



**Economy Infrastructure & Skills Committee
31st January 2019**

**Growing Mid Wales Partnership Update
Growth Deal Road Map and Current Position**

Background

In July 2017, the Economy Infrastructure and Skills Committee invited views on City Deals and regional economies of Wales. As part of the enquiry consideration was given to the extent to which a similar growth deal approach could be of benefit to Mid Wales.

It was explained that Growing Mid Wales (GMW) is an inclusive regional economic partnership and engagement arrangement between the public, private and third sector, one of four that cover Wales. The initiative, which was first established in 2015, seeks to represent the region's interests and drive forward priorities for improvements to our local economy. The partnership's purpose is to enable the region to fulfil its role as the rural powerhouse of Wales.

GMW is fully committed to developing a growth deal approach for Mid Wales, and believes such a regional approach to economic development is vital because of the distinct nature of the economy in Mid Wales due to the structural dependence on agriculture, the dispersed population, the historically low rates of productivity and the high proportion of SMEs. These factors are rarely found elsewhere on such a large scale.

At the time GMW was developing a programme based approach based on the significant sector-based opportunities in the region. The focus was to build the evidence base for our themes to ensure we can progress (a) bid or bids that could support a programme including elements appropriate for a Growth Deal.

In a national context, a growth deal for Mid Wales would mean a consistent approach across Wales in relation to both financial support and devolution of powers to the regions.

GMW was subsequently invited to prepare a submission for a Growth Deal and work has been progressed with partner organisations, the Welsh Government and UK Government to take this forward. A successful proposal for Mid Wales would see every part of Wales benefitting from a UK Government growth deal.

Current Position

In 2018 the Growing Mid Wales Partnership commissioned AECOM to complete an Economic Strategy paper for the region. The strategy identifies a vision and the priorities for the Mid Wales region for the coming 15 years. These priorities will be driven forward via three themes and eight programmes of projects to transform the regional economy.

Our Vision for the Mid Wales Region is:-

An enterprising and distinctive region delivering economic growth, driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities.

The Regional Economic Strategy Three Themes and Eight Programmes are:-

- **Innovative and Skilled Mid Wales**
 - Skills
 - Innovation
- **Competitive and Sustainable Mid Wales**
 - Business
 - Energy
 - Property
- **Connected and Distinctive Mid Wales**
 - Transport
 - Digital
 - Place

One key opportunity for 2019 is to secure a Growth Deal for Mid Wales that delivers transformational economic growth for the region and aligns with the wider priorities and programme of works that the Partnership will progress via the Regional Economic Strategy.

The indications from Welsh and UK Governments, as well as an analysis of previous deal size per GVA and population, suggest a Growth Deal ambition of £200m of funding is achievable.

Previous Growth Deals and the experiences of the North Wales Growth Deal strongly indicate that a single programme of projects in a maximum of four themes focussed on a small number of strategically aligned economic outcomes is most likely to be successful.

We are also aware that private sector participation and demand is a major factor in successful Growth Deal funding and delivery of outcomes.

We are currently working through phase one of the process to achieve a Growth Deal for the Mid Wales Region. We expect phase one will take us up to the autumn of this year where we hope to receive an announcement for a head of terms. We appreciate this is a very tight deadline but we feel it is better to have a deadline to aim for. We expect phase one will cover the following activities:-

Timetable/Process - Phase One

- Confirm Strategic Context (AECOM proposal).
- Confirm Strategic Governance – including stakeholder engagement.
- Describe the range of funding routes and confirm which projects should be funded through which route – growth deal, sector deals etc.
- Agree the initial joint projects/packages for the growth deal.
- Commission Outline Business Case for each project/package.
- Completion of the draft Proposition Document August/September 2019.
- Submission in September/October 2019 leading to announcement by UK and Welsh Government end October 2019.

If phase one is successful, we expect phase two will take most of 2020 to complete and we hope to achieve a financial settlement for the Mid Wales Growth Deal by the Autumn 2020.

Timetable/Process - Phase Two November 2019 Onwards

- Commission and undertake Full Business Cases (FBC) for each Project/Package.
- Programme Delivery including monitoring and evaluation.

Governance

The Informal Joint Cabinet meeting has previously considered the governance options and expressed a preference for a Joint Committee with equal Councillor Membership from each Authority, together with the Chair from the Economic Strategy Board representing private business. Both Council Leaders would be co-Chairs of the Joint Committee; other stakeholders having observer status only.

Welsh and UK Government officials have informally indicated that this model should secure ministerial approval.

To support the chosen governance option we have established a senior officer executive team, which will also support the management of the programme office which we are in the process of establishing. The programme office will focus on operational decisions and delivery. We are also close to confirming our proposals for the membership of a private sector Economic Strategy Board. This board will

have up to 10 business people representing the Mid Wales Region, with an independent chair who will be a full member of the Joint Committee. This is a key stakeholder group, helping to shape and drive forward the strategic projects for the Growth Deal. We expect other businesses will also participate with the work streams on the various projects.

We have a draft Inter Authority Agreement and we are discussing the roles for the accountable body and the secretariat for the Joint Committee. At the same time we have set out draft terms of reference for the Economic Strategy Board and have set out the first meetings draft agenda and supporting papers. We are hoping initial meetings for both the Joint Committee and the Economic Strategy Board will take place end of January or early February.

At the moment we are focusing on six themes for potential projects/packages for the growth deal. As explained these relate to the findings from the AECOM paper outlining the Regional Economic Strategy for the Mid Wales Region.

These are the six project/package themes agreed at the last informal joint Cabinet meeting:-

- **Business growth:** To establish an innovative and targeted sites and premises investment package to act as a key enabler to deliver the Growth Deal package.
- **Skills:** To create an innovative and skilled Mid Wales we intend to establish a regional learning and skills partnership.
- **Tourism & Events:** To establish a strategic investment programme to support the tourism economy in Mid Wales.
- **Infrastructure:** To establish a connected and distinctive Mid Wales through interventions in digital and rail and other key infrastructure
- **Agricultural / bio-security:** To develop and maximise Mid Wales leading role in the bio economy.
- **Low Carbon Energy:** To ensure the provision of affordable energy for homes and businesses in Mid Wales.

Next Steps

- As mentioned early on in this briefing, we need to build on the AECOM work to continue to identify those strategic areas of capability that have the potential to deliver as theme candidates for a Growth Deal.
- Private Business involvement to identify and define the projects/packages for the Growth Deal.
- UK and Welsh Governments review and feedback on the proposed projects/packages. If acceptable then work can commence on the Outline Business Case for each project/package to be included within an overarching proposal document.
- Seek support and agreement from UK and Welsh Governments for the proposed membership of the Economic Strategy Board.
- We hope to convene first meetings of the Joint Committee and the Economic Strategy Board as soon as possible.

We are aware that Welsh and UK Governments have strategic imperatives for growth deal funding that we must be aligned to:-

- Private sector demand and backing of projects.
- Innovation and entrepreneurship.
- High job creation and economic value (high value, high quality jobs).
- Decarbonisation.
- World trade.
- Achievable by us and unique to us (not more of the same as others).

Business growth will also be dependent on our specific situation in mid Wales as a rural economy:-

- We need to create meaningful scale and connection to scale in our rural geography.
- Housing for workforce and future workforce is in the right places and affordable.
- Sufficient low carbon and low cost energy to power business growth.
- Connectedness of our physical and digital spaces and workforce.
- The right places and sites for businesses.
- Access to larger national and international markets.

With support and guidance from all stake holders we are focusing on enabling the best opportunities to be developed for the short, medium and long term economic growth for the Mid Wales Region.