Economy of North Wales

<http://wcnwchamber.org.uk/wp-content/uploads/2016-08-Vision-for-North-Wales-Economy-FINAL-VERSION.pdf>

Mersey Dee – Our Unique City Region ‘Unlocking our true potential’

<http://wcnwchamber.org.uk/wp-content/uploads/MDA-Prospectus-Unlocking-Our-True-Potential-English.pdf>

Briefing – GT360 Priorities – October 2016 (document is below)



**BRIEFING – GT360 PRIORITIES**  
**OCTOBER 2016**

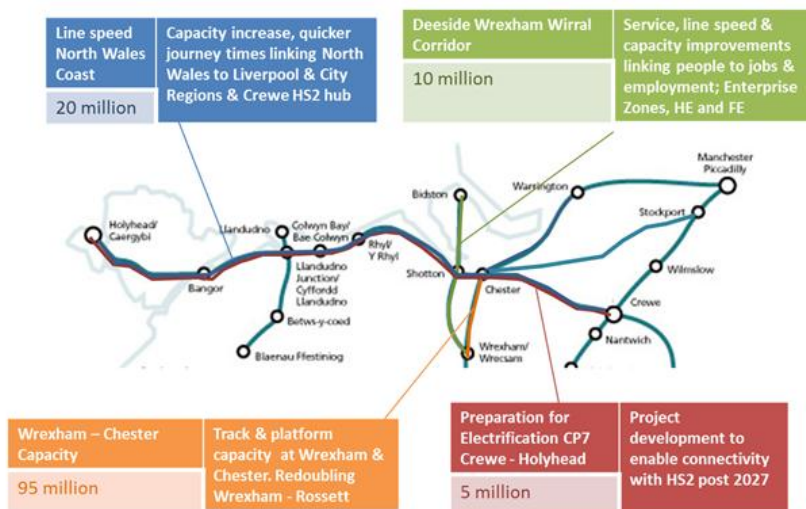
The GT360 campaign has identified key priorities to help give definition to the immediate requests to government and industry. These priorities address both the infrastructure improvements that are needed to unlock the sub-regional network and also service improvements that are required in franchise renewals.

Growth Track 360 remains fully committed to the long-term aim for electrification and connectivity to Crewe Hub and HS2. A key lobby point remains for increased HS2 services to Crewe with the potential for long-term of classic-compatible services to Holyhead which intrinsically requires electrification.

**Governance**

The North Wales and Mersey-Dee Cross Border Rail Task Force has established and embedded a governance structure for the GT360 programme (Appendix A). This delivers both political and strategic leadership and technical project development with industry in the Growth Track Industry Group.

**Priority Infrastructure Projects for inclusion in CP6 Planning – £130 million**



This suite of infrastructure improvements has been identified in the Wales and Border Route study and will help provide the catalyst for growth. These improvements will allow increased service capacity with quicker journeys and will provide the first step towards transformational change within the cross-border economy. These initial infrastructure projects are required to enable enhanced services to be delivered.

## Detailed Table of Prioritised Infrastructure Improvements

| <b>Improving Today's Railway (Initial Industry)</b>  |   |  |
|--|---|--|
| <b>Project</b>   | <b>Estimated Cost</b>                             | <b>Comments / Benefits</b>   |
| <b>Wrexham – Chester Capacity</b> <ul style="list-style-type: none"> <li>Track and Platform capacity at Chester Station</li> <li>Track and Platform capacity at Wrexham General Station</li> <li>Redoubling Wrexham – Rossett</li> </ul> | £40 million<br><br>£10 million<br><br>£45 million | Three linked projects combining;<br><br>Additional track and signalling infrastructure with additional capacity at Chester and Wrexham General stations, all of which are critical to enable service growth and improving connectivity with the Northern Powerhouse and other regions. |
| <b>Rail Capacity Supporting Economic Growth</b>  |   |  |
| <b>Line Speed Improvements</b><br>Holyhead to Warrington / Crewe   | £20 million                                       | Capacity and journey time reductions linking North Wales, Chester, with Manchester and Liverpool City Regions and Crewe HS2 Hub  |
| <b>Deeside – Wrexham – Wirral Corridor</b> <ul style="list-style-type: none"> <li>Wrexham Bidston Improvements</li> <li>Shotton Hub</li> </ul>   | £10 million                                       | Service, line speed and capacity improvements linking Enterprise Zones, Higher Education and Further Education provision and population  |
| <b>HS2 Enabling Project</b>  |   |  |
| <b>Preparation for Electrification CP7</b><br>Preparation work for CP7 Delivery – Warrington / Crewe – Holyhead Electrification  | £5 million  | Funding to undertake development work towards electrification to ensure that North Wales and cross border services can fully benefit from HS2 and enable classic compatible services after 2027.   |

## Essential Minimum Franchise Commitments For Service Improvements

Two way service patterns providing a minimum 4 trains per hour (tph) along the North Wales coast and 2 tph between Wrexham and Chester by combining through trains, joining up of trains at Chester or robust connections to provide the connectivity of:

- 1 x tph Holyhead / Bangor / Llandudno / Chester to London through services (Inter City West Coast franchise)
- 2 x tph North Wales Coast to Manchester - ideally one of these a fast service (Wales and Borders franchise)

- 1 x tph North Wales Coast to Chester continuing to Birmingham International or Cardiff Central on alternate hours. (Wales and Borders franchise)
- 1 x tph N Wales Coast and Wrexham to Liverpool via Halton Curve (Wales and Borders franchise)
- 2 x tph between Wrexham and Bidston (Wales and Borders franchise)

For N Wales coast services alternative trains could operate from either of Holyhead / Bangor / Llandudno to give a balanced service to all destinations.

