



**Tyfu**  
**Canolbarth Cymru**  
**Growing**  
**Mid Wales**

# MID WALES GROWTH DEAL

## Strategic Portfolio Business Case

**Version: 3.0**

**Status: Public – for GMW Board approval**

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## VERSION CONTROL

Version	Date	Details of changes or comments (Author)
v0.1	30/10/20 - 09/12/20	First draft – Completed Strategic Case following workshops 1a-1d (CJE)
v0.2	16/12-?	Second draft – First pass of Economic Case following Workshop 2 16/12
v0.3	18/02/21	Third draft – following officer consultation. Draft for early consultation with Senior Officers and Joint Cabinets.
V0.4	05/03/21	No changes since last draft – prepared for GMW Board 11/03/21 – comments from ESG/Board will be fed into next draft.
V0.5-0.9	31/07-14/09	Updated Strategic Case after review of baseline data. Developed Economic Case after Workshops 2/3. Developed Commercial, Financial and Management Cases after Workshops 4,5,6.
V1.0	15/09/21	Public version for GMW Board approval
V1.5	29/01/22	Updated following Accounting Officer Review
V2.0	14/11/22	Updated based on new data, policies/strategies and updated Strategic Outline Business Cases / emerging information of projects and programmes.
V2.1	16/03/22	Post-workshop updates to SPBC based on UK and Welsh Government feedback.
V3.0	16/04/24	Updated based on new data, policies/strategies and updated Strategic Outline Business Cases / Outline Business Cases / emerging information of projects and programmes.

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# CONTENTS

VERSION CONTROL .....	2
Executive Summary .....	5
1. THE STRATEGIC CASE .....	15
1.1 Strategic Context .....	16
The Case for Change .....	32
1.2 Investment Objectives.....	32
1.3 Existing Arrangements.....	34
1.4 Business Needs.....	41
1.5 Potential Scope: Mid Wales Growth Deal.....	42
1.6 Main benefits .....	44
1.7 Main risks .....	46
1.8 Constraints .....	47
1.9 Dependencies.....	47
2 THE ECONOMIC CASE.....	50
2.1 Critical Success Factors (CSF) .....	50
2.2 Options Assessment.....	52
2.3 Economic Appraisal .....	60
2.4 Risk and Sensitivity Assessment.....	70
2.5 Wider Benefits .....	72
3 THE COMMERCIAL CASE .....	75
3.1 Commercial Strategy .....	75
3.2 Procurement Strategy .....	76
3.3 Contractual Relationships .....	78
3.4 Service Requirements, Outputs and Risk Allocation .....	79
3.5 Charging Mechanism .....	79
3.6 Asset Ownership, Management and Accountancy Treatment .....	79
3.7 Subsidy Control .....	80
3.8 Managing Conflicts of Interest.....	80
3.9 Personnel Implications.....	80
4 THE FINANCIAL CASE.....	81
4.1 Capital Requirements .....	81
4.2 Revenue Requirements .....	89
4.3 Income and Expenditure Summary .....	90
4.4 Private Sector Funding .....	93
4.5 Monitoring and Evaluation.....	93
4.6 Financial Risk Management and Audit Arrangements.....	93
5 THE MANAGEMENT CASE.....	95
5.1 Management, Governance and Co-Ordination.....	95
Appendix A – SUMMARY OF WORKSHOPS .....	113
Appendix B – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY PROFILE .....	115
Appendix C – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS .....	117
Appendix D – ECONOMIC CASE OUTPUTS FROM VERSION 1 and 2 of SPBC .....	126
Appendix E – PORTFOLIO RISK REGISTER.....	130

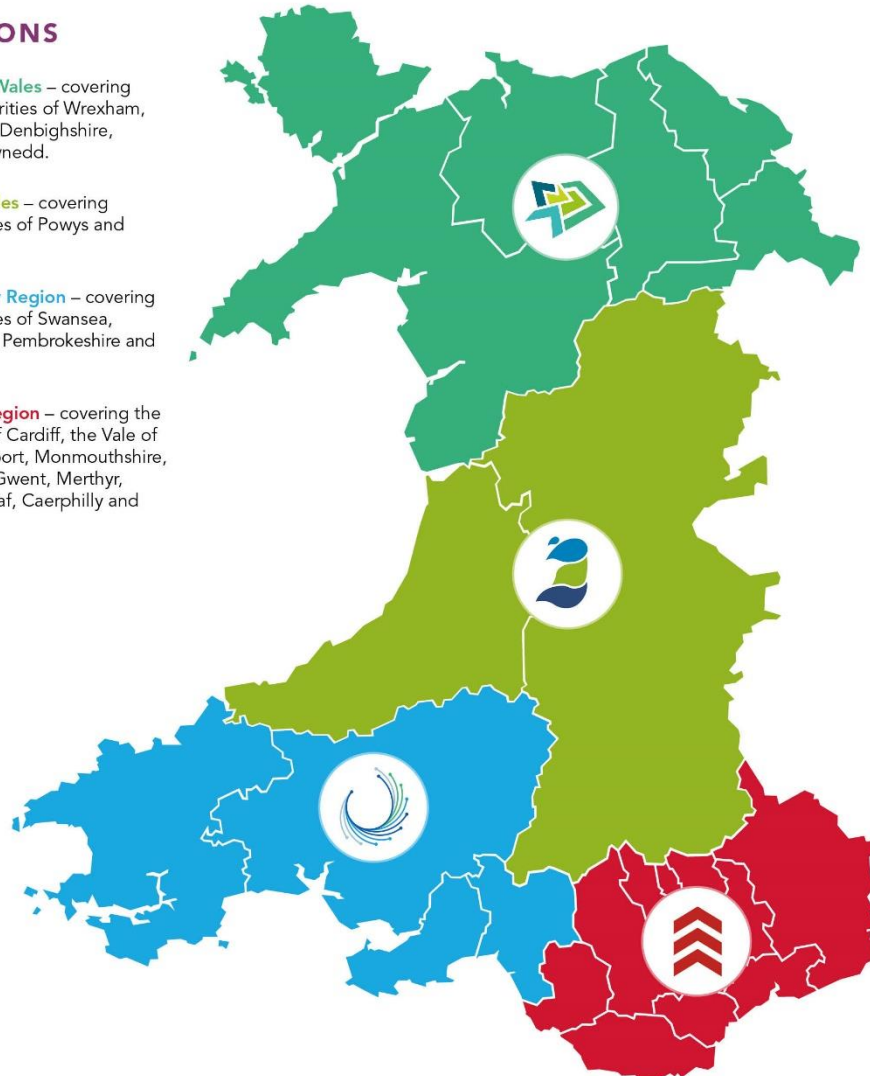
## THE REGIONS

**Ambition North Wales** – covering the six local authorities of Wrexham, Anglesey, Conwy, Denbighshire, Flintshire and Gwynedd.

**Growing Mid Wales** – covering the local authorities of Powys and Ceredigion.

**Swansea Bay City Region** – covering the local authorities of Swansea, Neath Port Talbot, Pembrokeshire and Carmarthenshire.

**Cardiff Capital Region** – covering the local authorities of Cardiff, the Vale of Glamorgan, Newport, Monmouthshire, Torfaen, Blaenau Gwent, Merthyr, Rhondda Cynon Taf, Caerphilly and Bridgend.



## Executive Summary

The Strategic Portfolio Business Case (SPBC) sets out the optimal choice of programmes/projects for the delivery of the Mid Wales Growth Deal. It sets the strategic imperative for the Portfolio within our wider regional strategy (***A Vision for Growing Mid Wales***<sup>1</sup>), the strategic aims and objectives for activity, and how it is to be delivered.

It was a key input into the approval of the Final Deal Agreement (FDA) with the UK and Welsh Governments signed in January 2022, which followed the Heads of Terms agreement in December 2020. Throughout its development, it has had, and continues to receive extensive input and guidance from Governments and external advice and support of Joe Flanagan (author of the Green Book and HM Treasury guidance), and with the support of economic development consultants, Hatch Ltd.

The SPBC is updated annually, with a version published every year in the Spring.

This updated SPBC sets out the **latest information** on the shape of the Growth Deal Portfolio, which has emerged from the business case development process to date and the current optimal choice of programmes and projects.

Throughout the summer and autumn of 2022 projects submitted their Strategic Outline Cases (SOCs) which were assessed, and approval was given for 6 projects to proceed to development of their Outline Business Cases with 2 being required to re-submit their SOC. One further project was looking to progress from feasibility to SOC in 2023. Progress was made on the two programmes (Digital, and Sites & Premises).

During 2023/24, an Outline Business Case (OBC) was completed and assessed for 3 projects. The SOC of one further project was approved, subject to clarification of funding/scope, following which it will proceed to develop an OBC. The two Programme Business Cases have been approved.

A total of £110m grant contribution to the Mid Wales Growth Deal is to be provided by the UK and Welsh Government (£55m each) as per the agreed Heads of Terms (December 2020) and Final Deal Agreement (January 2022) over a 15-year period. The release of funding is subject to an Annual review via the Welsh City and Growth Deal Implementation Board.

A 10-year appraisal period has been used for economic cost/benefit calculations.

## Strategic Case

### **Strategic Context**

The Mid Wales region comprises the local authority areas of Ceredigion and Powys. Mid Wales has a strong track record of driving 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 leadership and voice to influence and strengthen the focus on growing the Mid Wales economy.

In 2017, the region was invited to bring forward a Growth Deal. Partners have since agreed formal governance structures and developed their Strategic Economic Plan for the region: ***A Vision for Growing Mid Wales***.

The adopted Vision outlines that by 2035, Mid Wales will be “***an enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities***”.

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<sup>1</sup> [www.growingmid.wales/thevision](http://www.growingmid.wales/thevision)

Heads of Terms were subsequently agreed with both Governments in December 2020 for the Mid Wales Growth Deal. The region then successfully achieved Final Deal Agreement following the development of the first version of Strategic Portfolio Business Case.

The Growth Deal is a key catalyst to transform the regional economy as part of a broader funding mix and will contribute towards the delivery of the eight strategic growth priorities for the region articulated within the Vision for Growing Mid Wales. It has strong strategic alignment at the wider Welsh and UK levels, including with the Welsh Government's Programme for Government and Economic Resilience and Reconstruction Mission, the UK Government's Plan for Growth (Build Back Better) and Innovation Strategy.

### **Investment Objectives**

The following indicative investment objectives were developed for the Mid Wales Growth Deal through the development of the Strategic Portfolio Business Case v1.0 which states that by 2032 the Growth Deal aims to deliver:

- **Total capital investment of £280-400 million<sup>2</sup>**
- **1,100 to 1,400 net additional FTE jobs**
- **£570-700 million in net additional Gross Value Added.<sup>3</sup>**

The Economic Case of the SPBC presents the latest figures, based on information available as of February 2024, on estimated costs and benefits in respect of achieving the investment objectives for the Growth Deal.

Due to the evolving nature of the business cases (Strategic Outline Case and Outline Business Case stages) this information will continue to change and therefore be updated accordingly. This latest version of the SPBC reflects the current position and it is through the business case development and assessment process that the programmes and projects will continue to be tested to ensure that they will provide the best options for investment.

In addition to the overarching aims and objectives, the Portfolio will also deliver a number of regional outputs and benefits such as social value and decarbonisation, which will be determined as the business cases develop.

### **Business Needs**

Mid Wales has distinctive assets and opportunities, but also significant structural weaknesses holding it back from achieving its full potential. The Growth Deal will address these, in particular:

- Lagging productivity
- Changing demographics
- The region's narrow and vulnerable economic base
- Projected employment decline
- Static and weakening labour market
- Market failure
- The hidden nature of a rural economy

### **Potential Scope**

As a starting point, all eight Strategic Growth Priorities (sectors) were considered within scope and identified as the "maximum scope" of the Growth Deal. These are subsequently filtered down within the Economic Case.

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<sup>2</sup> Note: nominal prices, undiscounted.

<sup>3</sup> Note that this is the cumulative total increase in GVA over the period (nominal prices, undiscounted).



## **Main Benefits**

The key headline direct and indirect benefits that the Growth Deal is expected to contribute towards are:

- Growth in regional prosperity
- Creation of better-quality jobs for the local labour market
- A more skilled workforce within the region
- Improvements in standards of living across the region

## **Risks**

The key risks to the successful delivery of the Portfolio include resources; development costs; cost increases associated with recent inflationary pressures; private sector investment; end user company involvement; political change; Statutory Consents and Planning. The approach to managing these risks is considered in the Management Case.

## **Constraints and Dependencies**

The Growth Deal is subject to a number of constraints and dependencies, including the total funding package of £110m (£105.6 million after 'top-slicing' to cover administrative costs of PoMO), the 10/15-year term of the Growth Deal, the requirement for solely capital funding<sup>4</sup> and the stipulations within the Subsidy Control Framework. Growth Deal is capital public funding for economic infrastructure, and therefore the Portfolio, Programmes and Projects need to follow all relevant guidance by HM Treasury and the Welsh Government (Better Business Cases).

## ***Economic Case***

### **Options Assessment**

Since the agreement of Heads of Terms, significant feasibility work has been undertaken on potential interventions in order to refine the scope against the eight Strategic Growth Priority Areas and define the initial Growth Deal Portfolio.

The GMW Board initially considered a longlist of 18 potential programmes and projects for the Growth Deal, drawing on this feasibility work and a set of project proformas. This was done with reference to the investment objectives and a set of Critical Success Factors including strategic fit, business needs, social welfare, supply side capacity, affordability, and achievability. This assessment was tested in detail through a stakeholder workshop in July 2021 under the guidance of experienced practitioners.

The assessment resulted in the potential interventions being split into two lists: an initial shortlist of the preferred options to take forward and a 'reserve' list for further consideration should the shortlist not progress.

The following eleven interventions (two programmes and nine projects) were shortlisted for further development, with conditions. These shortlisted programmes and projects are now progressing through the detailed business case development process, which will determine whether they are approved for investment.

Of the 9 shortlisted projects, 6 have developed and submitted SOCs and three have developed and submitted OBCs. The two Programme Business Cases have been approved. The Portfolio has been updated based on this emerging information and will continue to be updated

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<sup>4</sup> It should be noted that match funding is not required to be solely for capital funding. Alternative funding streams can be used for revenue funding.

annually throughout the delivery lifecycle. Acknowledging that the Portfolio will evolve over time, the current status of the following eleven shortlisted interventions is presented below:

**Note: Strategic Outline Case (SOC), Outline Business Case (OBC), Full Business Case (FBC).**

Short-listed Projects / Programmes for the Mid Wales Growth Deal*				
Strategic Growth Priorities	Project / Programme	Business Case Maturity Index – September 2021	Business Case Maturity Index – November 2022	Business Case Maturity Index – February 2024
Applied Research & Innovation	Green Futures Innovation Park	Project Proforma	SOC approved, progressing to OBC	OBC completed and assessed. Awaiting further information.
	National Spectrum Centre	Project Proforma	SOC approved, progressing to OBC	OBC completed and assessed. Awaiting further information.
	Mid Wales Advanced Manufacturing Campus	Concept	Feasibility moving to SOC development	SOC submitted & assessed. Awaiting decision.
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	Project Proforma	SOC approved, progressing to OBC	SOC approved, developing OBC.
	Tir Glas	Project Proforma	SOC assessed & to be resubmitted	SOC approved, developing OBC.
Strengthened Tourism Offer	Cynefin – The Green Heart of Wales	Project Proforma	SOC approved, progressing to OBC	SOC approved, developing OBC.
	Elan Valley Lakes	Project Proforma	SOC approved, progressing to OBC	OBC completed, assessed and recommendations made.
	Montgomery Canal Wales - Restoration to Navigation	Project Proforma	SOC assessed & to be resubmitted	SOC approved, subject to clarification on funding/scope.
	Aberaeron Harbour Development	Project Proforma	SOC approved, progressing to OBC	SOC approved, developing OBC.
Digital	Digital Programme	Programme Business Case (Initial)	Programme Business Case (Initial)	Programme Business Case approved. Developing 2 projects and pipeline.
Supporting Enterprise	Mid Wales Sites and Premises Programme	Programme Business Case (initial)	Programme Business Case (initial)	Programme Business Case approved. Progressing with two forerunner sites.

*Note: Some projects have changed their names slightly.*



The short-list continues to represent the interventions judged at this stage to have the strongest strategic fit and potential to deliver on the strategic objectives of the Growth Deal in a timely fashion. Projects remaining from the longlist may still develop into investable propositions for the Growth Deal over time and if one of the shortlisted projects ceases to continue therefore, they are in 'reserve'.

### **Economic Appraisal**

An economic appraisal has been produced for the Portfolio, but it should be noted that this **remains indicative** given the current stage of development of the proposals and hence the robustness of the information available. Shortlisted programmes and projects are conducting their own economic appraisals as part of their own business case development, and this process is outlined in the Management Case. Whilst most projects have now produced either a SOC or an OBC, several have not provided robust estimates on impact or value for money at this stage. Therefore, we have updated where possible to reflect estimates from the projects, whilst retaining best estimates from the previous iteration of the SPBC for other projects.

The Economic Case therefore establishes **indicative orders of magnitude** for benefits and value for money, expressed as ranges. This has been done using the principles contained in the HM Treasury Green Book's Appendix A on Place-based analysis.

The net additional economic benefits from Strategic Portfolio Business Case v2.0 are set out below:

<b>Indicative Net Additional Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2022/23 prices, discounted, FTE jobs are annual)</b>		
<b>Strategic Growth Priority</b>	<b>GVA (£m)</b>	<b>Jobs Created (FTEs)</b>
<b>Applied Research &amp; Innovation</b>	£80 – 95	200 – 245
<b>Agriculture, Food &amp; Drink</b>	£30 – 35	70 – 85
<b>Strengthened Tourism Offer</b>	£125 – 155	160 – 200
<b>Digital</b>	£95 – 120	280 – 340
<b>Supporting Enterprise</b>	£100 – 120	280 – 345
<b>Total</b>	<b>£430 – 525</b>	<b>1,000 – 1,200</b>

Source: Hatch calculations based on programme and project material at November 2022

Note: Figures may not sum due to rounding.

Based on the latest available information, the current net additional economic benefits are set out below:

<b>Indicative Net Additional Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2023/24 prices, discounted, FTE jobs are annual)</b>		
<b>Strategic Growth Priority</b>	<b>GVA (£m)</b>	<b>Jobs Created (FTEs)</b>
<b>Applied Research &amp; Innovation</b>	£190 – 230	210 – 255
<b>Agriculture, Food &amp; Drink</b>	£30 – 40	75 – 90
<b>Strengthened Tourism Offer</b>	£120 – 145	190 – 235
<b>Digital</b>	£70 – 85	190 – 230
<b>Supporting Enterprise</b>	£250 – 305	615 – 750
<b>Total</b>	<b>£660 – 805</b>	<b>1,275 – 1,560</b>

Source: Hatch calculations based on programme and project material at February 2024

Note: Figures may not sum due to rounding.

The Mid Wales Growth Deal is currently expected to deliver a benefit-cost ratio (BCR) of 3.4-4.1 (or 6.4-7.8 based on Growth Deal investment only). On current expectations, this is an increase on last years' forecast, which presented a BCR of 2.0-2.5 (or 3.9-4.8 based on Growth Deal investment only). These figures will continually evolve as projects present robust estimates during their own business case development. This does not include important benefits that are not quantifiable or monetisable, such as the development of key sectors, retention of young people and rural sustainability.

Full details are provided in the Economic Case.

## **Commercial Case**

The commercial arrangements for the Growth Deal are regularly considered at Portfolio Delivery Board. The commercial strategy is based on the Government's Commercial Operating Standards and the Portfolio Management Office will put in place the necessary procedures to ensure that these are met. This includes planning the commercial pipeline, understanding the supply chain and engaging with it early on, ensuring projects and programmes consider commercial options in their business cases, and using model Terms for contracts with flexibility.

All procurement will be undertaken in compliance with WTO rules and UK Government agreements. The procurement strategy responds to Welsh and UK Government policy and procedures. Project sponsors should also follow the [Wales Public Procurement Statement](#) Principles including embedding the Well-being of Future Generations Act into all activities.

## **Financial Case**

### **Revenue and Capital Requirements**

The Mid Wales Growth Deal has an anticipated total capital expenditure of approximately **£295-395 million**,<sup>5</sup> based on the latest available estimates. Note that this was previously £315-450 million in the Strategic Portfolio Business Case v2.0. £105.6 million of funding is to

<sup>5</sup> Note: All values expressed in the Financial Case are inclusive of VAT and inflation and are not discounted over time.

be provided for these interventions from the Growth Deal itself, with the residual costs to be funded by a mix of other public and private sector investment. The Project Sponsor for each programme or project will be liable for any cost overruns. The Growth Deal contribution will be capped at the £105.6 million requested (taking account of a top-slice for its administration).

