



# **Welsh Government Response to the ETRA Committee Letter Dated 17th September 2025**

## Welsh City and Regional Growth Deals

Set out below are the Welsh Government's responses to each of the Committee's recommendations set out in the letter of the 17th of September 2025 on Welsh City and Regional Growth Deals.

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## 1. Introduction

There are four City and Growth Deals in Wales, Cardiff Capital Region City Deal, Swansea Bay City Region Deal, Mid Wales Growth Deal, and North Wales Growth Deal.

City and Growth Deal Assurance:

There are two Government Boards; a Welsh Government Board, and a joint Government Board, which meet quarterly to provide oversight and assurance to Welsh Government on the performance of all City & Growth Deals in Wales.

## 2. Recommendations

### North Wales Growth Deal

Signed in 2020, the 15-year North Wales Growth Deal (NWGD), led by the North Wales Local Authorities have acknowledged the challenges it has faced in delivery over the Deal over the first five years.

#### **Recommendations 1 and 2:**

Ensure Welsh and UK Governments are monitoring and supporting Ambition North Wales to deliver the deal but also that the considerable public funds allocated to the Deal will create the jobs and investment aimed for.

Set out how they will support and monitor progress with the North Wales Growth Deal.

#### **Response: Accept in Principle**

1. The WG and the UKG, regularly engage to provide both support to, and oversight of the Portfolio Management Office and Ambition North Wales in delivery of the Deal. There are diarised monthly and quarterly meetings as part of Deal oversight.
2. Delivery of the deal is fully devolved to ANW who are accountable for its KPIs and Impacts, but both governments are fully committed to providing the environment and conditions of support to enable ANW to deliver accordingly. Support and guidance include:
  - a. Regular executive level project review and updates
  - b. Access to specialist support, for example JV work with the WGs Property team.
  - c. Programme Management Training
3. The NWGD undergoes an annual independent assurance review (PAR), which Governments use as part of the evidence base in assessing delivery confidence and financial performance.

#### **Recommendation 3:**

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Offer urgent clarity around the funding available to the NWGD.

**Response: Accept:**

4. Under the terms of the Final Deal Agreement Welsh Government and UK Government each agreed to provide £120mill of funding across the life of the Deal. Approval of the release of government funding is reviewed annually and subject to performance of the Deal, and the outcome of the independent annual Assurance Review. In addition to Government funding The Deal is committed to securing an additional £750mill of private and other investment funding across the 15 years.
5. To date Governments have approved the release of 3 years of annual funding to the Deal and have ensured there is sufficient funding to cover North Wales Growth Deal commitments with significant reserves held within deal accounts.
6. In the last two years the independent annual Assurance Review found successful delivery of the project/programme appeared in doubt and there were major issues which needed resolving. In light of these assessments and coupled with lack of spend by the Deal, both governments agreed it could not release the annual funding at that point.
7. The Welsh Government continues to work alongside the Deal and its partners on its future funding requirements, protecting the public purse, and ensure the North Wales Growth Deal delivers the investment and impact we all signed up to.

**Recommendation 4.**

Explore what lessons can be learnt from the Trawsfynydd project failure and its knock-on impact on the Deal.

**Response: Accept:**

8. The North Wales Growth Deal is a Portfolio of projects managed by the Deal. Welsh Government welcomes the steps recently taken by the Deal to review its portfolio and create a reserve list to enable a quicker response in the event that a project does not progress or will not progress within the lifetime of the Deal, such as the Trawsfynydd project.

Cardiff Capital Region City Deal

Cardiff Capital Region Job Creation

**Recommendation 5:**

Welsh and UK Governments work with Cardiff Capital Region and Transport for Wales to ensure there are clear job creation targets for both the Metro and Wider Investment Fund parts of the City Deal.

**Response: Accept**

9. Cardiff Capital Region City Deal (CCRCD) Investment Fund is a £1.229 billion fund consisting of a pre-allocated sum of £734m to the Metro Project and £495m to the Wider Investment Fund (WIF). The Metro project is a Welsh Government programme which is subject to its own governance arrangements.
10. Separately, Cardiff Capital Region is responsible for delivering outcomes for the WIF element of the CCRCD. The Welsh Government also has Accounting Officer responsibilities for this Fund. The extant Heads of Terms and Assurance Framework for the WIF specify metrics for the CCRCD which were agreed to be achievable when the CCR City Deal was agreed in 2016 between the UK Government, the Welsh Government and the ten leaders of the local CCR. This includes the creation of new 25,000 jobs.
11. Welsh Government acknowledges the Committee's concerns. If it is CCR's view that the jobs metric, and the £4bn private sector investment metric, as raised by the Committee, are no longer achievable for the WIF element of the Deal over its lifetime, Government will work together with CCR to consider and agree revised metrics. In any event, Government, through the established Governance arrangements for the CCRCD, which includes quarterly progress reporting, will work to seek more detailed information.

**Recommendation: 6**

Ensure Cardiff Capital Region is monitoring as best it can where job creation is being achieved to make sure they are not accidentally disproportionately favouring or neglecting different parts of the Region.

**Response: Accept in Principle**

12. CCR provides jobs data to UKG and WG as part of the ongoing governance arrangements. This includes a breakdown across direct, indirect and construction jobs created, plus apprenticeships, jobs safeguarded and graduate employment. Government will work with CCR to seek further granularity to support, where possible, better transparency on where, across the Region or Local Authority area these jobs are, and that this information is reported regularly.

