



## **WRITTEN EVIDENCE IN SUPPORT OF THE SENEDD'S ECONOMY, SKILLS & INFRASTRUCTURE COMMITTEE REVIEW ON WELSH CITY AND GROWTH DEALS**

**3<sup>rd</sup> March 2021**

### **1. Introduction**

- 1.1. The Growing Mid Wales Board welcomes the opportunity to provide evidence to the Welsh Affairs Committee's inquiry into the effectiveness of Growth and City Deals for Wales.
- 1.2. Partners across Mid Wales have long been working towards driving forward regional economic growth in Partnership. Ever since the creation of the Growing Mid Wales Partnership in 2015; public, private and voluntary partners across the region have developed the necessary leadership and voice to influence and strengthen the focus on growing the Mid Wales economy.
- 1.3. Following similar arrangements in other Welsh regions, Mid Wales was invited in late 2017 to develop its own proposals for a Growth Deal – and Committee Members have received regular written and verbal evidence on the progress in bringing the Deal to fruition.
- 1.4. This written evidence has been prepared on behalf of both Leaders in advance of their audience with the Committee on 03/03/21, to discuss the progress and next steps in more detail.

### **2. Early engagement and setting the foundations for the Deal**

- 2.1. Throughout 2018/2019, significant effort and consultation was undertaken by stakeholders in the region to draw together a detailed evidence base of the needs and opportunities of the Mid Wales region. A number of workshops, stakeholder interviews, and detailed analysis were undertaken - and an emerging picture of how a potential Growth Deal could be framed.
- 2.2. In late 2019, formal governance arrangements were set in place – with an Inter-Authority Agreement agreed by both Local Authorities, which paved the way for a formal Joint Committee, a private sector Economic Strategy Group, and regional officer working and management arrangements.
- 2.3. Political discussions evolved throughout 2019, and the quantum of potential funding emerged from UK Government as £55m as a “down-payment”. Welsh Government indicated its views, and affirmed its commitment to supporting a deal in Mid Wales. However, the quantum of funding was not formally advised at this point.
- 2.4. The advice early on from both Governments was to set the Growth Deal in context, to articulate a clear case for investment. The Growing Mid Wales Board, in consultation with the GMW Partnership and the Economic Strategy Group, took the decision to formulate a Vision/Proposition document to both Governments. In bringing forward the development of a Growth Deal at scale, required significant capacity and capability to be developed and aligned across regional stakeholders.

2.5. The cornerstone of any successful intervention, is a clear and purposeful mission statement or investment strategy. The development of a document that articulated common purpose was required to help facilitate and accelerate economic growth via a single and ambitious vision for economic and employment growth in the region – of which a strong case for a Growth Deal would be made, as a catalyst in a broader funding mix.

### 3. Vision for Growing Mid Wales

3.1. The Vision for Growing Mid Wales was published in April 2020. The document can be found on the Growing Mid Wales website. [www.growingmid.wales](http://www.growingmid.wales)

3.2. The document brought together the significant evidence base and stakeholder engagement to articulate a Strategic Economic Plan and a proposal to Government for a Growth Deal roadmap. The document was authored by officers from both Local Authorities, in consultation with key regional stakeholders through a workstream structure – before taking strategic feedback from the Economic Strategy Group before approval by the GMW Board.

3.3. The document was articulated as a broad economic strategy, that encompassed 8 thematic areas (Strategic Growth Priorities), that underpin the Mid Wales economy:



3.4. The strategy was published at the outset of the Covid-19 pandemic, and we have all seen the direct and indirect implications on our economy unfold, and continue to

take hold in our communities and businesses. Rather than pause the Growth Deal in order to understand this effect in more detail, it was considered imperative by the GMW Board to prepare the ground urgently for the recovery that will inevitably need to follow.

- 3.5. It was felt by the GMW Board and its regional partners that if the Growth Deal was to play a key part in any resulting recovery, then it would need to be agile and flexible to adapt to the economic and societal needs of the region as things unfold. Thus, the detailed proposal for a Portfolio approach was structured in the form of a Strategic Outline Plan (part 2 of the document) – to set out a clear and structured framework that would allow the region, both Governments and key partners to deliver a genuinely Portfolio-led approach.

#### **4. Heads of Terms**

- 4.1. Heads of Terms for the Mid Wales Growth Deal was then formally achieved on the 22<sup>nd</sup> of December. Very good national and local media coverage of the signing was achieved, with strong interest and positive coverage of the event.
- 4.2. The Heads of Terms document is a public document, and was available and promoted on the day of the formal signing on the GMW website at [www.growingmid.wales](http://www.growingmid.wales)
- 4.3. As is the case with all City and Growth Deals, the Heads of Terms is the first formal agreement in which both Governments have accepted the case for a Growth Deal, and has set out the political commitments and expectation by Government and the region now to develop the detail of the Deal in earnest to secure the next milestone (full deal agreement).
- 4.4. However, the Heads of Terms for the Mid Wales Growth Deal differs from similar Deals in Swansea and North Wales – in that it does not contain any programme/project detail at this stage. It set out and agreed the broad foundations for the Portfolio – that will be scoped from the 8 priorities for the region as set out in its Vision.