Given the stage of development of the shortlisted proposals of the Portfolio, the capital expenditure requirements are best estimates based on the project and programme level material that is available. The wide range in the overall total costs reflects the fact that the costs are outline in nature. To generate a reasonable range for the costs, an Optimism Bias factor has been applied to the costs provided by project sponsors, to generate an upper bound costing.

The total capital expenditure as per the Strategic Portfolio Business Case v2.0 is presented below:

<b>Indicative Total Capital Costs, by Strategic Priority Area (£m, nominal prices, undiscounted, 2022/23 prices)</b>		
<b>Strategic Growth Priorities</b>	<b>Lower End</b>	<b>Upper End</b>
<b>Applied Research &amp; Innovation</b>	£93	£133
<b>Agriculture, Food &amp; Drink</b>	£25	£36
<b>Strengthened Tourism Offer</b>	£92	£132
<b>Digital</b>	£38	£54
<b>Supporting Enterprise</b>	£66	£96
<b>Total</b>	<b>£314</b>	<b>£452</b>

Source: Hatch calculations based on available project and programme level detail at November 2022.

Note: Upper End is calculated by applying an Optimism Bias factor of 44% to the costs put forward by sponsors at this stage where Optimism Bias is not already included, to reflect their outline nature. Numbers may not sum to total due to rounding.

Based on the latest information available as of February 2024, the total capital expenditure is presented below:

<b>Indicative Total Capital Costs, by Strategic Priority Area (£m, nominal prices, undiscounted, 2023/24 prices)</b>		
<b>Strategic Growth Priorities</b>	<b>Lower End</b>	<b>Upper End</b>
<b>Applied Research &amp; Innovation</b>	£96	£117
<b>Agriculture, Food &amp; Drink</b>	£22	£31
<b>Strengthened Tourism Offer</b>	£73	£96
<b>Digital</b>	£38	£55
<b>Supporting Enterprise</b>	£67	£96
<b>Total</b>	<b>£297</b>	<b>£394</b>

Source: Hatch calculations based on available project and programme level detail at February 2024.

*Note: Upper End is calculated by applying an Optimism Bias factor of 44% to the costs put forward by sponsors at this stage where Optimism Bias is not already included, to reflect their outline nature. Numbers may not sum to total due to rounding.*

No revenue funding is provided through the Growth Deal for the delivery of the programmes and projects, or the operational running costs of the projects once completed. Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project. Revenue costs will be set out in programme and project business cases.

Revenue funding for the Portfolio Management Office (PoMO) is provided through 'top-slicing' 4% from the overall £110 million Growth Deal. This is expected to cover administrative and operational costs for the duration of the Growth Deal. This will provide an estimated £4.4 million with the Local Authorities of Ceredigion and Powys contributing additional defined revenue contributions to assist.

### **Income and Expenditure**

Funding for programmes/projects will only be released by the Accountable Body upon the successful approval of the Full Business Case (FBC) by the Growing Mid Wales Board.

Due to the nature of the annual Growth Deal grant payments from Government, which are to be paid in equal instalments over the 10/15-year period, there could be a medium-term temporary funding gap between the expected expenditure profile of the Portfolio and the funding received. Conversely, there could be a scenario where there is surplus funding available due to Programme/Project underspend.

The Accountable Body is working closely with the PoMO to monitor the planning and delivery of the Portfolio; and will advise the Growing Mid Wales Board on the implications and subsequent options when the detail of the expenditure profile of the Portfolio is known.

**NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage based on information available. A detailed delivery and implementation plan is held by the PoMO and is regularly reported to Portfolio Delivery Board.

### ***Management Case***

The Management Case sets out how the Growing Mid Wales Board, through the PoMO, will manage and deliver the Mid Wales Growth Deal programmes and projects in line with best practice, including *Managing Successful Programmes (MSP)* – the Cabinet Office's recommended methodology for the delivery of programmes – and *PRINCE2* – the Cabinet Office's recommended methodology for the delivery of projects.

### **Governance Structure**

An Inter-Authority Agreement (IAA) was developed and signed by both local authorities in December 2019 to formalise their respective roles and responsibilities for the development, delivery and implementation of the Mid Wales Growth Deal. This Agreement is periodically reviewed and updated as required with the current version (IAA3) agreed in March 2022.

The Inter-Authority Agreement states that the authorities agreed to appoint Ceredigion County Council to act as Accountable Body on behalf of both authorities for the Growth Deal funds. Under this agreement a joint committee was established (Growing Mid Wales Board) responsible for the implementation and overall delivery of the Mid Wales Growth Deal. The agreement provides the terms of reference for the Board and Sub-Committees and the division of administrative functions between the councils.

The key roles within the Mid Wales Growth Deal governance structure are set out below:

- Joint Committee / Growing Mid Wales Board
- Portfolio Senior Responsible Owners (SROs)
- Strategic Leads
- Management Group / Portfolio Delivery Board
- Operations (Portfolio) Manager
- Portfolio Management Office
- Growing Mid Wales Partnership
- Regional Skills Partnership
- Private Sector Advisory Group

The Private Sector Advisory Group previously existed in the form of the Economic Strategy Group as constituted in Inter-Authority Agreements (IAA1 and IAA2). A governance review was undertaken to reflect the Growth Deal moving from development to delivery and a new Economic Advisory Group established. Detail of the governance arrangements are captured in the revised governance agreement (IAA3) and Terms of Reference therein. For the purposes of the Strategic Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal.

The Operations (Portfolio) Manager leads the PoMO overseeing the delivery of the Growth Deal Portfolio and is accountable to the Growing Mid Wales Management Group.

Sitting alongside regional governance the PoMO plays a key role in governance support, operational management, programme/project development, communication and stakeholder engagement, and coordination across wider regional activity.

All projects within the Growth Deal will be managed via a Project Board (run by the Project Sponsors as appropriate) with appointed SROs and project managers in place to ensure delivery. Project Boards will comply with the methodology set out in PRINCE2. Projects will report through to the relevant Programme.

### **Risk Management**

The Mid Wales Growth Deal Board has adopted a risk management framework for the delivery of the Mid Wales Growth Deal. The framework sets out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place.

The Portfolio's approach to risk management is set out in the Risk Registers at Portfolio, Programme and Project Level.

The Portfolio Risk Register captures the portfolio-level risks and indicates how they will be managed and mitigated. The Risk Register will be continuously reviewed and updated as the Growth Deal is developed and delivered. It is presented on a quarterly basis to the GMW Board for review.

### **Timeline and Milestones**

Following signing of the Final Deal Agreement in January 2022, programme and project business cases (SOCs) were brought forward for the Mid Wales Growth Deal Board to consider throughout 2022 onwards.

### **Approvals and Assurance**

The PoMO, in consultation with the Welsh Government Assurance Hub, developed an Integrated Assurance and Approval Plan (IAAP) that sets out the approvals and assurance activities that will be undertaken at Portfolio, Programme and Project level for the Mid Wales Growth Deal. The Mid Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate.

The region has established its own assessment and approvals/assurance process within this framework which sets out a pathway within the region by which Programmes/Projects are brought forward for development and delivery.

### ***Structure of Strategic Portfolio Business Case***

The remainder of the document is structured as follows:

- The Strategic Case: the strategic context and case for change, investment objectives and potential scope for the Deal.
- The Economic Case: the value for money provided by the Growth Deal.
- The Commercial Case: the contractual and procurement approach to be taken.
- The Financial Case: the costs and funding profile for the Growth Deal.
- The Management Case: the approach to managing the Growth Deal.

# 1. THE STRATEGIC CASE

## Summary of key changes:

- Description of new UK and Welsh policies (e.g. the Levelling Up and Regeneration Act (2023), Cymru Can (2023)) relevant to the portfolio since 2022 – see ‘Other relevant strategies’
- ‘Existing Arrangements’ (Section 1.3), ‘Business Needs’ (Section 1.4) and the ‘Mid Wales Growth Deal – Strategic Change Indicators’ table (see Section 1.6) revisited and updated with data published in spring 2024, where possible

The purpose of the Strategic Case is to set out the alignment with national, regional and local strategies and policies, other current or planned programmes, and to make a compelling case for change for the investments identified within the Portfolio.

It is in two parts as follows:

- **Strategic Context:** Explains the background to Growth Deals, setting out the Growing Mid Wales Board and its members, and a review of the relevant strategies and policies to demonstrate strategic fit.
- **Case for change:** Outlines the rationale for the Mid Wales Growth Deal and its identified investment priorities for the Portfolio. This includes details on the relevant socio-economic issues and market failures, existing arrangements and business needs, and the consequent spending objectives and potential for the Growth Deal and the main benefits, risks, constraints and dependencies.

This section has been drafted following the completion of a number of key steps and actions, as outlined in guidance and supported by officials from both Governments:

- **May 2020:** Publication of the Vision for Growing Mid Wales document, which outlined the strategic context, evidence base, policy fit and scoped the mandate and brief for the Portfolio.
- **July 2020:** Workshop with SROs, both Governments and senior officers from the Local Authorities to review the strategic context, led by the Welsh Government’s Office for Project Delivery.
- **July 2020:** Cabinet Office Risk Profile Assessment (RPA) commissioned by the Welsh Government’s Office for Project Delivery.
- **October-November 2020:** Project Validation Review commissioned and undertaken following the Infrastructure and Projects Authority guidance (review team appointed by the Welsh Government’s Office for Project Delivery). Report completed and action plan developed by SROs.
- **October-December 2020:** Technical workshops held under the guidance of Joe Flanagan on key steps and actions on the Strategic and Economic Cases (Affirming scope, developing a long-list, CSFs, Investment Objectives and mechanism for shortlisting).
- **July-August 2021:** An update in which the policy and economic context was revisited and updated for key policy and economic developments since the agreement of Heads of Terms, and the spending objectives revisited in light of the finalisation of the Economic Case.
- **October 2021:** Submission of Strategic Portfolio Business Case v1 and supporting documents to Welsh Government.
- **October-November 2021:** Accounting Officer Review commissioned and undertaken by the Welsh Government’s Office for Project Delivery. Report completed and action plan developed by SROs.



- **October-November 2022:** SPBC updated with key policy developments and data updates since the 2021 SPBC was produced.
- **March 2022** – Portfolio Assurance Review/Gateway 0 commissioned and undertaken by the Welsh Government’s Office for Project Delivery. Report completed and action plan developed.
- **February 2023** – Portfolio Assurance Review commissioned and undertaken by the Welsh Government’s Office for Project Delivery. Report completed and action plan developed.
- **August 2023** – Critical Friend Review commissioned and undertaken by the Welsh Government’s Office for Project Delivery (specifically for Outline Business Case Appraisal Framework). Report completed and action plan developed.

The Vision for Growing Mid Wales document contained a lot of the information that this document builds on – and for the purposes of the above steps, contained the required information to establish the mandate, brief and scope for the subsequent structured Mid Wales Growth Deal Portfolio development. Key economic data and policies have since been updated to take account of important developments since the Vision was produced.

## 1.1 Strategic Context

### *Organisational Overview*

The Mid Wales region comprises the local authority areas of Ceredigion and Powys. Partners in the region have long been working towards driving forward regional economic growth leading to the creation of the Growing Mid Wales Partnership in 2015 to bring together public, private and voluntary partners across the region to develop the necessary leadership and voice to influence and strengthen the focus on growing Mid Wales.

Since the invitation for the region to develop a Growth Deal in 2017, it became apparent there needed to be further formal, robust and clear partnership structures that established good and clear governance and management arrangements to bring forward the development of, and the delivery of the Deal.

As is the case with other Welsh City and Growth Deals, this is set out in the form of governance agreements between the relevant Local Authorities, to establish joint decision-making forums and engagement with wider stakeholders.

**Inter-Authority Agreement 3:** updated in line with ongoing requirements, this is the current and third iteration of the agreement which sets out the formal arrangement that underpins the delivery of the Deal post Final Deal Agreement (approved January 2022). IAA3 takes into account formal feedback from Government Assurance (PVR, AOR, PAR) as part of the Deal’s development process.

In May 2020 ***A Vision for Growing Mid Wales - Strategic Economic Plan & Growth Deal Roadmap*** was published. This document plays a key role in outlining a clear vision of how we

want to see the economy of Mid Wales develop over a 15-year period. It sets out clear regionally agreed priorities to establish the strategic context for future investment, based on detailed evidence and understanding of the needs of our businesses and residents.



Delivering our ambitions and meeting our economic potential will mean significant investment in growing the size and productivity of our economy – funded through a mix of programmes and projects. The Mid Wales Growth Deal is only one part of this jigsaw, but a crucial component to catalyse and enable investment as part of this broader economic plan.

Since publishing the ***Vision for Growing Mid Wales*** there have been significant changes in the organisational structure to move from context to delivery. In 2021 the Portfolio Management Office was set up under to develop and deliver the Growth Deal and is currently a team of six dedicated members of staff. The PoMO is supported by two Strategic Lead Officers representing the two local authorities, who oversee and steer the day-to-day activities, and two Senior Responsible Owners (SROs) from each of the local authorities with overall responsibility for the delivery of the Growth Deal Portfolio.

While this structure is different to the other Growth Deals in Wales, with two local authorities as partners this enables an equal and transparent arrangement which works well. The PoMO reports to the Portfolio Delivery Board (Management Group comprising officers from both local authorities) and to the Growing Mid Wales Board (Leaders, elected members, senior management, private sector representatives, Government observers).

In addition to the PoMO, other regional teams and functions have been set up under the ***Growing Mid Wales*** ‘umbrella’ working across the region: the Regional Skills Partnership, Shared Prosperity Fund, Transport, Energy and the Corporate Joint Committee. The Growing Mid Wales team work closely together representing the regional interests of the two local authorities and delivering in line with the overarching ***Vision***.

Further details of the governance and management arrangements are set out in the Management Case of this document.

## ***Business Strategy and Aims***

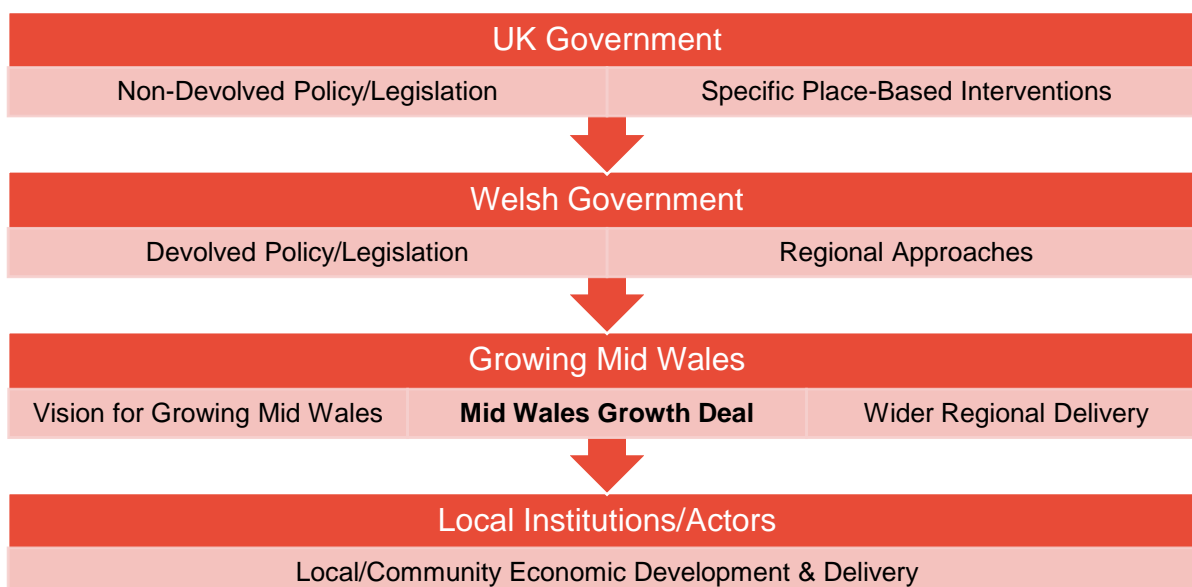
### **Growth Deal – Policy context and fit**

The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are now commonplace in both the UK and devolved governments, with over 36 deals in place to promote decentralisation across the country. These deals give more power and flexibility to regions and cities in terms of employment and skills, infrastructure, business engagement and support, housing, transport and other investments. Regions and cities have used these powers to achieve a number of investment objectives, such as providing support to the unemployed, providing training relevant to local needs and supporting a low carbon economy.

Growth Deal funding across the UK has specific key characteristics:

- is Capital only (no revenue)
- is long-term (average 10-15-year profile)
- is deal-driven – it has to align and be agreed by the UK and Welsh Government
- has to demonstrate a strong case for investment and additionality above ‘business as usual’ (has to be transformational)
- leverages additional match funding from a range of sources (including private sector) and
- has strong public-private partnership and clear, robust and accountable governance, management and assurance processes.

A Growth Deal also has to fit within a broader strategic policy and delivery context:



All sectors within the Mid Wales economy have a role to play to deliver economic growth.

We will, however, have to determine the appropriate strategic investments for achieving our growth objectives that build on the track record of success of our existing industrial, research and labour market strengths – it has to relate to, and address the needs of, Mid Wales.

Mid Wales has distinctive opportunities, but also has significant challenges it needs to overcome. How the region can structure its Growth Deal will be dependent on the level of support available from both Welsh and UK Government to address both opportunity and challenges. A twin-pronged approach will be required to both support opportunity but also tackle inequalities and disparities across Mid Wales if we are to truly develop and deliver sustainable, inclusive growth.

Because the Growth Deal is capital-only, some of this will mean re-positioning and re-aligning existing delivery in terms of business support and skills to better address and respond to our challenges – aligned with our Growth Deal. Doing so in tandem will be crucial to the success of our delivery. Doing so in isolation will continue to fail our economy.

### Strategic Context for the Portfolio

The main reference strategy for the Mid Wales Growth Deal is **A Vision for Growing Mid Wales: Strategic Economic Plan & Growth Deal Roadmap** (May 2020).

The region's economy has its challenges in addressing the structural weaknesses that currently hinder its residents and businesses. Poor connectivity, lagging productivity, limited skills infrastructure, grid constraints and lack of supporting business infrastructure. Proposals developed in the region designed to address these challenges and harness the assets and opportunities will be brought forward as a Portfolio to secure capital investment. Playing a pivotal role in a broader investment strategy to realise the full extent of the ambition articulated in the Vision for Growing Mid Wales.

The Vision for Mid Wales by 2035 is:

***“an enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities”***

With the role of the Growth Deal clearly identified to:

***“take full advantage of the opportunities available to create and support economic and social growth by overcoming its challenges to become a fairer, smarter region that contributes to its full potential to address its productivity challenge.”***

The Vision proposes three inter-connected and mutually dependent concepts with clear investment objectives that will be managed as a Portfolio Approach. These are:

- **Broadening our Economy:** Developing new opportunities from our assets – focusing on high value and growth supporting opportunities.
- **Strengthening our Economy:** Supporting our existing industries and workforce to become more resilient through capacity building and creating the right conditions for future growth.
- **Connecting our Economy:** Improving digital and connectivity within, across and outside the region to ensure the region is attractive to work, live and play.

The strategy set out the ambition for the region by 2035, and outlines in detail the evidence, analysis, potential interventions and areas to explore further underneath the eight Strategic Growth Priorities:



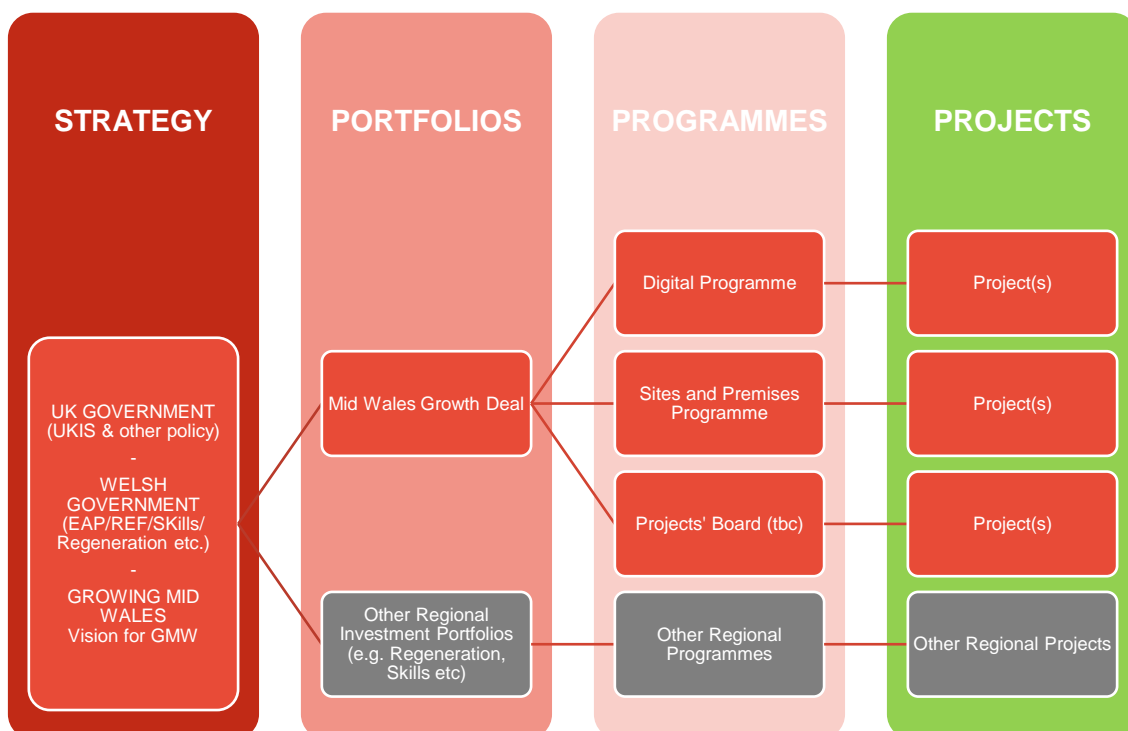
- **Agriculture, Food & Drink:** a strong and vibrant agricultural sector generating significant employment and produce to a nationally and internationally recognised standard, coupled with industrial and innovation strengths offers the opportunity to grow the economic base significantly and lead on new high-value food development.
- **Digital:** connectivity is an essential part of modern life, influencing how individuals work, communicate and access services. Significant economic opportunities can be unlocked through investing in regional digital infrastructure.

