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Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Russell George AM
Chair Economy, Infrastructure &
Skills Committee

SeneddEIS@assembly.wales

15 March 2019

Dear Russell,

Thank you for your letter of 15th February regarding the January committee sessions on City and Growth Deals for Wales and your comments and further requests for information. I will address those areas that you have identified as for the Welsh Government in turn.

Cardiff City Region City Deal

My officials and I are in regular contact with the Cardiff Capital Region leadership team. Most recently, I met the Chair of the Regional Cabinet on 18th February to reinforce the commitment to work closely to ensure alignment and integration.

Swansea Bay City Deal

We have studied the recommendations of the independent review of the Governance arrangements and the Deputy Minister for Economy and Transport and the Secretary of State for Wales have discussed the review report with the City Deal Leaders. The review report, accompanied by a joint Government response has been published today and can be found at the following link: <https://beta.gov.wales/swansea-bay-city-deal-independent-review>

The Swansea Bay City Deal is structured differently to the Cardiff Deal, being project based. Officials of both governments have in parallel been reviewing the draft business cases for a number of the projects, and have been working with the Regional Office in developing other elements such as the monitoring and evaluation framework.

North Wales Growth Deal

I have been clear from the outset that the Welsh Government is looking to co-invest in the deal on broadly equitable terms with the UK Government. It should of course be borne in mind that the Welsh Government's contribution towards the growth deal reflects only part of our overall investment in North Wales in areas such as transport, skills, innovation, ICT connectivity, rural development, regeneration, tourism and supporting businesses of all sizes. We also want to see the Ambition Board secure other funding sources including private sector investment, as ensuring that the private sector is fully behind the proposals remains a key issue.

Following the announcement that the Wylfa Newydd project would be paused, the Economic Ambition Board agreed to review the current package of proposals to ensure that they remained the right mix of investments to address the economic challenges and opportunities facing the region. We await outcome of this review by the Economic Ambition Board and stand ready to mobilise whatever resources are required from our side in order to ensure we collectively move forward at pace.

Mid Wales Growth Deal

I have recently met with both the Chair and Vice Chair of the Growing Mid Wales Partnership and whilst we are yet to receive a proposal from the region, I am encouraged that we are starting to see some very early outline proposals coming forward that have potential. However, I recognise there is much work yet to be done before we can commit to a Deal and I have encouraged the region to share with us their evolving thinking as it emerges and evolves.

In terms of timescales, the current proposal is ambitious but I have encouraged the region to work closely with my officials in this regard, together with those from UK Government, to ensure that a Deal is based on a quality bid proposal. I have reminded the Leaders that engagement of key stakeholders, including the private sector, is important to inform both the development and delivery of the proposed Deal.

I welcome the discussions to develop a strong Mid Wales voice on employability and skills and I recognise the importance of ensuring that Mid Wales is given a distinct identity within the wider South West and Mid Wales Regional Employment and Skills Plan.

There have been several meetings with Councillor Ellen ap Gwynn and respective CEOs at Ceredigion County Council, most recently Eifion Evans. At two of these meetings the leader and CEO of Powys County Council have also been in attendance. A meeting has been arranged for Tuesday 9th April between the Chief Executive of Ceredigion County Council, Huw Morris (Welsh Government) and Barry Liles (South West and Mid Regional Skills Partnership) to discuss current arrangements and future plans.

I have provided funding for a skills analysis of Mid Wales, led by Aberystwyth University. The study will draw upon existing sources of labour market intelligence and will need to be developed in the knowledge of the economic priorities for the region and potential areas for growth. This study will serve to identify skills needs within Mid Wales and provide a robust evidence base for skills provision in the area. The study will report to Welsh Government in Spring 2019.

I have also commissioned an independent review of Regional Skills Partnerships (RSPs), led by SQW, which is now underway. The review will consider the governance and accountability of the three RSPs, review consistency across the three partnerships and test their alignment with City Deal/Growth Deal structures (including Growing Mid Wales), as well as review RSPs' competence and ability to assess need and influence skills provision in their respective regions. The findings of the review will inform a report to Welsh Government, which will provide clear recommendations for how the accountability and impact of RSPs as the strategic voice of regions in relation to employability and skills, can be further strengthened.

Questions common across all the Deals

Capital funding - will there be a significant legacy created?

City and Growth Deals offer Wales and our regions an opportunity to unlock additional UK Government funding to support interventions that can deliver economic growth. The Welsh Government has been clear that Deals are not simply project delivery and funding vehicles. They are critical tools in providing a framework that allows regions to drive a new way of collaborative working, setting priorities as a single voice which supports regional economic ambitions and objectives and delivering key functions at a strategic level.

It is important to recognise that Deals are led by the ambition of local authorities and based on regional collaboration amongst stakeholders, who identify their priorities for driving sustainable economic growth. The Welsh and UK Governments are co-signatories in the Deals, but City and Growth Deals were established with the key principle that the local partners develop and deliver proposals which will create regional economic growth. The Welsh Government will continue to work closely with Deal partners and will ensure individual local authorities are supported during the review processes, reflecting the specific requirements of each Deal.

Continuation of Government funding for the Cardiff Capital Region City Deal will be subject to satisfactorily passing 'Gateway Reviews' at 5 yearly intervals, ensuring full accountability of the public money being spent by the region. As part of this gateway assessment, an independent review will evaluate the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget.

The Swansea Bay City Deal includes different arrangements to monitoring delivery rather than a formal Gateway Assessment.

Alignment of Deals to regional and national economic strategies

We are working to ensure that any Deal reflects Welsh Government priorities and contributes to our policy agenda, including Wellbeing of Future Generations Act, Prosperity for All and our Economic Action Plan.

It is vital that Deals demonstrate benefit for the whole of the region and that they are transformational, aspirational and ambitious too. They need to demonstrate additionality and must not be about "more of the same".

Any proposals will need to be based on evidence and demonstrate a unified strategic regional approach which is innovative and aligned to the regions opportunities, whilst addressing and barriers.

Possible creation of 'growth silos'

We are mindful of the relationship between the different Deals in Wales, with regions needing to work together in a complementary way. Deals must be distinct and not in competition with one another and also complement activity being taken forward at a national level. That is why Chief Regional Officers are in close contact with the City and Growth Deal teams in the regions to ensure alignment.

Procurement of companies for the Swansea Bay City Deal Review and the Economic Strategy for the Mid Wales region

Following an open procurement process, Actica Consulting were appointed jointly by the Welsh and UK Governments to undertake the rapid review of the Swansea Bay City Deal. In this instance, the tender was sent to companies on our CCS Management Consultancy Framework which allowed us to award a tender to a supplier with pre-agreed contract terms, prices and levels of service, defined to meet the organisation's needs.

Our policies promote access for smaller, local suppliers so whilst not all Welsh businesses can win every contract, we have demonstrated that it can be done. Sell2Wales data indicates that Welsh SMEs have won 58% of contracts advertised on the site during 2018/19. Where businesses from further afield win our contracts, we seek to ensure that we maximise the value of their experience.

Aecom were appointed by Powys County Council who managed the procurement of consultants on behalf of the growing mid Wales Partnership. Procurement was compliant with the Council's procurement regulations and the award was based on a competitive tender process.

I am copying this response to the Secretary of State for Wales.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ken', with a long, sweeping horizontal stroke above the letters.

Ken Skates AC/AM

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Minister for Economy and Transport