#### **5. Governance & Assurance**

- 5.1. Early planning work has continued on the development of a second governance agreement (inter-authority agreement 2). This will be required to be in place, and operational to cover the delivery arrangements for the Deal.
- 5.2. Emerging legislation will also need to be considered in this context (Local Government & Elections Bill (Wales)).
- 5.3. In the interim, it is anticipated that existing Governance arrangements continue for the development phase, with minor amendments to the IAA being considered by the Board and both Local Authorities shortly to strengthen key roles and to ensure clarity and a mechanism for appropriate scrutiny as the Deal continue to develops up to the next milestone (Full Deal Agreement).

#### **6. Capacity and Resourcing**

- 6.1. Both Local Authorities have made available revenue funding contributions to support the regional budget, for staff and Portfolio development. Contributions have also been received from Welsh Government to help establish a team and enable development work.

- 6.2. The architecture for a Portfolio Management Office (PMO) has been developed, a regional team that will continue the development and delivery of the Deal, on behalf of the GMW Board.
- 6.3. External funding through the Welsh European Funding Office (WEFO) is being sought to help resource this for the initial period of its operation, and beyond supporting the Growth Deal – it will have provision for undertaking wider regional collaboration aligned to the regional Vision for Growth.
- 6.4. Legal, HR and funding processes are being undertaken currently – with a likely timescale for recruitment to begin from April 2021.

## **7. Communications and Engagement**

- 7.1. The majority of the communications activity recently has been focused around the coverage of the Heads of terms signing. However, the GMW website has been live since October 2020 – and will be a clear platform for regular updates on the work ongoing to develop the Deal and wider efforts to realise the Vision.
- 7.2. A meeting of the Economic Strategy Group (ESG) was held with both Leaders on the 7<sup>th</sup> of December. Providing a briefing and discussion on the progress to date on establishing the Growth Deal and nearing Heads of Terms; before discussing the key concerns, challenges and opportunities of business – with particular regard to the ongoing effects of Covid and the potential implications of Brexit.
- 7.3. Both Leaders were invited to offer their perspectives at a well-attended event organised by the Institute of Directors (IoD) and AberInnovation on the 15<sup>th</sup> December, bringing together an influential network of leaders across the public and private sectors to discuss the region's economy.
- 7.4. The IoD has recently written about the role and potential of the City and Growth Deals in Wales: [Think Big, Work Local - Business News Wales](#)
- 7.5. Once the Portfolio Management Office (PMO) has been established, and early engagement with the Board, the Economic Strategy Group and key stakeholders and Governments has been undertaken on the early Portfolio – there will be a strong campaign of communications activity to be articulating the benefits and potential opportunities from the Deal.

## **8. Portfolio Development**

- 8.1. In parallel to the negotiations on Heads of Terms, evolving Governance arrangements, and establishing capacity – work has begun on structuring the Portfolio Business Case.
- 8.2. The development of the Portfolio Business Case is being brought to fruition according to guidance received from both Governments, with the support of a senior experienced consultant – who is currently advising HM Treasury on Business Case guidance and the Portfolio approach.
- 8.3. The Portfolio-led approach in Mid Wales is unique, and the region has been told it is one of the very first models to develop its proposals iteratively from Strategy, to Portfolio, and then ultimately to Programmes/Projects.
- 8.4. It has taken time however for this early work to develop and take shape, before proposals have begun to take shape. This has been due to a number of reasons;

that have now been addressed in terms of having a clear vision, a clear co-ordinating framework, established governance, capacity and resources made available, commissioned work nearing fruition, and positive momentum leading to credible conversations with prospective project proposals.

- 8.5. Initial technical workshops have been held to assemble a first iteration of the Strategic Portfolio Business Case (SPBC), that will shortly be considered by regional governance arrangements.
- 8.6. These workshops have been structured and undertaken according to the guidance set out, in a manner which brings about clarity on the key investment objectives, critical success factors – and the potential long-list of options (programmes/projects) that could play a role in delivering those objectives.
- 8.7. There have been two tiers of work ongoing, to help scope and develop the detail of the Portfolio:
  - **Commissioned Scoping and Feasibility Studies in key programme areas:** Where there are key strategic questions to address at a Portfolio/Programme level, before any project proposals can be considered. i.e. need to determine the strategic context, existing delivery arrangements etc in these areas, to aid the region to make sound judgements on the optimal mix of activities to deliver the best outcomes for the region. These commissions have been in 4 principal areas: (Applied Research and Innovation; Digital; Hydrogen; Sites & Premises)
  - **Programme/Project Information Gathering:** officer workstreams have gathered further information on the proposals existing within the region, in order to have a clearer sense of the initial proposals (detail and maturity of the proposal, scope and size, expected outcomes etc).
- 8.8. All of this information has been gathered into an initial draft of the Strategic Portfolio Business Case that will be consulted on, and receive the feedback of regional governance structures. The strategic views and feedback from these consultations will help form the shape of the initial Portfolio, with regular input and support at each stage from both Governments.
- 8.9. As Members of the committee will know with all City and Growth Deals, there exists long lead-in times to develop business cases to a level of sufficient maturity for both Governments to review and approve.
- 8.10. With the Mid Wales Growth Deal being a Portfolio-led approach – clarity is being sought on the expectations and requirements required to underpin Full Deal Agreement. A further workshop is being organised to seek clarity and develop a roadmap that is mutually agreeable both by the region to be able to respond and deliver the requirements set out, and for both Governments to be able to plan for the required review and approvals process.
- 8.11. It is the region's expectation and current understanding that Full Deal Agreement could be achieved within the calendar year, and to look to delivery starting in earnest in 2022.
- 8.12. As noted, planned consultations will be undertaken imminently on the detail of the Portfolio that is being initially scoped for regional governance arrangements to consider.