- **Applied Research & Innovation:** home to internationally significant industries and internationally recognised research & development assets and expertise that offer opportunities to catapult regional productivity growth.
- **Strengthened Tourism Offer:** rich heritage, culture and outstanding natural assets underpin a vibrant tourism sector – offering a strong platform to drive new growth.
- **Energy:** the region is well-placed to lead Welsh and UK efforts in developing and generating solutions to address the challenges of a future energy system, and to contribute towards NetZero goals. The region has developed a comprehensive Energy strategy with the vision “To achieve a net zero carbon energy system that delivers social and economic benefits, eliminates fuel poverty, better connects Mid Wales to the rest of the UK, and contributes to wider UK decarbonisation”.
- **Skills & Employment:** An effective, functioning labour market with the appropriate supply of skills and a capable workforce to meet business and industry demands will be essential if Mid Wales economy is to grow and prosper.
- **Supporting Enterprise:** a vision for a strong, resilient and diverse Mid Wales economy requires enterprises to start, grow and prosper with the right support and infrastructure.
- **Transport:** connectivity improvements will also be required to catalyse and further grow investment in the region, building on existing linkages to help deliver the transport network required to meet social and labour mobility demands of a growing economy.

**Mid Wales Growth Deal Portfolio – strategic context, relationships and dependencies**

The Mid Wales Growth Deal has been brought forward and to be structured with the principles of Portfolio, Programme and Project Management at its heart from the outset. Not all programmes/projects will deliver all outcomes at the same time or through the same activity.

Managing the Growth Deal as a Portfolio will ensure there is an appropriate balance of investments that meet the investment objectives set out, and there is clear relationship between its investments and the strategic context within which it operates.





## Other relevant strategies

Strong consideration has been given throughout the development of this document to ensure full alignment with both the UK and Welsh Government’s ambitions. It demonstrates a clear offer around how we will work together regionally to capitalise on our strength of assets and opportunities to make a significant and impactful contribution to the Welsh and UK economy.

Policy	Detail	Relevance and alignment to Growth Deal
<i>UK Policy</i>		
<b>The UK Wireless Infrastructure Strategy, 2023</b>	The UK Wireless Infrastructure Strategy explores how access to good quality mobile and broadband coverage is vital for people who live and work across the UK, particularly in rural areas. The strategy recognises the significant and continuing evolution of wireless technologies and the telecoms market more broadly, with the main emphasis of the policy making relating to cellular networks.	This document sets out the UK Government’s policy framework relating to wireless infrastructure and plans to maximise wireless coverage across the UK, with some of the biggest improvements occurring in areas of rural Wales. This Strategy is particularly relevant when considering priority 6 ‘Digital’ which focuses on connectivity and achieving economic opportunities that can be unlocked through investing in digital infrastructure.
<b>The Levelling-up and Regeneration Act, 2023</b>	The Levelling-up and Regeneration Act aims to ensure that new development is shaped by local people’s wishes, produces more local infrastructure and enhances the environment. The Act also creates new laws that will transform town centres by giving councils the powers to work directly with landlords to bring empty buildings back into use by local businesses and community groups, breathing life back into empty high streets.	The Act intends to ensure more local infrastructure and services are provided including transport links and new homes. Additionally, it aims to revitalise high streets through collaboration with local councils and local businesses.
<b>Energy Act, 2023</b>	The Energy Act aims to bolster energy security and deliver net zero by delivering a more efficient energy system in the long-term, helping to keep energy costs low, increasing competition in Great Britain’s onshore electricity networks. The Act will help unlock £100 billion private investment in energy infrastructure which will contribute to scaling up jobs and growth.	Environmental issues cut across each of the Strategic Priorities of the Mid-Wales Growth Deal, and are particularly relevant when considering priority 4 ‘Energy’, which focusses on Mid Wales’ contribution towards energy systems and meeting net-zero targets.

Policy	Detail	Relevance and alignment to Growth Deal
<b>Energy Security Bill: Factsheets, 2023</b>	The Energy Bill announced that a Future System Operator (FSO) will be established working across gas and electricity networks both transmission and distribution. They will also be bringing in Regional Energy Strategic Planners for more coordinated discussions across spatial scales.	The FSO will support the transition to a secure low-carbon, low-cost system by ensuring it is efficient, smart and flexible. There is alignment with Priority 4 'Energy', which aims to develop and support solutions that support Welsh and UK efforts to move towards a future energy system.
<b>Procurement Act, 2023</b>	The Act aims to reform the UK's procurement regime into a more simple, quick transparent system that is based on competition, value for money and objective criteria in decision-making.	Creating a more flexible, simple and commercial system that is better able to open up public procurement to new entrants, such as smaller businesses and social enterprises.
<b>Levelling Up White Paper, 2022</b>	Sets out a plan to level up the UK, which will require: boosting productivity, pay, jobs and living standards; spreading opportunities and improving public services; restoring a sense of community, local pride and belonging and empowering local leaders and communities.	The Mid Wales Growth Deal directly contributes to the first Levelling Up mission by playing a key role in catalysing economic recovery and growth in the Mid Wales economy, supporting job creation and increasing productivity as well as wider societal and environmental ambitions.
<b>UK Industrial Strategy, 2017</b>	Outlines the five foundations of productivity: ideas, people, infrastructure, business environment and places and 4 Grand Challenges, responding to global changes: Artificial Intelligence and data; ageing society; clean growth; & future of mobility	Clear and recognised role for Local Authorities, working individually and in partnership across sectors and Government to drive regional economic growth and productivity enhancements. Commitment given to build on the work ongoing in developing and delivering Growth Deals across the UK
<b>Build Back Better, HM Treasury, 2021</b>	The plan builds on the Industrial Strategy and targets infrastructure, skills and innovation to: Level up the UK; Support the transition to net zero; and support the vision for Global Britain.  Details the high-level strategy and priorities of the UK government in the economic recovery from the COVID-19 pandemic and four 'Grand Challenges' the UK will face: data & AI; shift to clean	Commitments support the 8 Strategic Priorities of this Growth Deal, including the commitment to 'level up' through infrastructure spending, aligning with Strategic Priorities 6 and 7 (Digital and Transport). The plan also outlines support to be given high growth and innovative sectors, which are a core aspect of this Growth Deal's 8 Strategic Priorities, and addresses geographical disparities in economic



Policy	Detail	Relevance and alignment to Growth Deal
	growth; future of mobility; and ageing society.	performance and deprivation, such as those experienced by Mid-Wales.
<b>Ten Point Plan for a Green Industrial Revolution, 2020</b>	Details the UK's approach to meeting its commitment for net-zero (carbon emissions) by 2050 and general response to the 'Climate Challenge'. Plan is organised around ten points: Offshore Wind; Low Carbon Hydrogen; Advanced Nuclear Power; Zero Emission Vehicles; Green Public Transport, Cycling and Walking; Jet Zero and Green Ships; Greener Buildings; Carbon Capture, Usage and Storage; Protecting Our Natural Environment; and Green Finance and Innovation.	Whilst green / environmental issues intersect each of the eight Strategic Priorities of the Mid-Wales Growth Deal, priority 4 'Energy', which focusses on the area's contribution towards the future energy system and drive towards net-zero, relates to several points of the UK Government's plan. Including the potential for wind, nuclear, hydrogen, and carbon capture which all form part of Mid-Wales' potential for energy going forward. Furthermore, the predominantly rural character of the area makes the provisions to protect the natural environment outlined in the UK Government's plan especially salient, and there is scope for the area to lead in this regard.
<b>UK Innovation Strategy, 2020</b>	Identifies four Pillars that will underpin the vision to make the UK a global hub for innovation by 2035: Unleashing Business; People; Institutions & Places; and Mission & Technologies.  Initial actions are set out to drive up R&D and translation activity, to ensure the UK has the pipeline of talent that it needs, to contribute to levelling up through innovation and to drive a strategic, mission-driven approach to innovation.	The strategy provides clear support for the role of Place in R&D and innovation, and recognition of the opportunity for innovation to help the levelling up agenda. The Applied Research and Innovation strand of the Growth Deal will make targeted investments in R&D and innovation facilities, capitalising on the region's innovation assets and focusing on the areas of strategic opportunity for the future.
<b>Wales Policy</b>		
<b>Cymru Can, 2023</b>	The strategy sets out the long-term vision for Wales, which includes five integrated missions that will guide the focus to 2030: <ul style="list-style-type: none"> <li>• Effective implementation of the Well-being of</li> <li>• Future Generations Act</li> <li>• Climate and nature emergencies</li> <li>• Health and well-being</li> </ul>	The strategy intersects with a number of the Growth Deal's Strategic Priorities including digital, and skills and employment.

Policy	Detail	Relevance and alignment to Growth Deal
	<ul style="list-style-type: none"> <li>• Culture and the Welsh language</li> <li>• A shift towards a well-being economy</li> </ul> <p>Through delivering these missions the strategy aims to tackle issues such as the housing shortage, ongoing inequality, the cost-of-living crisis in addition to responding to issues relating to digital skills, and the food system.</p>	
<p><b>Summary of Responses to the Consultation on Wales' Renewable Energy Targets</b></p>	<p>In 2017, the Welsh Government set renewable energy targets as part of our commitment to a more sustainable future for Wales. These targets are for:</p> <ul style="list-style-type: none"> <li>• Wales to generate electricity equal to 70% of its consumption from renewable sources by 2030.</li> <li>• 1GW of renewable energy capacity in Wales to be locally owned by 2030.</li> <li>• An expectation for all new energy developments in Wales to have at least an element of local ownership from 2020.</li> </ul> <p>Additionally, the Programme for Government 2021-26 includes a commitment to “expand renewable energy generation by public bodies and community groups in Wales by over 100 MW by 2026”.</p> <p>This document outlines the consultation responses to the Welsh Government's renewable energy targets. The responses were largely positive and supported the Welsh Government's ambition and several replies noted the need to move away from fossil fuels and encourage the renewables sector.</p>	<p>This document aligns with the Growth Deal's Energy priority and its role in achieving Wales' renewable energy targets.</p>
<p><b>Heat Strategy (Draft), 2023</b></p>	<p>This Strategy will support the Just Transition towards net zero and make a significant contribution to the achievement of Well-being goals by aiming to reduce fuel poverty, improve local job opportunities, provide energy security, improve health of residents, contribute to social infrastructure and improve air quality. The Strategy also supports the Welsh Government's aspiration for a net zero public sector by</p>	<p>This strategy sets out the Welsh Government's comprehensive approach to address the future of heat, encompassing all sectors, and recognizes the need to provide low carbon and affordable heat to residents and businesses. The strategy demonstrates the commitment of Welsh Government to reduce</p>

Policy	Detail	Relevance and alignment to Growth Deal
	2030 and it supports the decarbonisation of homes, industry and businesses by 2050.	greenhouse gas emissions by at least 80% in Wales by 2050.
<b>Economic mission: priorities for a stronger economy, 2023</b>	Sets out four key priorities that will help to focus and deliver against the ambitious outcomes set out in the economic mission with a focus on ensuring a just transition and green prosperity; a platform for young people, fair work, skills and success; stronger partnerships for stronger regions and the everyday economy; and investing for growth.	Highlights the ambition of the Welsh Government to deliver a more prosperous economy that operates within safe environmental limits and advances the well-being of current and future generations.
<b>Digital Strategy for Wales, 2021</b>	<p>This strategy is aimed at anyone creating, designing, providing or using digital tools and services. It identifies a series of priority areas under six missions which, when taken together, aim to accelerate the benefits of digital innovation for people, public services and across our business community.</p> <p>It is designed to focus change across Wales and brings together the collective efforts of local authorities, academia, community councils, health boards and trusts, education providers, fire and rescue bodies, arms-length bodies, third sector and social partnerships. It sets out how better public services will be designed and implemented to develop the economy and reduce inequalities.</p>	Mission 5 of the Digital Strategy, Digital Connectivity, highlights the importance of infrastructure in supporting digital services and the challenges inherent in bringing connectivity to more rural areas given the challenging topography and the distributed population – aligning with Growth Deal priorities. The strategy also recognises the need to work with others with similar aims to optimise the use of public funds and aggregate demand, thus improving the business case for greater investment. The Welsh Government and the Mid Wales Growth Deal therefore share common objectives which are mutually reinforcing leading to close collaboration to make best use of our collective resources and to leverage our capabilities.
<b>Programme for Government – Wales National Strategy, 2021</b>	<p>The Welsh Government’s aim over the next five-year cabinet period is to focus on the recovery and bolstering of the NHS following COVID-19; ‘protect, rebuild and develop’ services for vulnerable people; build an economy based on the principles of fair work, sustainability and embedding response to the climate and nature emergency in all of the government’s actions.</p> <p>It will also focus on improving educational outcomes in Wales, tackling inequality ‘in all its forms’ including racism and</p>	<p>This document sets out the Welsh Government’s well-being objectives and plans to maximise contributions to the well-being goals that are set for the period of the 6th Senedd, as required by the Well-being of Future Generations Act. Of particular relevance to this Growth Deal’s Strategic Priorities are:</p> <ul style="list-style-type: none"> <li>• 3 – Tourism (the Programme for Government sets out the action plan for supporting</li> </ul>

Policy	Detail	Relevance and alignment to Growth Deal
	<p>homophobia, as well as promote the Welsh language, Welsh towns, and the country's tourism sector.</p>	<p>Welsh tourism as well as Welsh nature, culture and language);</p> <ul style="list-style-type: none"> <li>• 4 – Energy (the Programme explicitly states decarbonisation as an economic goal); and</li> <li>• 5 – Supporting Enterprise (the Programme will address underperforming aspects of the Welsh economy, for example by supporting the creation of 125,000 high quality apprenticeships and support businesses to co-operative and embrace digital innovations and support local supply chains).</li> </ul>
<p><b>Our Economic Resilience &amp; Reconstruction Mission</b></p>	<p>The pathway to Welsh economic resilience takes forward the priorities in <i>COVID-19 Reconstruction: Challenges and Priorities (October 2020)</i>. It builds on the foundations of <i>Prosperity for All: The Economic Action Plan</i>.</p>	<p>The document sets out a structure to create a Wales in which enhancing social, economic, environmental and cultural well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and places. This structure is based around one, vision, three outcomes and five beacons. The five beacons are most aligned with Strategic Priority 1 – Applied Research &amp; Innovation and strategic Priority 8 – Skills &amp; Employment.</p>
<p><b>Prosperity for All: economic action plan, Welsh Government 2019</b></p>	<p>The Welsh Government's long-term aim is to build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected. It recognises four key themes as part of Prosperity for All: Prosperous and Secure; Healthy and Active; Ambitious and Learning; and United and Connected.</p> <p>The economic action plan also outlines a new Economic Contract between Government and businesses; Calls to Action; Support for Thematic Sectors and the Foundational Economy, alongside a</p>	<p>Highlights the ambition of the Welsh Government to deliver economic growth and reduced inequality – two outcomes that the Growth Deal also aims to deliver.</p> <p>Covers a number of 'Calls to Action' as well as a focus on Thematic and Foundational sectors which directly overlap with this Growth Deal's strategic priorities, notably: Call to decarbonise (relates most strongly with strategic priority 4 – Energy); Call for innovation and entrepreneurship (relates most</p>

Policy	Detail	Relevance and alignment to Growth Deal
	<p>new approach to supporting regional economic development.</p>	<p>strongly with strategic priority 5 – Supporting Enterprise) in addition to a focus on the sectors of tourism and food, which also form their own strategic priorities in this Growth Deal.</p> <p>Details the need for integration and collaboration between services to enable early intervention and prevention to deliver better outcomes for the long-term. Also includes Low Carbon Wales economic vision that embraces decarbonisation and a low carbon economy, tying in directly with the aims of Strategic Priority 4 – ‘Energy’ as well as the cross-cutting priorities of innovation and productivity improvements to underpin prosperous communities.</p>
<p><b>Prosperity for all: A low carbon Wales, 2019</b></p>	<p>Details the Welsh Government’s roadmap toward decarbonisation, aligned with the Paris Agreement. Sets out the foundations of this transition, namely cutting emissions and moving towards a low carbon economy ensuring a fair and health society.</p>	<p>Embodies commitment of Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% for the year 2050. Call to decarbonise relates most strongly with Strategic Priority 4 – ‘Energy’.</p>
<p><b>Wellbeing of Future Generations (Wales) Act 2015</b></p>	<p>Sets out the long-term commitment of Welsh Government, across cabinets, towards supporting the wellbeing of Welsh people. It is focused around the following themes:</p> <ul style="list-style-type: none"> <li>• Prosperity: innovation, productivity, low carbon, skills and economic opportunity</li> <li>• Resilience: social, economic &amp; ecological resilience</li> <li>• Health: physical &amp; mental wellbeing - Equality: enabling people to fulfil potential regardless of background/circumstance</li> <li>• Cohesive communities: attractive, viable, safe and well-connected communities</li> <li>• Vibrant culture: culture, heritage, arts, sports, recreation and</li> </ul>	<p>This Growth Deal aligns with the Wellbeing of Future Generations Act across its themes:</p> <ul style="list-style-type: none"> <li>• Prosperity: delivering across each of these areas through investment in R&amp;D, as well as sectoral specific support (e.g. agriculture and tourism) – bolstering productivity;</li> <li>• Resilience: supporting keystone sectors, with built-in commitment to environmental sustainability, also resilience through reducing the carbon dependence of the Welsh economy (i.e. increasing share of renewable energy production);</li> <li>• Equality: enterprise support to take into account social; and</li> </ul>

Policy	Detail	Relevance and alignment to Growth Deal
	<ul style="list-style-type: none"> <li>Globally responsible: economic, social, environmental wellbeing.</li> </ul>	<ul style="list-style-type: none"> <li>Cohesive communities: supports the establishment of attractive, viable, safe and well-connected communities.</li> </ul>
<b>The Environment Act (Wales), 2016</b>	The Act commits to reduce emissions by 95% by 2050 and practice sustainable management of natural resources.	Delivery of low carbon energy generation and decarbonisation projects will make a direct contribution to emissions reduction targets to a future with sustainable low carbon energy in Wales, including both Powys and Ceredigion.
<b>Stronger, fairer, greener Wales: a plan for employability and skills, 2022</b>	<p>Sets out the Welsh Government's commitment to creating a nation where all individuals of all ages can receive a high-quality education, with jobs for all, where businesses can thrive in a net zero economy that champions fairness and equality. The key priorities of this plan are:</p> <ul style="list-style-type: none"> <li>Helping young people realise their potential</li> <li>Tackling economic inequality</li> <li>Championing Fair Work for all</li> <li>Supporting people with a long-term health condition to work</li> <li>Nurturing a learning for life culture.</li> </ul>	The Skills & Employment growth priority of the Growth Deal directly contributes to this plan's aims by trying to create an effective, functioning labour market with the appropriate supply of skills and a capable workforce to meet business and industry demands. Growth Deal business cases will be assessed for delivery under this plan.
<b>Prosperity for All: A Climate Conscious Wales, 2019</b>	This plan responds to the climate change risks which require most urgent action and details tangible actions to help Wales adapt to these risks over the period 2020-2025.	The Energy growth priority directly aligns with the purpose of this plan by aiming to develop and generate solutions to address the challenges of the future energy system and contribute towards Net Zero goals. Growth Deal business cases will be assessed for alignment with this plan.
<b>Agriculture (Wales) Bill, 2022</b>	Focuses on supporting farmers to produce food sustainably, alongside taking action to respond to the climate and nature emergencies as well as contributing to rural communities and keeping farmers on the land. The bill also seeks to ensure that economic, social and cultural outcomes can be delivered for the long-term benefit of the people of Wales.	The Growth Deal aims to create a strong vibrant agriculture sector that generates significant employment as part of its first priority.