CCR: Aberthaw

**Recommendation: 7**

Seek clarification from Cardiff Capital Region around the latest estimate of the total development costs for the Aberthaw project including where they see this investment coming from and share this information with the Committee.

**Response: Accept**

13. Our understanding is that the £38m of CCRCD funds allocated for the Aberthaw Power Station site was for acquisition, demolition, and partial remediation only, with plans to seek private sector investment to ensure the site reaches its full potential and delivers on regional and national ambitions. Demolition is ongoing and a further Masterplan is being developed.
14. CCR provides information on progress and costs in respect of the Aberthaw Power Station site through the quarterly reporting arrangements, established as part of the Governance arrangements for the CCRCD. In addition, Welsh Government officials meet regularly and receive updates directly from CCR Energy Limited, which has been established to own and lead the demolition, remediation, and future development of the site.

**Recommendation: 8**

Closely monitor the spending on Aberthaw to ensure there is best value for money and the project does not become an unchecked drain absorbing public money or a project where good money is thrown after bad.

**Response: Accept in principle**

15. CCR acts independently in its investment decisions, and it is for CCR to ensure best value for money through the South-East Wales CJC's own Governance arrangements and Investment Board, as Accountable Body for the CCRCD. As above, through the quarterly reporting arrangements, CCR provides high level financial and delivery information to the UK and Welsh Governments across their Programme and Project portfolios including risk management and reporting of metrics.

Swansea Bay City Deal

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### **Recommendation: 9**

Welsh Government and UK Government views on the different conditions the Swansea Bay and Cardiff Capital Region deals have and any considerations around this they may make going forwards

#### **Response: Accept**

16. The Welsh Government recognises that the Swansea Bay City Deal and the Cardiff Capital Region City Deal were agreed under different UK Government schemes and therefore have distinct terms and governance structures. The Swansea Bay Deal, signed in 2017, had all capital funding committed upfront and a clearly defined portfolio of projects from the outset.

### **Recommendation: 10**

Welsh Government and UK Government their position on the effect of inflation on the Swansea Bay City Deal, and the three other Welsh Deals, including any additional funding they may supply or mitigation they may make to delivery targets.

#### **Response: Accept**

17. The Welsh Government is acutely aware of the inflationary pressures affecting the delivery of City and Growth Deals across Wales. In the case of the Swansea Bay City Deal, WG funding for the deal has been slightly front loaded over the 15 year term.

#### Mid Wales Growth Deal

### **Recommendation: 11**

Set out any views the governments have on the decision not to transfer management of the Mid Wales Growth Deal to their Corporate Joint Committee.

#### **Response: Accept**

18. Economic development, transport and land use planning are aligned in the Corporate Joint Committees (CJCs) to provide the opportunity to pool resources and consider and capitalise on the interdependencies between these functions at a regional scale. With the right ambition, we maintain that CJCs can rapidly become the focus for the delivery of regional economic wellbeing.
19. It is for each CJC to reflect how they meet collective local needs and ambitions within their areas of responsibility. We have welcomed South-East and North Wales CJCs further developing their economic development activity by 'lifting and shifting' their city or growth deals into the CJC mechanism. The South-West CJC is considering doing so, and the Mid Wales CJC is creating deeper alignments.



### **Recommendation: 12**

Welsh and UK governments monitor this different approach to governance from Mid-Wales compared to the other three deals to see if there are any clear advantages or disadvantages between the approaches.

#### **Response: Accept**

20. Both Governments require that all Deals have in place good governance structures to provide assurance on the effective and efficient administration of the Deal. We continue to monitor the comparative governance arrangements for each of the City and Growth Deals and how these align with their respective CJC.
21. South-West Wales Growth Deal has also not yet chosen to formally merge their City Deal into the CJC mechanism.

### **Recommendation: 13**

Welsh and UK governments ensure the unique challenges faced by the Mid-Wales Growth Deal, such as economic diversity and access to private sector investment as outlined in their evidence, are factored in to any ongoing work with and support offered by the two governments to the Deal.

#### **Response: Accept**

22. In Mid Wales, the regional partners have established a Joint Committee between the respective local authorities (with additional supporting infrastructure consisting of a private sector led Economic Advisory Board and Management Board comprising senior officials) for this purpose and to fulfil the functions required.
23. The exact nature of governance established has been a matter for the local partners to determine. This effectiveness of the regional governance arrangements is reviewed as part of the regular assurance reviews undertaken (via PARs) and we will continue to monitor on a regular basis, including any recommendations they make in this regard.

### **Recommendation: 14**

The UK and Welsh Government work with the four growth deals to ensure lessons are learnt and best practice is shared to support the deals when transitioning through political leadership changes.

#### **Response: Accept**

24. Welsh Government encourages all Deals to engage with each other to share learning and best practice.
25. All Deals engage with the Welsh Integrated Assurance Hub, who are the lead body in Wales undertaking Assurance Reviews on City and Growth Deals in Wales.
26. Over the last five years Welsh Government Office of Project Development have run network events for public sectors partners, including Deals, to share experience and best practice on the adoption and application of Better Business Case Methodology .

### 3. Conclusions

27. Delivery of the City and Growth Deals resides with the relevant regional organisations.
28. As funders, both Welsh and UK Government require that all Deals have in place strong governance structures to provide assurance on effective oversight and fiscal administration of the Deals.
29. Welsh Government has a regional lead official for each City and Growth Deal who maintains regular, formal and informal contact to support and respond to changes which will occur over the life of each of the Deals.