An optional approach would be to have stopping services along the coast from Holyhead to Llandudno / Chester allowing longer distance services to be accelerated by not having to stop at all intermediate stations.

All stations to have at least 2tph (Llandudno Jct to Chester) and 1 tph (Llandudno Jct to Holyhead).

#### Rolling Stock

The new Wales and Borders franchise should include a rolling stock strategy that should be:

Flexible - To avoid using too many train paths at busy parts of the network, consideration to link trains at hubs should be given. E.g. 2 coach train from Bangor joins a 2 coach train from Llandudno at Llandudno Jct. A further 2 coach train from Wrexham would join at Chester giving a 6 coach service to Manchester / Liverpool at peak times.

Long distance rolling stock to be min 100 mph, with good quality Wi-Fi, plug sockets and plenty of tables for business use. Local and commuter stock would be configured differently.

#### Franchise Management Options

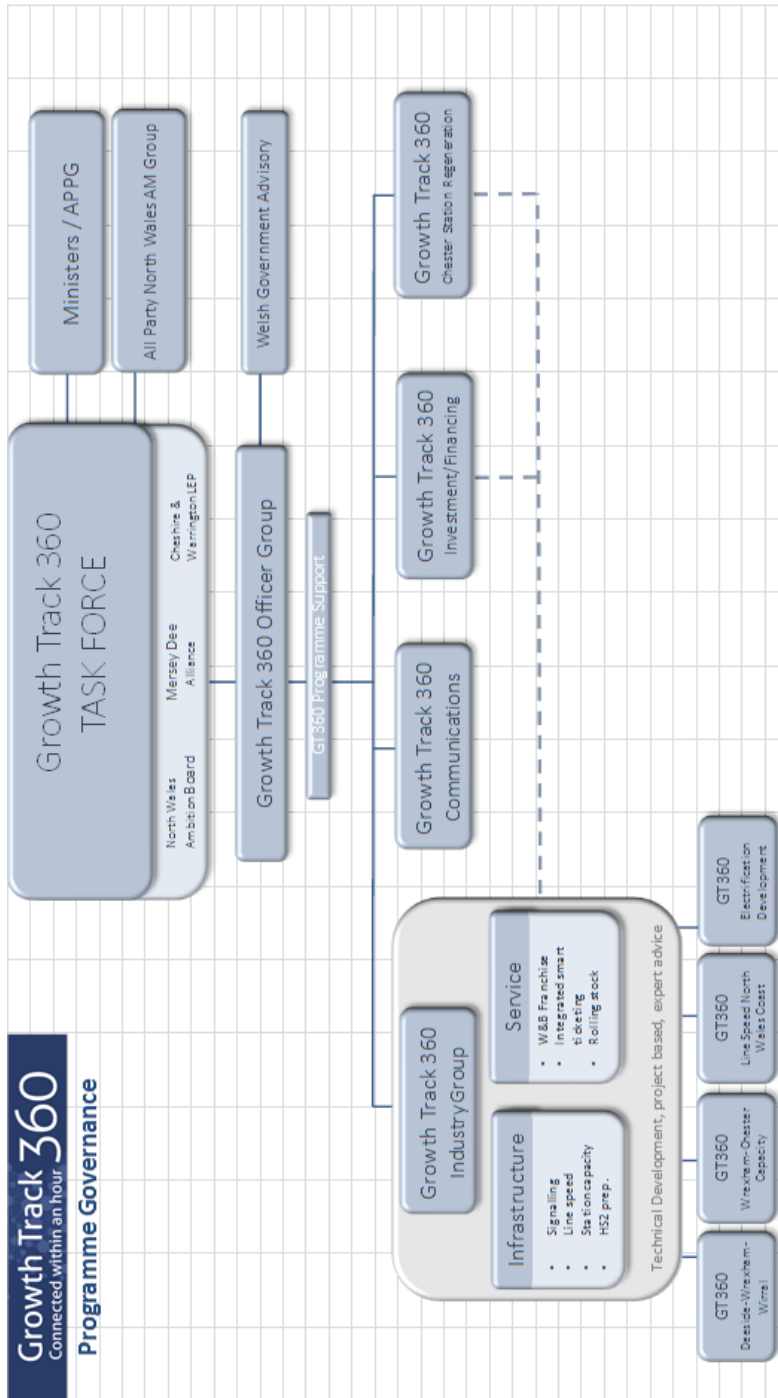
The new franchise could include options for more localised management of the franchise to ensure close connections with communities and rail users.

Having scope for a local management unit for "local / stopping" services on the N Wales Coast and between Wrexham - Bidston and on the Conwy Valley line would be useful. Local management issues could include

- Ticket and fare strategy
- Marketing
- Time table
- Demand improvement measures including car parking and station facilities
- Initiatives to encourage small and medium sized businesses and social enterprise

Flexibility to vary the franchise and service specification to suit changing services is essential. If the franchise extends beyond the period when HS2 or electrification takes place, there should be scope for a fundamental review of services.

Appendix A



# Agenda Item 7

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