Policy	Detail	Relevance and alignment to Growth Deal
<b>Regional Economic Framework for Mid Wales (2021)</b>	<p>The Regional Economic Framework for Mid Wales, developed through collaboration and co-production with stakeholders from across the region, supports a more regionally-focused model of economic development, in accordance with the Welsh Government's Programme and a commitment to progress our Economic Resilience and Reconstruction Mission for Wales.</p> <p>The Regional Economic Framework for Mid Wales presents the following vision:</p> <p><i>"An enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities"</i></p>	<p>The Growth Deal and the Regional Economic Framework for Mid Wales have unified economic priority areas:</p> <ul style="list-style-type: none"> <li>- Agriculture, food and drink</li> <li>- Applied research and innovation</li> <li>- Digital connectivity</li> <li>- Energy</li> <li>- Enterprise and entrepreneurship</li> <li>- Skills and employment</li> <li>- Strengthened tourism offer</li> <li>- Transport and infrastructure</li> </ul>

### Alignment to Existing Initiatives

The Growth Deal Portfolio has been designed to complement and add value to the range of existing initiatives in place in the region and nearby. There are too great a number of initiatives to list them all, however we have highlighted a selection of the most prominent examples below. Our local and regional teams' interface with all relevant initiatives in the region, to ensure continual alignment and co-operation.

#### ***A Manufacturing Future for Wales, A Framework for Action (2021)***

The framework has been underpinned by the pursuit of three main outcomes relating to: a prosperous economy, green economy and an equal economy. The framework recognises that the importance of the manufacturing community to Wales, its place in the Economic Action Plan, its importance in recovering from the COVID-19 pandemic and its role in delivering the objectives of the Well-being of Future Generations (Wales) Act. The plan aims to build communities with resilient manufacturing activities, which contribute to a healthier and more robust economy. The plan looks to support these ambitions by identifying opportunities around supply chains, re-shoring of certain activities and public sector procurement, thus providing opportunities for the foundational economy to flourish.

By embracing trends such as the use of alternative, lower embedded carbon materials, increasing automation and digitalisation and reshoring supply chains, it is hoped that Wales can build a new future for manufacturing. This will mean a change of culture, ensuring that as a nation, we innovate more, improve productivity, become more competitive, develop skills and focus on how to tackle the impacts of climate change.

Productivity performance is central to the Economic Action Plan and the UK Government's Industrial Strategy. The action plan covers drivers of productivity such as skills, innovation and competitiveness and seeks out opportunities within Wales and in comparable countries and regions to share best practice and benchmark economic performance.



**SLC Rail – Marches, Mid Wales and Cheshire Connectivity**

West Midlands Rail Executive has undertaken consultation regarding its 30-Year Rail Investment Strategy for the West Midlands Network which takes account of the Marches, Mid Wales and Cheshire region. Publication of the document is awaited which includes four key agendas relating to rail infrastructure and service in this region:

1. **HS2** - despite the significant investment involved, the published plans for HS2 in actuality present a mixture of advantages and disadvantages, the latter being potential loss in connectivity for Mid-Wales residents to the north of England and Scotland. Mid-Wales was involved in the 2022 HS2 consultation round and continues to lobby for the protection of connectivity with HS2, Birmingham International and Crewe.
2. **Transport for Wales** – plans to deliver service improvements have been affected by the pandemic, and not all be improvements may be deliverable in a reliable way on the existing network without enhancement. As such, close collaboration with Transport for Wales, Network Rail and Department for Transport has been essential to secure a clear pathway to delivery. As part of the Keolis Amey bid for the Wales and Borders franchise, plans are included for the introduction of an hourly Aberystwyth - Birmingham service, for which there is already the infrastructure, and the fifth train on the Heart of Wales Line. Transport for Wales are currently out to consultation on their December 2023 timetables which supports the GMW ambition for the hourly services. This will go forward for Network Rail approval however additional infrastructure is required and alongside the funding to support this. Ambitions for a fifth train on the Heart of Wales line have been met with two additional train services introduced in from December 2022 providing early morning out and later evening returns from both Swansea and Shrewsbury.
3. **Midlands Connect** – funding for a second train per hour between Birmingham and Hereford, which will better connect Mid-Wales with England’s second largest city. Proposal for improvements to the Shrewsbury line and an hourly service between Shrewsbury and London are in hand, bringing the capital within closer reach to Ceredigion and Powys. Midlands Connect have submitted an Outline Business Case to UK Government for the electrification of the line between Wolverhampton and Shrewsbury which will improve running time into Wales. Welsh Government and Midlands Connect are working together on a Union Connectivity Bid following the projection of joint evidence.
4. **Locally Promoted** – not a distinct agenda or scheme as such but an acknowledgement that “there are tangible schemes that local partners can work on to deliver and achieve a mix of funding”.

The strategy highlights a number of ‘quick wins’ which should be prioritised for delivery in the short term (before 2026), including the hourly Aberystwyth to Birmingham service and the fifth train on the Heart of Wales Line, with connections to an hourly service between Shrewsbury and London a longer-term priority for delivery by 2031, and forward planning for the full two hourly service on the Heart of Wales Line by 2040. These ‘wins’ are depending on addressing capacity and modernisation issues at Shrewsbury.

**SLR Rail** supports the movement of people to and from Mid Wales. This supports the ability of employers to attract human capital and reduce skills gaps. Improved connectivity increases the catchment area in terms commuters. In addition, improved rail connectivity enhances the ability to attract tourists to Mid Wales.

**Business Wales**

A Welsh Government business support programme providing a free service that provides impartial, independent support and advice to people starting, running and growing a business

in Wales. With regional centres across Wales, they offer a mixture of online and face-to-face support, as well as training workshops and individual advice.

### ***Farming Connect***

A Welsh Government business support programme focussed on supporting businesses within the agriculture and forestry sectors with advice, business planning, innovation and diversification, skills and training, mentoring and other forms of business support.

### ***Transforming Towns and Town Centre First***

The Transforming Towns Programme was launched in 2020 to support strategic regeneration projects as well as smaller scale interventions. Welsh Government has allocated a further £100m to the Programme in 2022-25. Transforming Towns is a coordinated package of regeneration support for town centres based on a mix of interventions which best suit the specific characteristics, strengths, culture, and heritage of individual towns. Funding under the Programme is available to all local authorities in Wales who can deliver regeneration projects through place plans for the towns they prioritise. The programme is underpinned by the Welsh Government's Town Centre First policy which means that town/city centres should be the first consideration for all decisions on the location of workplaces and services. The Town Centre First policy is also reflected in the *Wales Infrastructure Investment Strategy*, *Future Wales* and *Llwybr Newydd (Wales Transport Strategy)*.

### ***Shared Prosperity Fund***

The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK Government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation.

The Mid Wales Regional Investment Plan UK Shared Prosperity Fund 2022-25 document produced by Ceredigion and Powys Local Authorities along the Growing Mid Wales footprint sets out the priorities for investing the £42.4m UKSPF allocation in Mid Wales over the next three years, up until March 2025.

As set out in the SPF guidance, Ceredigion and Powys will deliver their SPF allocations by investing across the following investment priority areas listed: Communities and Place, Supporting Local Business, People and Skills, Multiply.

### ***Superfast Cymru***

A national broadband project, that has been extending superfast connectivity across Wales for a number of years, with BT. This has been topped up with additional funding via change control and is in the process of reaching further premises, now focusing on gigabit capability.

### ***UK F20 Programme***

A flagship programme that has been announced by Westminster, tying into a £5bn commitment to deliver gigabit connectivity across the UK. This is intended to be a nationally led procurement (instead of local) with a gap funded element complemented by a demand-led voucher scheme.

### ***Skills***

A number of skills and employability operate in the region through various initiatives from both Governments and EU funding. The developing work of the Regional Skills Partnership and its relevant sub-groups will ensure a continual alignment of strategic priorities and help advise the Growth Deal.

### ***North Wales Growth Deal, Cardiff Capital Region City Deal, and Swansea Bay City Deal***

Whilst there is overlap between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals, these are anticipated to be complementary rather than competitive.

Elements of each Growth / City Deal in Wales seek to invest in digital, energy and applied research and innovation, albeit in slightly different ways. Despite the overlap in these strategic priorities, this ensures that Wales as a whole is on a level playing field with the rest of the UK and further afield. Investments in opportunities related to agriculture, sites and premises, and tourism activities across Wales would be expected to benefit from agglomeration benefits.

#### **Other Local Priorities**

The development of Growing Mid Wales builds on the work that Local Authorities, Universities and partner organisations already do, continuing to support the Mid Wales economy.

Collaborating regionally to support the Mid Wales economy does not detract from or replace what local organisations will continue to do to support local economic growth and support our local communities. It is clear that addressing the challenges and unlocking the opportunities of the Mid Wales economy requires significant, sustained efforts at local, regional and national levels – all working in tandem and for the long-term.

## **The Case for Change**

This section summarises:

- What we are seeking to achieve (SMART Spending Objectives)
- What is currently happening (existing arrangements or Business As Usual (BAU)) and
- What is required to close the gap (business needs).

### **1.2 Investment Objectives**

Investment objectives have been set for the Portfolio and strategic aims have been set for the eight Strategic Growth Priorities.

These have been determined from the context set out in the strategy document (Vision for Growing Mid Wales), subsequent workshops in October-November 2020 and have then been informed by the indicative cost-benefit modelling within the Economic Case.

These investment objectives have been established to help provide clarity and refinement of what the Growth Deal Portfolio will be seeking to achieve in terms of measurable social, economic and environmental outcomes.

#### **Investment Objectives - Portfolio:**

The following indicative investment objectives were developed for the Mid Wales Growth Deal through the development of the Strategic Portfolio Business Case v1.0 which states that by 2032 the Growth Deal aims:

- To create between 1,100 and 1,400 net new jobs in Mid Wales through the Growth Deal by 2032
- To support a net additional GVA uplift of between £570 million and £700 million for the Mid Wales Economy through the Growth Deal by 2032<sup>6</sup>

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<sup>6</sup> Note that projects will generate net additional GVA via a mix of net additional employment increases and by supporting increases in productivity increases (i.e. employment at a higher GVA per job/per hour worked). More information on the potential at a project level to generate productivity uplifts is provided in the Economic Case.

- To deliver a total investment of £280 million to £400 million in the Mid Wales Economy through the Growth Deal by 2032 (therefore a minimum of £170 million in private sector investment).

The Economic Case of the SPBC presents the latest figures, based on information available as of February 2024, on estimated costs and benefits in respect of achieving the investment objectives for the Growth Deal.

Due to the premature development of the business cases (SOC and OBC stage) this information will continue to change and therefore be updated accordingly. This latest version of the SPBC reflects the current position and it is through the business case development and assessment process that the programmes and projects will continue to be tested to ensure that they will provide the best options for investment.

## **INVESTMENT OBJECTIVES – STRATEGIC GROWTH PRIORITIES**

The Vision for Growing Mid Wales sets out the eight Strategic Growth Priorities and what we aim to achieve under each priority area, as summarised below:

	<b>STRATEGIC AIMS<sup>7</sup></b>
<b>Applied Research &amp; Innovation</b>	<ul style="list-style-type: none"> <li>• Investment in Regional Infrastructure and Assets</li> <li>• Strengthened Networks and Ways of Working</li> <li>• Labour Market Development</li> </ul>
<b>Agriculture, Food &amp; Drink</b>	<ul style="list-style-type: none"> <li>• Enabling and Supporting Market Growth</li> <li>• Fostering Innovation</li> <li>• Developing the Right Business Environment</li> <li>• Labour Market Development</li> </ul>
<b>Strengthened Tourism Offer</b>	<ul style="list-style-type: none"> <li>• Investment in Strategic Regional Infrastructure and Assets</li> <li>• Investment in Supporting Infrastructure</li> <li>• Labour Market Development</li> <li>• Strengthened Awareness of the Mid Wales Offer</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Addressing Network Capacity &amp; Grid Constraints</li> <li>• Decarbonisation of our Energy Supply and Use</li> <li>• Developing the potential of Agriculture</li> <li>• Harnessing Regional Innovation</li> <li>• Reducing Fuel Poverty</li> <li>• Decarbonising Transport</li> </ul>
<b>Digital</b>	<ul style="list-style-type: none"> <li>• Broadband</li> <li>• Mobile Technology</li> <li>• Innovation</li> <li>• Infrastructure</li> <li>• Business Support</li> <li>• Policy</li> </ul>
<b>Supporting Enterprise</b>	<ul style="list-style-type: none"> <li>• Enabling Business Growth</li> <li>• Strengthening the Support Offer</li> <li>• Procurement</li> <li>• Policy</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>• Road</li> <li>• Public transport</li> <li>• Behaviour Change</li> <li>• Decarbonisation</li> </ul>

<sup>7</sup> As set out in the Vision for Growing Mid Wales document

	STRATEGIC AIMS <sup>7</sup>
	<ul style="list-style-type: none"> <li>• Integration</li> </ul>
Skills & Employment	<ul style="list-style-type: none"> <li>• Better strategic alignment of provision with industry</li> <li>• Strengthened industry intelligence</li> <li>• Tailoring regional skills &amp; employment support</li> <li>• Targeted support</li> <li>• Capital investment in skills infrastructure</li> </ul>

The setting of clear, concise and meaningful SMART spending objectives is an iterative exercise and will be driven by the nature and focus of the Portfolio, as it develops. These will be refined over time.

## 1.3 Existing Arrangements

The content in this section has been developed using the Vision for Growing Mid Wales which contained significant analysis, baseline work and engagement supporting these statements and figures. This evidence has subsequently been revisited and updated where possible in spring 2024.

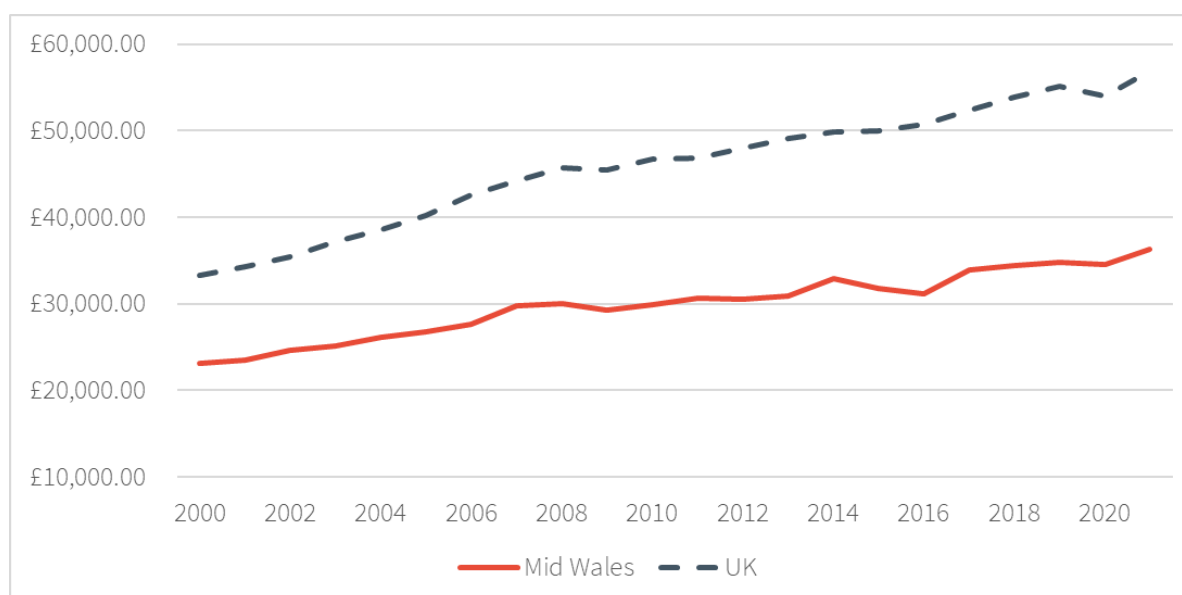
### *The Economy & Society*

The Mid Wales economy is often characterised as a large and predominantly rural region, comprising of 34% of the land mass of Wales. It is known for its natural beauty, strong cultural identities and heritage. It is less well-known as a land of untapped economic opportunity - where business survival rates outclass the Welsh average; where our natural and academic assets offer an obvious choice for cutting-edge research providing strong opportunities to create new industrial clusters; where there is a strong yet diverse labour market – with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

### **Productivity**

In 2021, Mid Wales contributed £3.7bn in annual Gross Value Added (GVA) to the UK economy (equating to £17,483 per head or £36,267 per job).<sup>8</sup>

**GVA per Head**



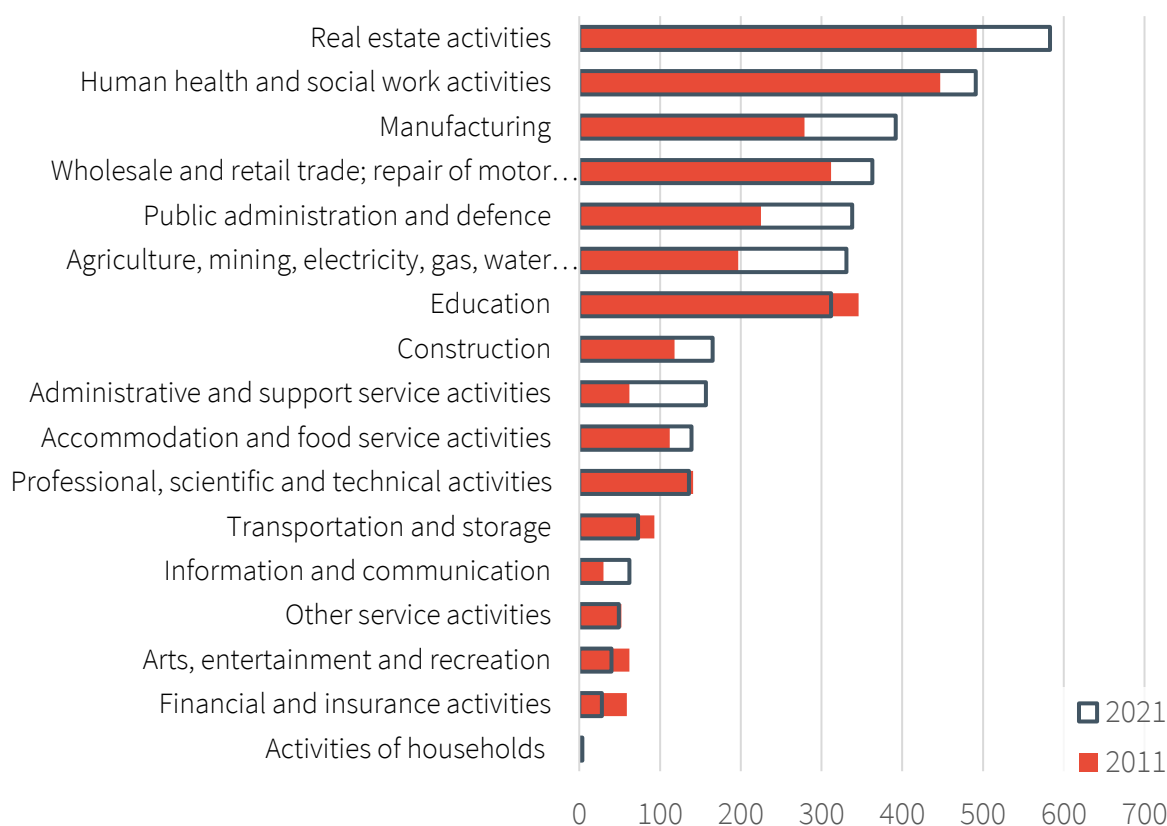
<sup>8</sup> StatsWales, December 2021

Source: ONS, Regional GVA and ONS, Mid-year population estimates

This is amongst the lowest in the UK and compares to £69.5 billion (£22,379 per head) for Wales; with Mid Wales contributing approximately 5.3% of the Gross Value Added (GVA) generated by the Welsh economy, a proportion that has remained constant over almost the last twenty years. Powys records the lowest performance for GVA per hour worked of all areas across the UK, lagging significantly behind the rest of Wales (77% of Welsh average) and the UK (63% of the UK average).

The drivers of these trends are complex and mainly due to employment structure including seasonal employment and the presence of low value-added sectors across the region. The largest contributors by sector to the region’s GVA are real estate, health, manufacturing, and wholesale and retail. This contrasts markedly with the employment breakdown in the region which shows the dominance of agriculture which is high in employment terms but delivers low GVA to the Mid Wales economy.

**GVA (£million) by sector, Mid Wales**



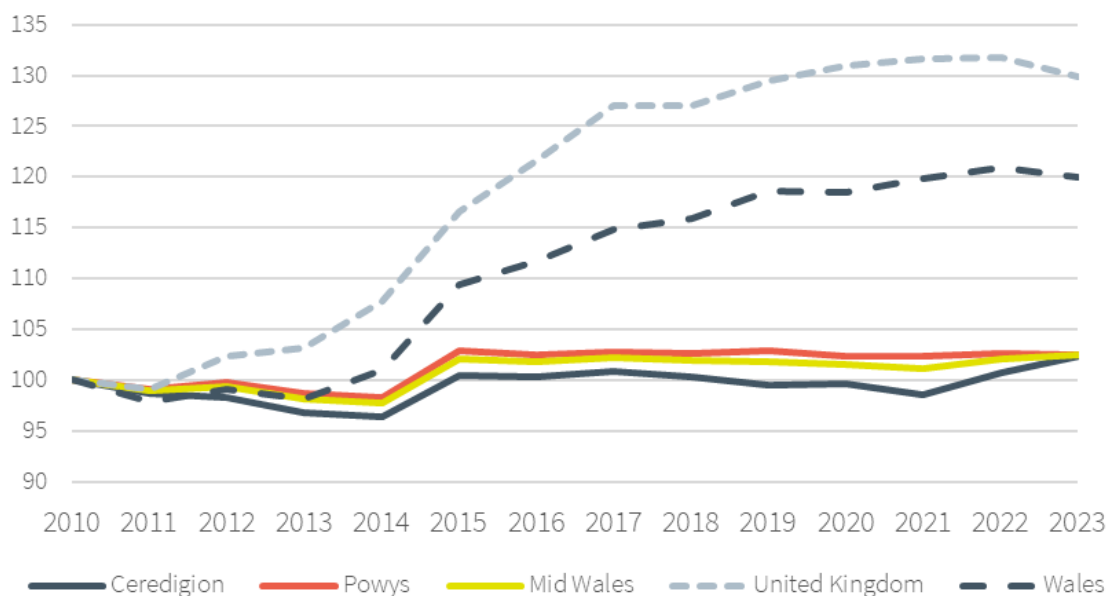
Source: ONS, Regional gross value added (balanced) by industry

**Business**

Mid Wales contains 12,745 VAT registered businesses as of 2023. The business base has a very high proportion (>92%) of micro businesses (<10 employees). Just 0.9% of businesses across Mid Wales are classed as medium or large (50+ employees). Since 2010, growth in the number of businesses in the region has remained relatively static at 2.5% and has lagged significantly behind Wales (19.9%) and the UK (29.8%).



## Business Counts Growth Index, 2010 = 100



Source: ONS, UK Business Count

Survival rates for new businesses after 5 years are however significantly better in Mid Wales than for England & Wales<sup>9</sup>.

The large proportion of micro businesses across Mid Wales is in part driven by the high number of farms and agricultural enterprises, which represent 36% of all businesses. Medium sized enterprises are seen predominantly in the health and manufacturing sectors, representing 2% and 4% of the total business stock respectively. The large geographic area and rural nature of Mid Wales means that business density is also significantly lower than in Wales and the UK.

Construction, Accommodation and Food Services, Professional, Scientific and Technical Services, and Business Administration Services are other significant sectors in terms of business counts.

Reflecting the sectoral composition of businesses, employment is heavily based in agriculture, with accommodation and food services also being significant, illustrating the importance of the tourism industry to the region. Education and health also contribute significantly to employment in Mid Wales demonstrating the key role of the public sector as a source of jobs in the region, with military bases in other areas offering significant local employment.

## People

The demographic profile of the region presents both challenges and opportunities. At an overall population of 205,500, Mid Wales is characterised by an ageing population and a net out-migration of young people. Since 2014, the region has seen an overall decline in its population of around 1.2%.

The working age population is less than the Welsh and UK average and is predominantly characterised by higher proportions of 50-64 and 65+ year olds. There is a relatively small share of working age people due to the higher proportions of 50-64 and 65+ year olds. Comparatively, Mid Wales has proportionally fewer people below the working age – though the figures are partly skewed due to the student population in key locations in Ceredigion.

<sup>9</sup> Growing Mid Wales Baseline Report, AECOM, 2019

Population projections for Mid Wales currently estimate a 16% decline in the working age population and 37% increase in the 65+ age group to 2039. Unless addressed this predicted trend is likely to reduce the region’s workforce over the next 15 years<sup>10</sup>.

### Labour Market

There are some 90,450 people in employment in Mid Wales. The economic activity rate in the area (76.5%) is lower than the Welsh (77.1%) and UK (78.7%) averages. Levels of unemployment in the region are in line with the UK and Wales averages at 3.8% from October 2022 to September 2023, despite unemployment numbers improving relative to Wales since 2001. Despite this, underemployment, low earnings and seasonal employment remain key challenges. Average full-time weekly earnings for example were 88% of the UK average in 2023 and 98% of the Wales average<sup>11</sup>.

Over the past five years (2017-2022), employment in Mid Wales has decreased by around 3%. Jobs in Mid Wales are particularly concentrated in Agriculture, Health, Accommodation & food services and Education. The largest increases in employment growth over this period were in Finance & Insurance, Wholesale, and Agriculture, forestry & fishing. Other sectors have also demonstrated significant growth, illustrating the potential for further expansion in the future.

The recent 2021 Census data shows there was a decrease in the percentage of people able to speak Welsh across the majority of age groups in both Powys and Ceredigion. The largest decrease was seen in the age group of 3-15-years, where there was a -7.0% and -6.5% decrease for Powys and Ceredigion, respectively. The proportion of Welsh speakers is also thought to be declining due to outward migration.

### Learning & Skills

Mid Wales performs well in educational attainment with levels of achievement at GCSE level exceeding the Welsh average. The proportion of young people Not in Employment, Education and Training is low while the qualifications profile of Mid Wales performs better than the Welsh average – but with lower rates of older people upskilling.

Despite these strengths, skills gaps and recruitment difficulties are commonplace amongst Mid Wales employers. Apprenticeships and further education delivery are challenged by the rural nature of the region. Employer investment in training is currently relatively low, possibly reflecting the high proportion of small and medium sized enterprises (SMEs).

As set out above, the declining proportion of Welsh speakers is also adversely impacting the provision of bilingual skills.

### Existing Arrangements - Strategic Growth Priorities

#### Applied Research and Innovation

- Region is home to internationally significant industries and internationally recognised research & development assets and expertise that offer opportunities to catapult regional productivity growth.
- Agri-tech, Food and Bioscience: leading R&D expertise in these sectors and home to world leading research centres such as the Institute of Biological, Environmental and Rural Sciences (IBERS), and new dedicated facilities to support commercial development (AberInnovation).

<sup>10</sup> Growing Mid Wales Baseline Report, AECOM, 2019

<sup>11</sup> ONS, Annual Survey of Hours and Earnings – Resident Analysis, 2023

- Environmental leadership: home to the Centre for Alternative Technology, a globally renowned educational charity dedicated to researching and communicating positive solutions for environmental change driving academic and tourism potential.
- Animal Health: existing strengths in veterinary science via the Wales Veterinary Science Centre and the £4.2m Vet Hub development aligned to a research Centre of Excellence in Bovine TB.
- Over 6,600 people are employed in the manufacturing sector in Mid Wales, half of which are within the advanced manufacturing sector<sup>12</sup>. The region has niche areas of manufacturing expertise such as automation and motion engineering, linked to key companies such as Nidec Control Techniques and Invertek Drives. The life sciences are also a strength with the presence of companies including Protherics UK Ltd, Cellpath and Aber Instruments.
- Emerging potential developments in Radio Spectrum, Rail Testing and Hydrogen.

### Agriculture, Food and Drink

- 935 food-related enterprises.
- Distributed, but notable concentrations in Welshpool, Newtown, Llanymynech, Knighton, Aberystwyth and Felinfach.
- Future Food @ AberInnovation: dedicated resources and expertise to research and develop future food (TRLs 2-5).
- Food Centre Wales, Horeb: supply chain development, process and product innovation to add value (TRLs 5-8).
- Royal Welsh Agricultural Society & Show: showcase of regional agriculture, and food and drink.
- Region home to key strategic support organisations head quartered within its boundaries, including Menter a Busnes, Hybu Cig Cymru, Lantra, Cambrian Training as well as the two main farming unions (FUW and NFU).
- 10,275 people employed in the food industry in Mid Wales – exceeds national averages, despite total business stock being lower than national averages.
- Sector currently generates significant employment share (6.6%) in food and drink wholesaling, above national averages.
- Mid Wales employment in sector has grown in the past 7 years at 11.5%, again higher than national averages.
- High rate of inclusivity – broad demographic range of employees and owners – offering sustainable career pathways.
- Sector and region are recognised in national policy to offer further growth potential.
- Sector vulnerable to changes in external policy & trading environments (e.g. Brexit) – but also opportunities to develop new markets/processes.

### Strengthened Tourism Offer

- Employs over 23,200 people in the region.
- Outstanding natural and cultural assets in the Brecon Beacons National Park, the Wales Coastal Path and other renowned destinations such as the Cambrian Mountains. Mid Wales is also home to five blue flag beaches.
- During the period 2014 to 2016 Mid Wales accounted for 18% of overnight domestic (GB) trips, 10% of international visits, and 12% of day visits to Wales.
- Tourism sector estimated to be worth an estimated £1.08 billion to the Mid Wales economy in 2016.

<sup>12</sup> AECOM, Strategic Economic Priorities for the Mid Wales Region, 2019

- The tourism trade is further bolstered by a diverse range of annual events including internationally recognised brands such as Green Man Festival, Royal Welsh Agricultural Show, Wales Rally GB, and Hay Festival.

### Energy

- The region generates 97% of the electricity that it consumes from local renewable sources, predominantly supplied by onshore wind (270MW) making up 72% of generation and 66% of capacity, while solar PV (51MW) supplies around 6% of renewable generation.
- The region has the highest deployment of renewable heat installations in Wales with nearly 2% of homes having a heat pump or biomass boiler – reflecting the ‘off-grid’ nature of many rural properties.
- Presence of renowned academic/research institutions: CAT, Aber Uni/IBERS, and companies specialising in Hydrogen and Alternative Fuel.
- Natural resources in Mid Wales are well placed to produce green and renewable forms of energy.
- Due to its abundant natural resources the region is well to help both Welsh and UK governments reach their 2050 target for reducing carbon emissions.

### Digital

- Although there have been significant improvements in recent years digital connectivity in the region significantly behind the rest of Wales and the UK.
- Approximately 81% of premises in region have Superfast Broadband connection capability (compared to 95% across England).
- There are over 20,000 ‘white premises’ in the region who cannot access speeds of 30Mbps Mobile coverage lags behind rest of Wales and UK.
- Topography and low-density populations are the biggest challenge to accessing better coverage.
- 20% less 4G coverage than rest of Wales, 28% less than UK.
- Digital connectivity vital to region to support a thriving economy.
- Improving digital infrastructure and exploiting next generation technologies will be critical to improving productivity, innovation and competitiveness.
- Supporting the development of digital skills will help bridge the digital divide allowing people to live and work more freely.

### Supporting Enterprise

- The business base has a very high proportion (>90%) of micro businesses (<10 employees), providing a large number of businesses with the potential for growth.
- The number of businesses in Mid Wales is steadily growing – In 2022, Mid Wales was home to 12,705 businesses, a growth of 2% since 2010.
- Survival rates for new businesses in Mid Wales after 5 years are significantly better in Mid Wales than for England & Wales, indicating resilient businesses.
- Farms and agricultural enterprises represent 36% of all businesses.
- Medium sized enterprises are seen predominantly in the health and manufacturing sectors, representing 2% and 4% of the total business stock respectively.
- There are significant opportunities in terms of shaping business support and aligning infrastructure availability (digital, physical, land and premises) to better support businesses across Mid Wales.

- In 2022 the average availability of Industrial and Logistics stock was 0.4% in CCC and 0.6% in PCC, this is down from 28.9% in CCC and 9.9% in PCC in 2019. This is well below the 'equilibrium' level (typically 8%).<sup>13</sup>
- Within innovation ecosystem/ R&D related markets there is a limited number of facilities throughout Mid Wales that provide space suitable for new spin-outs and start-ups in fast growing R&D related sectors. This type of incubator space is essential to underpin an innovation ecosystem.<sup>13</sup>
- Other analysis indicates that there is a growing need for mid-sized units (5,000 – 30,000 sq.ft), specifically within AgriTech / FoodTech businesses, in addition to the <5,000 sq.ft units.<sup>13</sup>

## Transport

- Transport connectivity both inside and outside of Mid Wales is crucial to economic flows and future growth.
- The region has 945 km (587 miles) of Trunk and A roads connecting the region with North and South Wales and east to the West Midlands, which is crucial for cross-border connectivity.
- There are also two railway corridors (Cambrian Main line/Coast and the Heart of Wales line) which run north-south and east-west.
- Rail services in Mid Wales are too infrequent with slow journey times and limited direct connectivity to major UK cities.
- Low Carbon Economy can be supported by improving safety and resilience of the network which will lead to reduced journey times and increase capacity.
- Investment required in improving strategic networks to keep goods and labour services moving freely.
- Less than 1% of bus use in region.
- Low take up of electric vehicles due to lack of infrastructure.

## Skills & Employment

- School-age attainment in Mid Wales exceeds the Welsh average.
- A higher proportion of the working age population are qualified to degree level compared to the national average while unemployment is at historically low levels.
- The region's universities provide a pipeline of talented and skilled young people but there are opportunities to increase the number of graduates finding employment in Mid Wales.
- Notable presence of Higher Education, limited Further Education presence.
- Lower rates of older people upskilling.
- Despite above average educational attainment, skills gaps and recruitment difficulties are commonplace amongst Mid Wales employers.
- Apprenticeships and further education delivery are challenged by the rural nature of the region.
- Employer investment in training is currently relatively low, possibly reflecting the high proportion of small and medium sized enterprises (SMEs).
- Emerging Regional Skills Partnership – offers opportunity to identify and co-ordinate a plan to align skills supply and demand in Mid Wales.

<sup>13</sup> Savills Market Demand and Commercial Issues Report for MWGD Rev 1 March 2023

## 1.4 Business Needs

As with the previous section, the content has been developed from the Vision for Growing Mid Wales document – which contained significant analysis and baseline work behind these statements and figures.

Mid Wales comprises the two local authority areas of Ceredigion to the West and Powys to the East and combined, the largely rural region accounts for 34% of the total land mass of Wales. It is home to a population of just over 205,000 people and is well-known for its natural beauty, research and industrial expertise, strong cultural identities and heritage. The Mid Wales economy is a critical component in driving and supporting intra-regional growth across Wales and the UK, contributing ~£3.7bn GVA annually.

Mid Wales is less well-known as a land of untapped economic opportunity. Where business survival rates outclass the Welsh average; where its natural and academic assets offer an obvious choice for cutting-edge research combined with notable business strengths in key sectors providing strong opportunities to strengthen industry clusters. A region with a strong supply of talented and skilled labour; with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

Despite demonstrating economic resilience in recent times, the following market failures demonstrated how Mid Wales continues to lag behind other Welsh and UK regions:

- **Lagging productivity:** Mid Wales continues to lag behind other Welsh and UK regions in real and per head terms due to the seasonality and structure of its employment base. Mid Wales contributes £3.7bn in annual Gross Value Added (GVA) to the UK economy. This is amongst the lowest in the UK and compares to £69.5 billion for Wales; with Mid Wales contributing approximately 5.3% of the Gross Value Added (GVA) generated by the Welsh economy, a proportion that has remained constant over almost the last twenty years. Notably, Powys records the lowest performance for GVA per hour worked of all areas across the UK.
- **Changing demographics:** reducing population figures and changing demographics, leading to a 'pinched middle' due to a relatively larger older population and a proportionately smaller working age population. Population projections for Mid Wales currently estimate a 16% decline in the working age population and 37% increase in the 65+ age group to 2039. Unless addressed this predicted trend is likely to reduce the region's workforce over the next 15 years.
- **Narrow and vulnerable economic base:** leading to employment and productivity imbalances. The largest GVA contributors are real estate and human health & social work, and manufacturing – whilst agriculture employs the most – representing 36% of all businesses - it contributes comparatively less GVA. Seasonality also exacerbates vulnerability – the tourism sector employs over 23,200 people in Mid Wales.
- **Projected employment decline:** Over the past five years, employment in Mid Wales has decreased by around 3%. Pre-covid, the employment forecasts for Mid Wales were projecting significant reduction – which will now be in even sharper focus due to the lasting impacts of the pandemic on livelihoods and the ongoing cost of living crisis.
- **Static and weakening labour market:** Gaps in skills provision and infrastructure to meet industry demands – leading to reduced accessibility and equality of opportunity for young people, reinforcing out-migration. Powys' commuting outflows of ~3,495 especially highlight the need to improve employment opportunities in the region.
- **Inadequate infrastructure:** Underlying structural economic weaknesses arising from inadequate infrastructure have constrained wider private sector investment; evidenced



by weak and relatively static commercial and residential build rates, declining and narrowing business base and the lagging development of digital, transport and energy grid infrastructure. For example, approximately 81% of premises in Mid Wales have the capability to connect to Superfast Broadband (30Mbps+), lower than that for Wales (95%) and the UK (96%). Only 19% of the region currently has access to Ultrafast Broadband (100mbps+) compared to Wales (39.5%) and the UK (60%).

- **The hidden nature of a rural economy:** relatively strong employment and low unemployment data masking issues of low pay and underemployment. Average full-time weekly earnings for example were 88% of the UK average, and 98% of the Wales average in 2023.

There are clear opportunities to exploit from existing drivers and assets in research, industrial and human capital to:

- **Attract and develop industries that drive regional productivity, earnings and employment growth** – capitalising on the strengths of our research, industrial and skilled assets.
- **Attract and unlock private sector investment** within the Region by ensuring the right environment for growth.
- **Position Mid Wales as a rural powerhouse** that develops existing industrial strengths to generate new industrial and employment opportunity.
- **Reduce outward migration and retaining a skilled workforce** through industry-led employment and skills support combined with clear employment pathways.
- **Utilise Growth Deal investments to influence and catalyse further investments** and policy changes to ensure equitable, inclusive growth across the whole region, positioning the Growth Deal as a core component within wider regional economic recovery efforts.

## 1.5 Potential Scope: Mid Wales Growth Deal

The Vision for Growing Mid Wales sets out the broader strategy for investment in the Mid Wales region.

It identified 8 Strategic Growth Priorities that had strong rationale and a robust evidence base for investment. The scope of the Growth Deal has been based on these Growth Priorities while recognising that it is highly unlikely that it will cover all due to limitations of funding and the potential number of projects supported. Therefore early work undertaken to create the Portfolio narrowed interventions down to the priority areas which were more advanced, in line with the proposals that were brought forward – see the Economic Case for the options assessment.

Over the lifespan of the Growth Deal, consideration will need to be given to other priority areas as part of a change management protocol to ensure that appropriate strategic investments are supported maximising public investment in order to achieve its objectives.

Over the 10-15-year lifecycle of the Growth Deal Portfolio, a number of elements can (and will) change:

- Macro/Micro Economic Changes – affecting private investment opportunities, confidence, sector composition, industry capability etc.
- Revisions to Governments contribution to the Deal (Future Increases, Further Funding Opportunities)

- Uncertain Fiscal Climate – will impact public finances (implications for borrowing e.g. capacity, revenue).
- New economic drivers/capabilities: New investments/developments by the public/private sector may create new opportunities/reduce impact of current.
- Demographics/Labour Market: Supply of labour and market composition will change over time – requiring flexible and adaptive responses.
- Policy: Government policy priorities (& funding) will change over 15 years. The Portfolio will have to keep abreast and aligned to emerging opportunities to maximise leverage potential of existing funds.

The strategic aims and types of interventions in each of the 8 Strategic Growth Priorities, are identified below. Should the reader wish to query these in greater detail, please refer to the Vision for Growing Mid Wales document<sup>Error! Bookmark not defined.</sup>.

### Applied Research and Innovation

**Scope:** Core

**Strategic Aim:** Capitalising on internationally significant research and industrial strengths, harnessing emerging specialisms, alongside strengthened industry engagement and development to catapult regional productivity growth.

**Types of Intervention:** Investment in Regional Infrastructure and Assets; Strengthening Networks and Ways of Working; Labour Market Development

### Agriculture, Food and Drink

**Scope:** Core

**Strategic Aim:** Significantly grow the economic and employment base through new high-value food development and produce development to a nationally and internationally recognised standard.

**Types of Intervention:** Enabling and Supporting Market Growth; Fostering Innovation; Developing the Right Business Environment; Labour Market Development

### Strengthened Tourism Offer

**Scope:** Core

**Strategic Aim:** To capitalise on the strength of our natural, heritage and cultural assets and offer to drive sustainable and resilient tourism growth focusing on quality and value, not volume.

**Types of Intervention:** Investment in Strategic Regional Infrastructure and Assets; Investment in Supporting Infrastructure; Labour Market Development; Strengthened Awareness of the Mid Wales Offer

### Energy

**Scope:** Desirable

**Strategic Aim:** Establishing Mid Wales' role in supporting, and potentially leading Welsh and UK efforts in developing and generating solutions to address the challenges of a future energy system.

**Types of Intervention:** Addressing Network Capacity & Grid Constraints; Decarbonisation of our Energy Supply & Use; Developing the potential of Agriculture; Harnessing Regional Innovation; Reducing Fuel poverty; Decarbonising transport

### Digital

**Scope:** Core

**Strategic Aim:** Capitalising on the economic opportunities that can be unlocked by investing in our digital infrastructure

**Types of Intervention:** Broadband investment; Mobile Coverage; Innovation Platforms; Physical Infrastructure; Business Support; Policy

### Supporting Enterprise

**Scope:** Core

**Strategic Aims:** Fostering the environment for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.

**Types of Intervention:** Enabling Business Growth; Strengthening the Support Offer; Procurement; Policy

### Transport

**Scope:** Desirable

**Strategic Aims:** Build on existing linkages to help deliver the transport network required to help grow the economy and raise productivity.

**Types of Intervention:** Road; Rail; Public Transport; Behaviour change; Decarbonisation; Integration

### Skills & Employment

**Scope:** Desirable

**Strategic Aims:** Ensuring the appropriate supply of skills and a capable workforce to meet business and industry demands and needs as part of a functioning labour market to underpin future economic growth.

**Types of Intervention:** Better strategic alignment of provision with industry; Strengthened industry intelligence; Tailoring regional skills & employment support; Targeted support; Capital Investment in Skills Infrastructure








## 1.6 Main benefits

The key benefits the Portfolio will be delivering will continue to evolve as the detail of the Programmes/Projects evolve. A draft Benefits Realisation Framework has been produced (see Management Case) although full analysis of project business cases has not yet been undertaken due to their immaturity.


However, the key headline direct and indirect benefits that the Growth Deal is expected to contribute towards are:

- Growth in regional prosperity – through improved productivity, inward investment and the creation of new jobs.
- Creation of better-quality jobs for the local labour market – through targeted interventions in high value sectors to create new jobs.
- A more skilled workforce within the region – through supporting skills and training initiatives and targeted interventions in high value sectors to create opportunities.
- Improvements in standards of living across the region- inclusive growth that provides opportunities, reduces poverty, inequality and deprivation.

In addition, the Growth Deal will be expected to achieve benefits such as increase in the visitor economy, innovation and new product development alongside social and environment benefits including positive steps towards the decarbonisation agenda. With the emphasis on 'Portfolio' development, synergy between programmes and projects will be actively encouraged to ensure maximum impact on the region and strengthened opportunities.

Mid Wales Growth Deal – Strategic Change Indicators <sup>14</sup>							
Indicator	2017	2018	2019	2020	2021	2022	Change
<b>Regional Productivity Growth</b>							
GVA (£ million)	3,509	3,635	3,655	3,660	3,663	N/A	
GVA per head (£)	16,961	17,455	17,628	17,773	17,483	N/A	
GVA in high value sectors (£ million)*	591	612	603	583	590	N/A	
Proportion of working age population (%)	58.5%	58.1%	57.7%	57.6%	58%	57%	
<b>Increased Employment and Skills</b>							
Employment	92,150	91,450	90,650	92,450	89,850	90,450	
Employment in High Value sectors	13,750	15,000	12,500	14,000	14,750	13,550	
Proportion of the population with	34.8%	35.2%	37.2%	44.7%	44.0%	N/A	

<sup>14</sup> Multiple economic wellbeing indicators used according to ONS definitions – please see latest well-being economic indicator set from ONS at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/economicwellbeingreferencetablessummaryoffigures>

qualifications at Level NVQ 4 and above							
<b>Income</b>							
Gross Disposable Household Income (£ per head)	16,325	16,990	17,613	17,669	18,633	N/A	

\*High value sectors identified as Manufacturing, Information and Communications, and Professional, Scientific and Technical activities

## 1.7 Main risks

Risks for the Portfolio and associated Programmes and Projects will be captured within the relevant risk register. Further details on the approach to managing risk across the Portfolio will be set out in the Management Case.

However, at the Portfolio-level, a number of key risks have been identified:

Risk Category	Risk Name and Description
Assurance	<ul style="list-style-type: none"> <li>Portfolio – IAAP in place and thorough understanding of Assurance landscape. Risks lie primarily with Project Sponsors and helping them understand requirements via IAAP and guidance (resource in place in PoMO to mitigate).</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Portfolio Scope Change: The scope of the Portfolio cannot be adjusted (due to project failure or financial restrictions etc) with an objective method of agreeing the merits/demerits of a desired change.</li> <li>Benefits Realisation and Monitoring: The benefits of the GD investment cannot be assessed without profiling, evaluating and measuring/proving the benefits which will potentially lead to a withdrawal or claw-back of funding and undermine the credibility of the Portfolio.</li> <li>Quality of Business Case Submissions: Lead Organisation fail to address information requirements for business case progression resulting in delays.</li> <li>Overlaps and Synergies: PoMO fails to coordinate overlaps and synergies between programmes and projects.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Portfolio Match Funding: Private Sector/Public Sector Finance match Funding is not as forthcoming after the effects of Covid/Brexit/higher inflation on economy and other competing draws on limited funds i.e from Levelling Up Funds.</li> <li>Financial Profile: Detailed delivery profile not yet known therefore difficult to ascertain GD funding requirements, funding sufficiency and potential implications for financing (e.g. borrowing).</li> <li>Inflationary Pressures: Construction and professional services costs continue to increase in an already challenging financial market. Sponsors/budgets may be unable to achieve project goals. This could in turn lead to reduced programme output and lower economic growth outcomes.</li> <li>Funding Project Development Costs: Projects are unable to secure sufficient funding to develop projects and meet the requirements of the Growth Deal leading to a slow down on project pace or the need to withdraw from the Growth Deal completely.</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Regional Corporate Joint Committee: Potential duplication of effort between work of GMW and the Regional CJC, with risk that one undermines the integrity and authority of the other.</li> </ul>
Political	<ul style="list-style-type: none"> <li>LA Support for MWGD: The continuing, challenging budget landscape for LAs, leading to a divergence of LA aims and objectives and compounded by electoral cycle administration changes.</li> </ul>

Procurement	<ul style="list-style-type: none"> <li>Supply Chain Issues: Supply-side engagement at a Portfolio level - notice of potential opportunities would support feasibility of SMEs and diverse range of delivery partners being able to put forward proposals.</li> </ul>
Strategic	<ul style="list-style-type: none"> <li>Identifying projects in Digital Programme: Digital programme is continually scanning the digital landscape and monitoring how government and private sector are contributing to strategic objectives. This may result in delays to commissioning specific digital projects sponsored by the programme. Governance may be frustrated by this approach.</li> </ul>

Please also refer to the Portfolio Risk Register submitted alongside the SPBC.

## 1.8 Constraints

This section sets out the parameters agreed for the delivery of the strategic portfolio over the next 15 years.

There are a number of constraints placed on the delivery of the Growth Deal, notably:

- Total Funding Package – The total amount of funding is set at £55 million from the Welsh Government and £55 million from the UK Government. The combined £110 million must be supplemented by private and public sector funding to ensure the delivery of the Growth Deal and the programme.
- Term of the Growth Deal – The Portfolio cannot exceed the term of the Growth Deal set at 15-years.
- Capital Funding – The Growth Deal funding package is capital funding with no revenue funding provided for projects. Revenue funding must be provided by the partners.
- Subsidy Control Framework – Growth Deal projects must comply with relevant Subsidy Control Framework rules.

## 1.9 Dependencies

This section outlines both the internal and external dependencies for the successful delivery of the Growth Deal.

### Internal Dependencies

Growth Deal funding across the UK has specific key characteristics (these are funding dependencies):

- is Capital only (no revenue).
- is long-term (average 15-year profile).
- is deal-driven – it has to align and be agreed by the UK and Welsh Governments.
- has to demonstrate a strong case for investment and additionality above ‘business as usual’ (has to be transformational).
- leverages additional match funding from a range of sources (including private sector).
- has strong public-private partnership and clear, robust and accountable governance, management and assurance processes.

Alongside the above, the following dependencies also have to be taken into account:

### External Dependencies

The following dependencies, which are outside the control of the portfolio management environment, have also been considered:



- Annual funding profile from Government (for the £110million) – can be mitigated, but needs factoring in.
- Private Sector Engagement – The Growth Deal cannot be successfully delivered without the engagement of and collaboration with the private sector. The Private Sector Advisory Group is one avenue of engagement and advice – but there should also be strong engagement and understanding of the Growth Deal and the Portfolio of Programmes and Projects. Private sector benefit and investment will vary across the Portfolio – a dedicated strategy has been developed to capture this (Private Sector Investment Strategy).
- Public Sector Engagement – The Growth Deal required the Local Authorities to establish the Growing Mid Wales Board to continue to develop, and ultimately deliver the Deal. There is a broader consideration of how this works alongside other regional structures and funding streams.
- Statutory Consents and Planning Approval – projects will require statutory consents and planning approval.

Dependencies specific to any programmes and projects will be set out within the relevant business case(s).

Consideration has also been given to the inter-dependencies with neighbouring Growth/City Deals, including:

- North Wales Growth Deal
- Cardiff Capital Regional City Deal, and
- Swansea Bay City Deal.

Whilst there is overlap between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals, these are anticipated to be complementary rather than competitive. The matrix below sets out the overlaps between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals:

Welsh City & Growth Deal - Strategic Priorities Matrix			
Mid Wales Growth Deal Strategic Priority Area	North Wales Growth Deal	Cardiff Capital Region City Deal	Swansea Bay City Deal
Applied Research & Innovation	✓ (Innovation in High Value Manufacturing)	✓ (Compound Semiconductors, Artificial Intelligence, Life Sciences)	✓ (Internet of Life Science and Well-Being)
Strengthened Tourism Offer	✓ (Agri-food and Tourism)	-	-
Energy	✓ (Low Carbon Energy)	✓ (Energy & Environment)	✓ (Internet of Energy)
Skills & Employment	-	-	-
Supporting Enterprise	✓ (Land and Property)	-	-
Transport	-	✓ (Transport Engineering)	-
Agriculture, Food & Drink	✓ (Agri-food and Tourism)	-	-
Digital	✓ (Digital)	✓ (Fintech, Cybersecurity & Analytics)	✓ (Internet of Economic Acceleration)

Elements of each Growth / City Deal in Wales seek to invest in digital, energy and applied research and innovation, albeit in slightly different ways. Despite the overlap in these strategic priorities, this ensures that Wales as a whole is on a level playing field with the rest of the UK and further afield. Investments in opportunities related to agriculture, sites and premises, and tourism activities across Wales would be expected to benefit from agglomeration benefits.

## 2 THE ECONOMIC CASE

### Summary of key changes:

- Project benefits revised based on **OBC information** (Cynefin – The Green Heart of Wales, Elan Valley Lakes, Green Futures Innovation Park, National Spectrum Centre) or **updated SOC information** (Tir Glas, Montgomery Canal – Restoration to Navigation, Mid Wales Advanced Centre) where possible (7 out of 9 projects). Programme information updated based on the **latest draft Programme Business Cases**.
- The indicative net additional economic benefits of the Mid Wales Growth Deal are estimated at **£660-805m in GVA and other monetised benefits** (+53% since the last iteration) and **1,275-1,560 FTE jobs** (+28-30%).
- Net additional job creation has increased across 4 of the 5 strands of the Mid Wales Growth Deal portfolio, with the most notable increase noted by the **Supporting Enterprise programme** (x2.2 times increase in net additional FTE jobs). The net additional job creation supported by the **Digital Programme** is expected to be 31-32% lower compared to the previous iteration of the SPBC.
- Based on the latest information, the Mid Wales Growth Deal will deliver a **benefit-cost ratio (BCR) of 3.4-4.1 against total public investment** (or 6.4-7.8 against MWGD investment), compared to a BCR of 2.0-2.5 (or 3.9-4.8) presented at SPBC v2.0. Note that the figures will continue to evolve as project development matures.

The Economic Case sets out how we appraised options for the potential scope of the Mid Wales Growth Deal, as set out in the Strategic Case.

### 2.1 Critical Success Factors (CSF)

This section describes the Critical Success Factors (CSFs) and evaluation criteria that were agreed for the appraisal of potential programmes and projects in the Mid Wales Growth Deal.

The following Critical Success Factors were developed from existing documentation (*Vision for Growing Mid Wales*), and the outcome of workshops 1a-1d and workshop 2.

As per guidance, workshops were held with Growth Deal partners, staff, representatives from UK and Welsh Government and consultants – Joe Flanagan, and Hatch Consulting Ltd (workshop 2 onwards). Information was provided beforehand to aid discussion and each session was facilitated with input from Joe Flanagan.

A summary of all of the strategic portfolio business case development workshops and their attendees is provided in Appendix A – SUMMARY OF WORKSHOPS.

The CSFs are standardised according to HM Treasury guidance, with the process having been led and advised by an experienced practitioner.

CSF	Details
How well the option provides:  <b>Strategic fit</b>	With: <ul style="list-style-type: none"> <li>• Mid Wales Growth Deal Strategic Growth Priorities</li> <li>• Vision for Growing Mid Wales</li> <li>• UK Industrial Strategy, 2017</li> <li>• Build Back Better, HM Treasury, 2021</li> <li>• Ten Point Plan for a Green Industrial Revolution, 2020</li> <li>• Programme for Government – Wales National Strategy, 2021</li> </ul>

CSF	Details
	<ul style="list-style-type: none"> <li>• Our Economic Resilience &amp; Reconstruction Mission</li> <li>• Prosperity for All: economic action plan, Welsh Government 2019</li> <li>• Prosperity for all: A low carbon Wales, 2019</li> <li>• Wellbeing of Future Generations (Wales) Act 2015</li> <li>• The Environment Act (Wales), 2016</li> <li>• Prosperity for All: A Climate Conscious Wales, 2019</li> <li>• Local collaboration – Local Authorities, Universities and Partnering Organisations.</li> </ul>
<p>How well the option meets:</p> <p><b>Business needs</b></p>	<p>The need to overcome the following core regional needs:</p> <ul style="list-style-type: none"> <li>• Low and lagging productivity</li> <li>• A declining, aging population</li> <li>• A narrow and vulnerable economic base</li> <li>• Projected employment decline</li> <li>• Static and weakening economic base</li> <li>• Market failure</li> <li>• Hidden nature of rural economy and</li> <li>• A fair regional balance in terms of investment in programmes and projects.</li> </ul> <p>And how well the option provides a holistic fit and synergy with other strategies, programmes and projects.</p>
<p>How well the option:</p> <p><b>Optimises social welfare (cost benefit)</b></p>	<p>In terms of the following strategic outcomes:</p> <ul style="list-style-type: none"> <li>• Optimises public value (social, economic and environmental) in terms of potential costs, benefits and risks.</li> <li>• Attract and develop industries that drive regional productivity, earnings and employment growth – capitalising on the strengths of our research, industrial and skilled assets.</li> <li>• Attract and unlock private sector investment (leverage potential).</li> <li>• Position Mid Wales as a rural powerhouse that develops existing industrial strengths to generate new industrial and employment opportunity.</li> <li>• Reduce outward migration and retaining a skilled workforce through industry-led employment and skills support combined with clear employment pathways.</li> <li>• Utilise Growth Deal investments to influence and catalyse further investments and policy changes to ensure equitable, inclusive growth across the whole region, positioning the Growth Deal as a core component within wider regional economic recovery efforts.</li> </ul>
<p><b>Potential Supply side capacity and capability</b></p>	<p>In terms of:</p> <ul style="list-style-type: none"> <li>• What is available within the region – volumes and skills post pandemic.</li> <li>• What could be attracted by way of inward investment from other parts of Wales and the UK.</li> </ul>
<p><b>Potential Affordability</b></p>	<p>In terms of:</p> <ul style="list-style-type: none"> <li>• Available capital from WG and UK Government.</li> <li>• Ability to match fund from the private sector.</li> <li>• Funding horizon – 10-15 years.</li> <li>• Organisation’s ability to meet ongoing operational whole life costs.</li> </ul>

CSF	Details
<b>Potential Achievability</b>	<p>In terms of governance:</p> <ul style="list-style-type: none"> <li>• Growing Mid Wales Board (Joint Committee)</li> <li>• Private Sector Advisory Group</li> <li>• Growing Mid Wales Partnership</li> <li>• Mid Wales Management Group</li> <li>• Programme and Project Boards</li> </ul> <p>Resources (competence and capabilities):</p> <ul style="list-style-type: none"> <li>• Regional PoMO</li> <li>• Programme/Project Sponsors</li> <li>• Use of best practice (able to develop in accordance with HM Treasury &amp; WG guidance on Better Business Cases)</li> <li>• Timescales (within 10-15-year Portfolio lifecycle)</li> </ul>

The above CSFs will be reviewed and updated as required to ensure any new assessments consider the latest policies and strategies.

## 2.2 Options Assessment

Within each of these eight Strategic Growth Priorities identified for Mid Wales, work was undertaken to scope an initial long list of potential interventions. This was informed by the extensive work undertaken in bringing together the Strategy/Vision document, along with officer workstreams and technical workshops. This list was then formed and refined during workshops 1a-d (Determining the Case for Change) under the guidance of an experienced Business Case practitioner.

An initial assessment of the long list was undertaken in December 2020 in Workshop 2 (Identifying and Assessing the Options), with reference to the agreed CSFs. The long list was subsequently updated in July 2021 to take account of a number of new project proposals that had since been received.

### Approach to the shortlisting

The options appraisal process was developed through engagement with UK Government, Welsh Government and by following available guidance including the HM Treasury Green Book and Guide to Developing the Programme Business Case – Better Business Cases: for better outcomes. It should be noted that the Guide to Developing the Strategic Portfolio Business Case was not available when the options appraisal process for the Mid Wales Growth Deal was formulated. However, the proposed process was tested with Welsh Government and their Technical Adviser.

Based on these discussions with UK and Welsh Government, it was agreed that the outcome of the shortlisting process would be to classify candidate programmes and projects into two categories:

- **Shortlist:** Shortlist for further development, with conditions. These are interventions that perform well against the spending objectives and Critical Success Factors and are sufficiently well advanced at this stage to be mandated for further detailed business case development.
- **Reserve List:** Remain from the long list as potential future options, with significant further development needed. These are interventions that performed less well against the CSFs and/or were at an outline concept stage only, and therefore require

significant further development. They remain on the long list for the Portfolio.

### *Options Assessment Approach*

A two-stage shortlisting process was followed:

1. A high-level filtering of the Strategic Growth Priorities was conducted, using the available materials to determine which sectors could be screened in or out of the Growth Deal. This was a straightforward set of judgements informed by the extent to which suitable programme or project level ideas had been generated by that point. Strategic Growth Priorities that were not screened into the Growth Deal at that stage may be signposted to other more suitable funding sources or considered for the Portfolio in future.
2. A subsequent, more detailed assessment was done on the long list, to determine which projects to take forward into the Growth Deal. This was carried out through a desk-based assessment and at Workshop 3 on 30th July 2021, led by the Portfolio Management Office (PoMO) with support from the Workstream Leads and facilitation by experienced practitioners.

Each programme/project was also asked to submit a proforma which summarised the key information surrounding the proposed intervention (the structure of this proforma was presented in previous SPBC iterations. This material informed the options development process and was led by the PoMO.

Each of these assessments was conducted with reference to the Portfolio CSFs, which were reviewed and deemed as fit for purpose for informing the options assessment. A qualitative judgement was made on the performance against CSFs (graded High, Medium and Low) with associated commentary on strengths and weaknesses, and a final conclusion. The outcome of this process was set out in previous SPBC iterations.

The exercise concluded that the Strategic Growth Priority areas of Energy and Transport would not be covered by the Growth Deal although it was acknowledged that this could be reconsidered in future. The other Strategic Growth Priorities all have a range of candidate interventions developed, and these are considered in detail in the second stage of the process.

Whilst Energy is an important Strategic Growth Priority no specific programme or projects had been developed at this stage as candidate interventions for the Growth Deal. However, work is continuing to provide a comprehensive understanding of this theme and the potential opportunities including the adoption of the Mid Wales Regional Energy Strategy which has been developed in conjunction with the Welsh Government Energy Service and Carbon Trust, development of Local Area Energy Plans and appointment of a Regional Energy Lead and Regional Energy Officer within the Growing Mid Wales team.

Similarly, Transport is a Strategic Growth Priority, but the identified interventions are of a scale and scope that is not suitable for Growth Deal funding, given the constraint on the total amount of Growth Deal funding available (£110 million). Until very recently the region had regional arrangements (TraCC) that discussed and co-ordinated transport-related investments with Government - further developments are being made under Corporate Joint Committee arrangements.

It should be noted that under the Skills & Employability Strategic Growth Priority a Regional Skills Partnership (RSP) has been established cross Mid Wales to identify regional skills needs working with education providers and local businesses. Skills is a cross-cutting theme for the Portfolio and will be considered during assessments of projects.

The final list of options that were then carried forward for consideration in Workshop 3 (Assessing the Short-Listed Options) is set out below, for each of the 8 themes. A summary



of the workshops can be found at Appendix A.

Strategic Growth Priorities	Projects
Applied Research & Innovation	<ul style="list-style-type: none"> <li>• Innovation Park.</li> <li>• National Spectrum Centre.</li> <li>• Mid Wales Advanced Manufacturing Campus.</li> <li>• RiverSimple.</li> <li>• Trawscoed: Applied Research and Innovation Initiative.</li> <li>• Beacon and moving towards Carbon-Reduction.</li> </ul>
Agriculture, Food & Drink	<ul style="list-style-type: none"> <li>• Food Manufacturing Innovation Centre.</li> <li>• Food Retail Experience.</li> <li>• University of Gastronomy.</li> </ul>
Strengthened Tourism Offer	<ul style="list-style-type: none"> <li>• Cynefin – The Green Heart of Wales.</li> <li>• Dwr Cymru – Brecon Beacons.</li> <li>• Dwr Cymru Elan Valley.</li> <li>• Green Man Festival Permanent Site.</li> <li>• Montgomery Canal Wales - Restoration to Navigation.</li> <li>• Ceredigion Harbours.</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• No projects identified at this stage.</li> </ul>
Digital	<ul style="list-style-type: none"> <li>• Social Housing Connectivity.</li> <li>• Strategic Employment Site Connectivity.</li> </ul>
Supporting Enterprise	<ul style="list-style-type: none"> <li>• Sites and Premises Programme.</li> </ul>
Transport	<ul style="list-style-type: none"> <li>• No projects identified at this stage.</li> </ul>
Skills & Employment	<ul style="list-style-type: none"> <li>• Black Mountain College Further and Higher Education Institution.</li> </ul>

The assessments were amended based on the discussions at the workshop and a finalised short-list was agreed as shown in the table below:

Strategic Growth Priorities	Projects
Applied Research & Innovation	<ul style="list-style-type: none"> <li>Green Futures Innovation Park</li> <li>National Spectrum Centre</li> <li>Mid Wales Advanced Manufacturing Campus</li> </ul>
Agriculture, Food & Drink	<ul style="list-style-type: none"> <li>Food Manufacturing Innovation Centre</li> <li>Canolfan Tir Glas (<i>now referred to as Tir Glas</i>)</li> </ul>
Strengthened Tourism Offer	<ul style="list-style-type: none"> <li>Cynefin – The Green Heart of Wales</li> <li>Elan Valley Lakes</li> <li>Montgomery Canal Wales - Restoration to Navigation</li> <li>Ceredigion Harbours (<i>changed to Aberaeron Harbour Development</i>)</li> </ul>
Digital	Digital Programme <ul style="list-style-type: none"> <li>Social Housing Connectivity</li> <li>Strategic Employment Site Connectivity (<i>Note that following further exploration these projects were dismissed and others are now being prioritised</i>)</li> </ul>
Supporting Enterprise	Sites and Premises Programme

*Note: whilst Black Mountain College Further and Higher Education Institution was initially short-listed based on the assessment criteria undertaken to inform the workshop held on 30th July 2021, there were a number of concerns raised that needed further strategic discussion with Local Authorities and Government. Subsequently it was determined that this project should be reclassified as a reserve list project requiring further development before it is considered for Growth Deal funding.*

### Progression of Shortlist

Following the shortlisting, all interventions were invited to develop detailed programme/project level business cases as per the Better Business Cases guidance.

The Digital and Sites & Premises Programme are led by Programme Managers within the Growth Deal Portfolio Management Office. Since the Programmes were shortlisted, both have developed Programme Business Cases which have been approved by the GMW Board and are progressing with development of potential projects for Growth Deal support. Those proposals are considered within the economic case appraisal.

In 2022 the standalone projects were asked to submit their completed SOC's with most received between June and October. An appraisal framework was developed to assess the SOC's with a review team set up comprising members from the Portfolio Management Office and wider GMW team alongside external consultants Hatch Ltd, which enabled the appraisals to be conducted independently of the Local Authorities.

Using the Business Case Appraisal Framework Checklist each member of the review team focused on a particular section based on their experience in that area to cover each of the 5 cases: Strategic, Economic, Financial, Commercial, Management. Subsequently the assessments were compiled into one for each project.

In addition to the SOC's a Carbon Assessment form was submitted for each project to provide an early-stage view of carbon impact and encourage projects to consider the decarbonisation agenda at this stage. A review was also undertaken of skills within the SOC's as a cross-cutting theme, again to provide an early-stage view and enable further consideration and identification of skills opportunities and potential benefits.

Moderation meetings of the review team were held to go through the assessments and agree the recommendations to be put forward to the GMW Portfolio Delivery Board where the

outcomes were discussed before taking forward recommendations to the GMW Board for decision.

Following Board meetings project sponsors were notified of the decision and provided with a copy of the SOC assessment form in order to provide further detail on how the decision was made and in particular to highlight those areas that need improvement. A workshop has also been held to go through some of those areas and to provide guidance on process and considerations for the next stage of business case development.

Further SOCs were subsequently submitted throughout 2023 and 2024 with all 9 projects having now submitted SOCs and 3 projects submitting Outline Business Cases (OBCs). The appraisal framework has been updated to reflect assessment at OBC. This follows the same process as SOC assessments with the checklist tailored to reflect the move advanced stage required at SOC.

The latest position of the Programmes and Projects within the current Portfolio, with brief descriptions, is presented below:

Short-listed Projects / Programmes for the Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme /	Summary	Business Case Maturity Index
Applied Research & Innovation		<b>Green Futures Innovation Park</b> (Aberystwyth University)	The Innovation Park will build on the work of AberInnovation with the aim of identifying, developing and demonstrating enabling processes and technologies. Promoting green business and economic development focused on sustainability offering new opportunities for collaboration between academia and industry. The project is seeking to deliver fully serviced office space, shared facilities and R&D space. Total capital costs are estimated to be £52.5 million.	OBC completed and assessed. Awaiting further information.
		<b>National Spectrum Centre</b> (Aberystwyth University)	This project seeks to establish a key asset operated through a hub and spoke model that will benefit from the region's varied environments (coastal, uplands, rural etc.) and bring high quality jobs and increased growth to the region. The SOC seeks investment in Phase 2 of the National Spectrum Centre development - to establish an innovation and research facility to harness the potential of wireless technologies and provide research expertise, infrastructure and training. Total capital costs are estimated to be £15.3 million.	OBC completed and assessed. Awaiting further information.
		<b>Mid Wales Advanced Manufacturing Campus</b> (Powys County Council)	Identified through SQW Applied Research and Innovation Report, this project was a recommended intervention to deliver an Innovation/Advanced Manufacturing Campus for Mid Wales, with the aim of improving the supply of skills into industry and provide a hub for collaboration/R&I activity. Powys CC is the accountable body for the grant and delivery of the construction phase. Total capital costs are estimated to be £28.7 million.	SOC submitted, awaiting outcome.
Agriculture, Food & Drink		<b>Food Manufacturing Innovation Centre</b> (Ceredigion County Council)	Led by Food Centre Wales (part of Ceredigion County Council), the Food Manufacturing Innovation Centre is a £8.8 million project to deliver a state-of-the-art food manufacturing innovation centre at Horeb, Llandysul, Ceredigion. The project would provide a facility to enable companies to take the next steps from small scale, research-based product testing and analysis to scaling-up of the production to enable full market and commercial viability testing. Total capital costs are estimated to be £8.8 million.	SOC approved, developing OBC.
		<b>Tir Glas</b> (University of Wales Trinity St David)	To establish a centre that will promote the local food industry, sustainability, resilience and rural entrepreneurship. The Centre will aim to play its part in strengthening the economic infrastructure of the wider agri-food economy in Mid Wales, to secure the future of rural enterprise by focusing and improving	SOC approved, developing OBC.

Short-listed Projects / Programmes for the Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme	Summary	Business Case Maturity Index
			the existing business activities of rural companies. Creating an ideal environment for the support and growth of new enterprises in rural sectors. Total capital costs are estimated to be £13.4 million.	
Strengthened Tourism Offer		<b>Cynefin – The Green Heart of Wales</b> (Centre for Alternative Technology)	A transformational redevelopment to create a powerful and immersive new learning experience and flagship sustainable visitor destination. Creation of world-class facilities to support the delivery of innovation, knowledge and skills for the future, with key areas including renewable energy, sustainable construction and retrofit, nature resource management, and food and land use. Total capital costs are estimated to be £24.7 million following further design work completed in September 2023, which recognised the need for a reduced Phase 1 given funding constraints.	SOC approved, developing OBC.
		<b>Elan Valley Lakes</b> (Dŵr Cymru Welsh Water)	The project seeks to achieve economic growth and sustainability through adding appropriate high experience level adventure, sport and nature activities and improve provision of overnight accommodation. It aims to increase visitor spend and enhance income streams and to limit the impact on the environment through low carbon amenities and infrastructure, using renewable energy sources. Total capital costs are estimated to be £21.7 million.	OBC completed, assessed and recommendations made.
		<b>Montgomery Canal Wales - Restoration to Navigation</b> (Glandŵr Cymru - Canal & River Trust in Wales)	The restoration of the Montgomery Canal in Wales seeks to facilitate linkage to the wider 2000-mile Canal network, and boater access through Powys to beyond Welshpool. So enhancing opportunities for a range of non-boater visitor activities, all with associated spend and opportunities for tourism and leisure businesses. Total capital costs are estimated to be £21.8 million. The project has secured just under £14,000,000 through the Levelling Up Fund.	SOC approved, subject to clarification on funding/scope.
		<b>Aberaeron Harbour Development**</b> (Ceredigion County Council)	Development of harbour assets, infrastructure and upgrading town connectivity to meet the needs of a modern tourism and visitor economy. The asset will remain publicly owned and will combine currently planned investment in sea defences/coastal flooding, adding further economic value through the reconfiguration and development of the assets to generate new economic opportunities in retail, leisure and tourism. Total capital costs are estimated to be £5.3 million.	SOC approved, developing OBC.

Short-listed Projects / Programmes for the Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme /	Summary	Business Case Maturity Index
Digital		<b>Digital Programme</b> (Growing Mid Wales)	Led by Growing Mid Wales' Digital Programme Manager, the Digital Programme seeks to capitalise on the economic opportunities that can be unlocked by investing in digital infrastructure to address deficits in digital connectivity, drive the uptake of new technologies amongst the region's businesses and improve existing services. Total capital costs are estimated to be £38 million.	Programme Business Case approved. Developing 2 projects and pipeline.
Supporting Enterprise		<b>Mid Wales Sites and Premises Programme</b> (Growing Mid Wales)	Led by Growing Mid Wales' Sites & Premises Programme Manager, this intervention will deliver a strategic programme of prioritised, direct public sector investment in employment sites and premises and related infrastructure across Mid Wales to help meet current need and stimulate future economic growth in the region. This work will be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises, and targeted investments in strategic employment sites. Total capital costs are estimated to be £66.5 million.	Programme Business Case approved. Progressing with two forerunner sites.



## 2.3 Economic Appraisal

This section summarises the economic appraisals for the candidate programmes/projects included within the short-listed category of the Mid Wales Growth Deal, based on revised information available as of February 2024.

The key thing to note is that although the stage of development of most shortlisted proposals has progressed – with all projects at SOC or OBC level and the two Programme Business Cases being approved – they remain subject to ongoing business case development and are expected to change as more detailed project design is undertaken. The feasibility of producing a detailed set of robust economic appraisals is dependent on the stage of development of the shortlisted proposals, the majority of which remain at SOC level.

Therefore, for the purposes of this document, we provide an updated **indicative cost-benefit assessment** informed by the available material. The expectation is then that, in order to be approved for investment, shortlisted interventions will need to demonstrate through the business case development process that they will deliver sufficient value for money in line with these portfolio level targets.

### *Economic Appraisal Summary*

A summary of the key findings from the updated economic appraisal of the Mid Wales Growth Deal is presented below. This includes ‘switching values’ analysis which demonstrates the percentage decrease in jobs and GVA that could occur within each priority area where a BCR of 1.0 is still achieved.

Appendix D presents the economic appraisal from the SPBC version 1 and version 2 to allow a comparison between the previous versions and the latest information available from the programmes and projects as of February 2024.

SPBC Version 3 – February 2024

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>A</b>	<b>Net Present Social Value (£m)</b>	£535 (£465 – 610) (£555 - £700 on GD Costs)	£155 (£135 – £175) (£165 - £205 on GD Costs)	£20 (£15 - £20) (£25 - £30 on GD Costs)	£85 (£75 - £100) (£90 - £120 on GD Costs)	£50 (£45 - £60) (£60 – £75 on GD Costs)	£225 (£195 - £250) (£215 - £270 on GD Costs)
<b>B</b>	<b>Public sector cost (£m) (Undiscounted, excludes Optimism Bias and Inflation, includes VAT)</b>	£202 (£105.6 from GD)*	£65 (£29 from GD)	£18 (£8 from GD)	£48 (£29 from GD)	£24 (£10 from GD)	£48 (£29 from GD)
<b>C</b>	<b>Appropriate Benefits Cost Ratio</b>	3.7 (3.4 – 4.1) (6.4 – 7.8 GD Investment)	3.8 (3.4 – 4.2) (7.5 – 9.2 GD Investment)	2.0 (1.8 – 2.2) (4.0 – 4.9 GD Investment)	2.9 (2.6 – 3.2) (4.2 – 5.2 GD Investment)	3.1 (2.8 – 3.4) (6.5 – 7.9 GD Investment)	5.3 (4.8 – 5.8) (7.9 – 9.7 GD Investment)
<b>D&amp;E</b>	<b>Significant unmonetizable costs/ benefits and unquantifiable factors</b>	<ul style="list-style-type: none"> <li>• Social Welfare Benefits</li> <li>• Environmental Benefits</li> <li>• Inwards Investment</li> <li>• Improved Perceptions</li> <li>• Reduced Deprivations</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalising on internationally significant research and industrial strengths</li> <li>• Harnessing emerging specialisms</li> <li>• Strengthened industry engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Development of sector to nationally and internationally recognised standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalise on natural, heritage and cultural assets.</li> <li>• Drive sustainable and resilient tourism growth focusing on quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>F</b>	<b>Risk costs by type &amp; residual optimism bias</b>	Through their own business cases, each programme/project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for civil engineering projects buildings from HM Treasury guidance to the capital costs for all programmes/projects at 44%					
<b>G</b>	<b>Switching values (for the preferred option only)</b>	73% reduction in job creation and additional monetised benefits.	74% reduction in job creation.	50% reduction in job creation.	66% reduction in job creation and additional GVA benefits associated with local spending and amenity value.	67% reduction in job creation.	81% reduction in job creation.
<b>H</b>	<b>Time horizon and reason</b>	<p style="text-align: center;"><b>10-year appraisal period post construction used</b></p> <p style="text-align: center;"><b>All infrastructure assets will have a residual value at this point</b></p>					

Source: Hatch calculations based on available project and programme level information.

Note: Numbers may not sum to total due to rounding.

\* Includes 4% reduction in total Growth Deal funding pot to account for top-slicing to fund operation of the PoMO.

## Key Appraisal Parameters

### Time Period

The benefits are measured over a 10-year persistence period following project/programme completion and future values are discounted at 3.5% per annum in line with HM Treasury guidance.

Capital costs are profiled based upon the level of information provided through SOCs, OBCs, Project Proformas and Programme Business Cases. All costs within the economic case have been adjusted to exclude VAT, and future values are adjusted for inflation (assumed to be 2.0% per annum on average) and discounted at 3.5% per annum in line with HM Treasury guidance. All values are expressed in constant 2023/24 prices.

The current assumptions on the development, delivery and benefit realisation periods are presented in Appendix B – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY .

### Geography

The Growth Deal is a place-based initiative aimed at enhancing the economic performance of the Mid-Wales region. Therefore, the primary focus of the economic appraisal is on the costs and benefits of the portfolio for Mid-Wales. This is in line with the approach set out in the updated HM Treasury Green Book, specifically Appendix A2 Place-Based Analysis.<sup>15</sup>

### Additionality

The assessment captures both gross and net additional benefits for Mid-Wales:

- **Deadweight:** benefits that would have taken place anyway in the absence of the investment (e.g. business growth not attributable to the Growth Deal investments);
- **Displacement:** benefits that are displaced from elsewhere in Mid Wales (e.g. through a relocation of an existing business in Wales into new employment floorspace provided or growth in a supported business at the expense of market share for another business in Mid Wales)
- **Leakage:** benefits that accrue to residents or businesses outside Mid Wales (e.g. if new jobs are taken by residents of an adjacent region in England)
- **Multipliers:** further knock-on benefits generated within tradable and non-tradable sectors as set out in Appendix A2 Place-Based Analysis of the HM Treasury Green Book.

Full details on how these factors have been applied to the interventions are set out in the technical Appendix C – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS

## Costs

### Public Sector Costs

At this stage of development of the portfolio, the total cost of the shortlisted interventions is only known in outline because the shortlisted projects and programmes have not all produced full costings. We have set out here indicative costs and funding allocations, by Strategic Growth Priority. This is informed by the available project- and programme-level detail. It is

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<sup>15</sup> HM Treasury, The Green Book 2020:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

recognised that these allocations will shift as projects develop their cost plans further, but they represent the best estimate possible given available information.

The total estimated capital cost of the shortlisted options within the portfolio is **£297 million (excluding Optimism Bias)**. The total Growth Deal request by Strategic Growth Priority has been estimated based on the proportion of projects and programmes selected within the shortlist and constrained to the maximum funding allocation of £105.6 million. Note that the overall funding allocation to projects and programmes (£110 million) has been reduced by 4% to cover the administrative and operational costs of the PoMO, leaving a remaining maximum funding allocation of £105.6 million. This implies an overall intervention rate of 36% for the Growth Deal funding as a share of the total project capital cost.

The balance of the residual funding needed between private and public sector sources is not known with precision at this stage, but the expectation is that, unless stated otherwise, at least one-third of the total capital costs across the entire portfolio will come from the private sector (with some variation across programmes and projects). The remaining funding is expected to be provided through alternative public sector sources. For the purposes of the economic appraisal, the working assumption is, unless match funding has already been secured and is stated otherwise, that the total public sector funding share in the total capital cost will be 68%.

We have also applied Optimism Bias to these figures. Through their own business cases, the programmes and projects are expected to consider and demonstrate how they have mitigated potential optimism bias in both their costings and their proposed timetables, as well as project risks. We have drawn on the Optimism Bias factor specified in project and programme business cases, where this has been specified<sup>16</sup>. Elsewhere, we have applied the Upper Bound Optimism Bias factor (for standard civil engineering) of 44%<sup>17</sup> in order to be conservative and acknowledging the early stages of development at which some of the Growth Deal interventions are currently at.

The tables below provide a summary of estimated total allocations of the total £105.6 million in Growth Deal funding by Strategic Growth Priority. Using an indicative spending profile (see Appendix C – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS for details) and discounting at 3.5% p.a. it is estimated that the Growth Deal will have a total discounted public sector capital cost of **£195 million** (2023/24 prices).

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<sup>16</sup> Optimism bias information is available for the following: Green Futures Innovation Park (10%); National Spectrum Centre (20%); Tir Glas (£18.1 million including OB and risk or 35%); Cynefin – The Green Heart of Wales (51%).

<sup>17</sup> HM Treasury, Supplementary Green Book Guidance – Optimism Bias: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/191507/Optimism\\_bias.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf)

Notional Funding Allocations by Strategic Growth Priority (£m, undiscounted, no optimism bias)		
Strategic Growth Priorities	Total Capital Costs (£m)	Expected Growth Deal Investment (£m)
Applied Research & Innovation	£96	£29
Agriculture, Food & Drink	£22	£8
Strengthened Tourism Offer	£73	£29
Digital	£38	£10
Supporting Enterprise	£67	£29
<b>Total</b>	<b>£297</b>	<b>£106</b>

Source: Hatch calculations based on programme and project material as of February 2024.

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

Notional Funding Allocations by Strategic Growth Priority (£m, 2023/24 prices, discounted, Net Present Costs discounted at 3.5% per annum, optimism bias)	
Strategic Growth Priorities	All Public Sector NPC (including adjustments for optimism bias, discounting and inflation, excluding VAT) (£m)
Applied Research & Innovation	£56
Agriculture, Food & Drink	£18
Strengthened Tourism Offer	£46
Digital	£25
Supporting Enterprise	£52
<b>Total</b>	<b>£196</b>

Source: Hatch calculations based on programme and project material as of February 2024

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.



## Benefits Measured

In developing each of the Strategic Growth Priorities for the Growth Deal, a high-level assessment of the relevant economic benefits has been produced. This is based on the material contained within the Programme Business Cases and project SOCs and OBCs. Each of the programmes will generate a set of benefits that have been classed for the purposes of the economic appraisal as direct, indirect and wider benefits. The precise nature of these varies between the projects and the Strategic Growth Priorities. The key types are summarised below, by Strategic Growth Priority.

Benefits Framework					
	Applied Research & Innovation	Agriculture Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprises
Direct Benefits	Jobs and GVA	Jobs and GVA	Jobs and GVA	Not quantified	Jobs and GVA
Indirect Benefits	Supply Chain Jobs and GVA	Supply Chain Jobs and GVA	Supply Chain Jobs and GVA Visitor Spend Amenity Value	Business Productivity Business Innovation	Business Productivity  Business Innovation
Wider Benefits	Social Welfare Benefits Environmental Benefits Inward Investment Improved Perceptions Reduced Deprivation	Capitalising on internationally significant research and industrial strengths  Harnessing emerging specialisms  Strengthened industry engagement	Development of sector to nationally and internationally recognised standard.	Capitalise on natural, heritage and cultural assets.  Drive sustainable and resilient tourism growth focusing on quality.	Facilitate Innovation.  Cluster growth.  Inward Investment.

The benefit-cost assessment focusses on those direct and indirect economic benefits that have been possible to quantify and monetise at this stage based on the information available. These are set out by Strategic Growth Priority below. This means that there are significant unquantifiable benefits and the figures should be interpreted with this in mind.

It should be acknowledged that in light of a declining population, jobs created will need to be fulfilled either by attracting people to locate in Mid Wales or through offering high-value employment opportunities that can prevent outward migration. A proportion of new employment opportunities would need to be filled by retraining and offering opportunities to those that are currently economically inactive.

Benefits Monetisable within Benefit-Cost Assessment		
Strategic Growth Priority	Direct Impacts	Indirect Impacts
Applied Research & Innovation	Direct Jobs and GVA	Supply Chain Jobs and GVA
Agriculture, Food & Drink	Direct Jobs and GVA	Supply Chain Jobs and GVA
Strengthened Tourism Offer	Direct Jobs and GVA	Supply Chain Jobs and GVA Visitor Spend Amenity Value
Digital	Not Quantified	Business Productivity Business Innovation
Supporting Enterprise	Direct Jobs and GVA	Business Productivity Business Innovation

There will also be temporary construction effects associated with the capital investments. Given the scale of capital investment over the Growth Deal term, this will support significant numbers of jobs in construction and other related sectors.

The assessment of economic benefits then draws on the Strategic Growth Priority level assessments. This cost-benefit assessment at the Strategic Growth Priority level uses an economic impact model and is, in turn, based on the available information for each programme or project. This economic impact estimates contained within these have not been audited.

The quantification of a 'Business As Usual' option is not viable due to the evolving and iterative nature of the SPBC as well as the varying maturity of projects and programmes that underpin the Growth Deal. Projects and programmes continue to develop which makes it impossible to capture the economic impacts of the BAU scenario. Projects will need to set out their own relevant BAU scenario in their project business cases.

It should be noted that the economic cases for individual programmes/projects will be developed in detail from their current SOC and OBC stage. The economic appraisal provided here is not intended to pre-empt these assessments. Rather, it is intended to set out the expected order of magnitude of impacts and the underlying drivers of these, in order to demonstrate value for money. Therefore, the figures presented at this portfolio level are expressed as a reasonable range.

### **Gross Benefits**

In the previous version of the SPBC, the programmes and projects within the Mid Wales Growth Deal are expected to generate in the order of **£1.1 to £1.4 billion in gross GVA** over a 10-year persistence period, and **2,400 to 2,900 gross FTE jobs** per annum.

Based on the latest information available as of February 2024, the programmes and projects within the Mid Wales Growth Deal are expected to generate in the order of **£1.7 to £2.1 billion in gross GVA** over a 10-year persistence period, and **3,000 to 3,700 gross FTE jobs** per annum.

Indicative Gross Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2023/24 prices, undiscounted, FTE jobs are annual)		
Strategic Growth Priority	GVA (£m)	Jobs Created (FTEs)
Applied Research & Innovation	£570 (£515-630)	545 (495-600)
Agriculture, Food & Drink	£90 (£85-100)	195 (175-215)
Strengthened Tourism Offer	£350 (£315-385)	515 (460-565)
Digital	£215 (£195-235)	495 (445-545)
Supporting Enterprise	£705 (£635-775)	1,610 (1,450-1,770)
<b>Total</b>	<b>£1,930 (£1,740-2,125)</b>	<b>3,360 (3,025-3,695)</b>

Source: Hatch calculations based on programme and project material as of February 2024.

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

We also estimate that the Mid Wales Growth Deal investments will support approximately 710 gross direct FTE jobs per annum in the construction sector over the period of the construction of the relevant assets.

### **Net Additional Benefits**

After taking account of the likely levels of additionality within the projects and programmes, the previous version of the SPBC estimated that the programmes and projects within the Mid Wales Growth Deal are expected to generate in the order of **£430 to £525 million in net additional GVA (discounted)** over a 10-year persistence period, and **1,000 to 1,200 net additional FTE jobs** per annum.

Based on the latest information available as of February 2024, the Mid Wales Growth Deal Strategic Growth Priorities are expected to generate an indicative total of **£660 to £805 million in net additional GVA (discounted)**, and **1,275 to 1,560 net additional FTE jobs per annum**.

Indicative Net Additional Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2023/24 prices, discounted, FTE jobs are annual)		
Strategic Growth Priority	GVA (£m)	Jobs Created (FTEs)
Applied Research & Innovation	£210 (£190 – 230)	230 (210 – 255)
Agriculture, Food & Drink	£35 (£30 – 40)	85 (75 – 90)
Strengthened Tourism Offer	£135 (£120 – 145)	215 (190 – 235)
Digital	£75 (£70 – 85)	210 (190 – 230)
Supporting Enterprise	£275 (£250 – 305)	680 (615 – 750)
<b>Total</b>	<b>£735 (£660 – 805)</b>	<b>1,420 (1,275 – 1,560)</b>

Source: Hatch calculations based on programme and project material as of February 2024

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

## Benefit Cost Ratio

Drawing the analysis together, the shortlisted options within the Mid Wales Growth Deal are expected to have an **indicative benefit-cost ratio of between 3.4:1 and 4.1:1**, i.e., for every £1 in public sector investment (after Optimism Bias) the Growth Deal is expected to return net additional economic benefits of between £3.40 and £4.10. This rises to between £6.40 and £7.80 for every £1 of Growth Deal investment only. The breakdown by Strategic Growth Priority is provided in the Appraisal Summary Table, which was presented at the end of this section.

This places the overall Growth Deal into the category of “high” value for money, as defined by Central Government.

Indicative Benefit Cost Ratio for Mid Wales Growth Deal (£m, 2023/24 prices)		
	Based on Total Public Sector Costs	Based on Growth Deal Only
Discounted Net Additional Benefits	£660 - £805	
Discounted Costs, After Optimism Bias	£195	£110
Net Present Social Value	£465 - 610	£555 - £700
BCR	3.7 (3.4 – 4.1)	7.1 (6.4 – 7.8)

Source: Hatch calculations based on project/programme level data. Note: values are indicative as they are based on outline programme and project information.

**NOTE:** A Benefits Management Framework has been developed for the Portfolio – see Management Case for further information.

## 2.4 Risk and Sensitivity Assessment

### Risk

Risks for the MWGD are captured in the Portfolio Risk Register.

However, a number of the common risks that exist across the Growth Deal alongside a brief explanation of their implications for benefit creation and mitigating actions are set out below:

Summary of Common Risks to Economic Benefit Creation				
Risk	Likelihood	Impact	Implications	Mitigating Actions
Take-up & Demand	Medium	High	Reducing the potential to generate user benefits	To intervene where we know that demand and need is strong and in infrastructure that facilitates growth, productivity and innovation to support economic resilience and recovery. To develop programme-level marketing strategies, to engage with users and stakeholders. To deliver programme that will flex to the needs of users, including as they change in response to economic conditions.
External Operating Environment	High	Medium	Uncertain economic conditions (e.g. resulting from economic downturns / inflationary pressures) could reduce the ability among businesses / individuals to grow and benefits from GD interventions.	
Additionality	Low	Medium	Reducing the net additional benefits that result from GD investment	To intervene where there is clear market failure, underinvestment and in response to local need.
Benefit Creation	Medium	Medium	(i.e. the value of job creation, potential for market capture, business growth & increased productivity)	To invest in productivity enhancing technologies, connectivity and infrastructure and in higher value employment/cluster with potential for growth in Mid Wales.
Inflationary Pressures	Medium	High	Uncertainty around cost estimates as a result of inflationary pressures and rising costs of materials.	To ensure appropriate allocations for inflation and contingency within cost estimates. To explore options with value engineering if required.

### Sensitivity Analysis

In addition to 'switching values' for job creation, sensitivity analysis has been conducted across all of the Strategic Growth Priorities individually, by stress testing the value for money of each programme in response to changes in a number of key assumptions. These key assumptions/variables reflect the risks outlined above and include demand and adoption, additionality, average benefits (GVA and jobs created).

The following sensitivity tests have been undertaken:

- **Test 1:** Job creation 20% lower.
- **Test 2:** Additionality factors 20% higher.
- **Test 3:** Tests 1 and 2 in combination.

A summary of these sensitivity analyses is provided in the table below. The overall message is that most of the Strategic Growth Priorities perform robustly in terms of value for money in the face of a number of stress tests.

<b>Summary of Sensitivity Across Growth Deal Strategic Growth Priorities</b>				
		<b>Net Present Social Value on Public Sector Costs (£m) (including Discounting and Optimism Bias)</b>	<b>Net Present Social Value on Growth Deal Costs (£m) (including Discounting and Optimism Bias)</b>	<b>BCR</b>
<b>Applied Research &amp; Innovation</b>	Preferred Option	£155	£186	3.8
	Test 1 – Job Creation 20% Lower	£113	£144	3.0
	Test 2 – Additionality Factors 20% Higher	£75	£105	2.3
	Test 3 – Tests 1 & 2 Combined	£49	£79	1.9
<b>Agriculture, Food &amp; Drink</b>	Preferred Option	£18	£28	2.0
	Test 1 – Job Creation 20% Lower	£11	£21	1.6
	Test 2 – Additionality Factors 20% Higher	£4	£14	1.2
	Test 3 – Tests 1 & 2 Combined	£0	£10	1.0
<b>Strengthened Tourism Offer</b>	Preferred Option	£87	£105	2.9
	Test 1 – Job Creation 20% Lower	£61	£78	2.3
	Test 2 – Additionality Factors 20% Higher	£36	£53	1.8













Summary of Sensitivity Across Growth Deal Strategic Growth Priorities				
		Net Present Social Value on Public Sector Costs (£m) (including Discounting and Optimism Bias)	Net Present Social Value on Growth Deal Costs (£m) (including Discounting and Optimism Bias)	BCR
	Test 3 – Tests 1 & 2 Combined	£19	£37	1.4
Digital	Preferred Option	£51	£66	3.1
	Test 1 – Job Creation 20% Lower	£36	£50	2.4
	Test 2 – Additionality Factors 20% Higher	£22	£37	1.9
	Test 3 – Tests 1 & 2 Combined	£13	£27	1.5
Supporting Enterprises	Preferred Option	£224	£245	5.3
	Test 1 – Job Creation 20% Lower	£169	£190	4.3
	Test 2 – Additionality Factors 20% Higher	£119	£139	3.3
	Test 3 – Tests 1 & 2 Combined	£85	£105	2.6


## 2.5 Wider Benefits

As set out above, it is also important to recognise that there is a set of wider economic benefits delivered by the Mid Wales Growth Deal. These have not been monetised as it has not been possible to do this in a robust fashion. They are nonetheless a significant consideration in the value for money case for the programmes/projects. These include the following:

- Inward investment
- Key sector development and competitiveness
- Enhanced research and innovation capacity
- Retention of young people
- Rural sustainability

It should also be recognised that the Mid Wales Growth Deal is seeking to improve productivity of existing employment as well as delivering new employment opportunities. Typically, productivity is measured using GVA per job or per hour. As set out in the Strategic Case, Mid Wales continues to lag behind other Welsh and UK regions in real and per head terms due to the seasonality and structure of its employment base. As such, the following table presents which short-listed projects and programmes also aim to improve productivity of existing jobs and industries. The majority of projects/programmes have the potential to impact on productivity in Mid Wales. A number of the tourism-focussed projects are focussed more on responding to the need to generate additional employment (as set out in Business Needs in the Strategic Case).

Short-listed Projects / Programmes for the Mid Wales Growth Deal*			
Strategic Growth Priorities	Project / Programme	Rationale	Wider Productivity Change
Applied Research & Innovation	Green Futures Innovation Park	Seeks to expediate innovation and performance through STEM Research & Development.	
	National Spectrum Centre	Delivery of new technologies and innovations related to the NSC provides an opportunity for the sector to increase productivity.	
	Mid Wales Advanced Manufacturing Campus	Seeks to deliver skills into industry and provide a hub for collaboration, research and innovation related to advanced manufacturing.	
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	Seeks to deliver productivity gains associated with existing employees as they develop significantly higher value skills.	
	Tir Glas	Seeks to improve skills, encouraging the visitor economy to spend more money on higher quality food and hospitality. Which in turn would improve productivity of employees in the sector.	
Strengthened Tourism Offer	Cynefin – The Green Heart of Wales	Seeks to enhance the delivery of skills relating to sustainability, innovation and the low carbon economy.	
	Elan Valley Lakes	Seeks to improve visitor numbers to the area and create new employment opportunities. Unlikely to improve productivity of existing employees.	
	Montgomery Canal Wales - Restoration to Navigation	Seeks to improve visitor numbers to the area and create new employment opportunities. Unlikely to improve productivity of existing employees.	
	Aberaeron Harbour Development	Seeks to improve visitor numbers to the area and create new employment opportunities. Unlikely to improve productivity of existing employees.	
Digital	Digital Programme.	Seeks to improve digital connectivity for residents, businesses and the public sector.	

Short-listed Projects / Programmes for the Mid Wales Growth Deal*			
Strategic Growth Priorities	Project / Programme	Rationale	Wider Productivity Change
Supporting Enterprise	Mid Wales Sites and Premises.	Seeks to provide premises and facilities that will enable local enterprises and employees to improve productivity.	

## 3 THE COMMERCIAL CASE

### Summary of key changes:

**There has been little change to the Commercial Case as Projects/Programmes are not sufficiently advanced, however considerations are summarised below:**

- Sites & Premises Programme - considering how this can be incorporated into site assessment work/programme development.
- Digital Programme - looking at options for rolling out infrastructure with commercial partners.
- Draft procurement guidance document produced for Project Sponsors.
- Work commencing on procurement pipeline.
- Procurement Reform – Procurement Act 2023 due to go live August 2024. Work ongoing to review and adopt as required.

The Commercial Case sets out the commercial and procurement arrangements for the Mid Wales Growth Deal's strategic portfolio and the delivery of enabling programmes and projects over the coming decade.

### 3.1 Commercial Strategy

An independently and impartially managed Workshop held on 1 September 2021 (see Appendix A for details) considered the commercial strategy for the successful delivery of the MWGD strategic portfolio, and the principles and standards that programmes and projects must adhere to for individual schemes.

The Workshop considered:

- the Government Commercial Operating Standards, which while designed to serve Government Departments are pertinent to all public sector organisations, including the Mid Wales Growth Deal
- the choice of procurement method and potential procurement routes for the delivery of strategic portfolio's programmes and projects in accordance with World Trade Organisation (WTO) and UK rules and regulations, including available pre-competed arrangements within the UK and Wales
- the degree to which market research and early consultation with the supply side is required
- the extent to which lead organisations should be acting as a single procurement entity or procuring more collaboratively with other public bodies within Mid Wales in order to secure economies of scale and improved public value.

#### *The UK Government Commercial Operating Standards*

The PoMO will consider the appropriate actions to adhere the 8 principles of these Standards across the MWGD Portfolio.

The PoMO will encourage programmes and projects to understand their supply chain and to create and maintain strategic supplier relationship management programmes with their highest impact suppliers, as required. This is likely to involve research to map the relevant supply chain in Mid Wales and supporting local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects.

## 3.2 Procurement Strategy

The PoMO will ensure that programmes and projects are procured in compliance with the UK Government agreements with the World Trade Organisation (WTO).

Programmes and projects within the Mid Wales Growth Deal's strategic portfolio will explore, define and agree their own, individual procurement arrangements in line with the principles and standards outlined above, using available "pre-competed" arrangements and prices for national, regional and local arrangements involving 'call-off contracts' and management frameworks for specified services, supplies and works, as required.

The PoMO is committed to ensuring that the procurement approach for the Growth Deal helps to deliver on key Welsh policies, including the following:

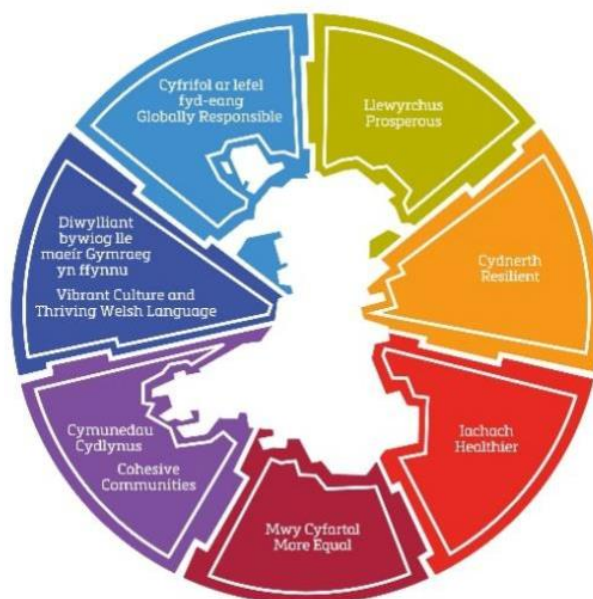
- **A Vision for Growing Mid Wales** – The Mid Wales Growth Deal is a key component of delivering the vision for Mid Wales. Within *A Vision for Growing Mid Wales*, there is a desire to explore a regional procurement programme focusing on 'anchor' institutions such as local authorities, health boards, colleges, universities that will support regional business through purchasing. There is also a need to provide support for businesses to tender and identify collaborative opportunities, alongside development of local supply chains.
- **The Wellbeing of Future Generation (Wales) Act** – The Act is focused on the principles of sustainable development and places a duty on Public Bodies to work in new ways to improve the economic, social, environmental and cultural wellbeing across Wales. The Act will provide an overarching framework for the procurement approach, and we will use the lens of the act to align with these principles below as a framework.

The Act promotes five ways of working – Long Term, Prevention, Integration, Collaboration and Involvement towards seven wellbeing goals. The ways of working and seven wellbeing goals will be incorporated within all Growth Deal project and procurement activities and project delivery will contribute to the 46 national indicators for well-being in Wales.

As set out in the Future Generations report 2020, sustainable procurement practices using the Act as a framework can:

- Reduce our greenhouse gas emissions and contribution to climate change (A Prosperous Wales and A Globally Responsible Wales)
- Improve our natural environment and protect biodiversity (A Resilient Wales)
- Build more cohesive communities with thriving social enterprises and Small and medium sized enterprises (A Wales of Cohesive Communities)
- Support better physical and mental health (A Healthier Wales)
- Deliver decent work with fair and equal pay conditions (A More Equal Wales)
- Reflect the diversity and culture of all our communities (A Wales of Thriving Culture and Vibrant Welsh Language) and
- Encourage greater ethical and global citizenship (A Globally Responsible Wales).

The figure below sets out the sustainable procurement practices from within the *Wellbeing of Future Generation (Wales) Act*:



Source: *Future Generations Report, 2020*: <https://futuregenerations2020.wales/english>

- **Public Contract Regulations 2015** – The overarching procurement legal framework, with which the Council and all other public bodies must comply. They are a key part of the Welsh Public Procurement Policy and compliance is required under the Accountable Body's Contract Procedure Rules. *To apply up to August 2024 (new Act)*.
- **Welsh Public Procurement Policy Statement** – A set of 10 principles by which the Welsh Government expects public sector procurement to be delivered in Wales.
- **Welsh Government Code of Practice Ethical Employment in Supply Chains** – To ensure lawful and ethical practices are evident throughout all commissioning, procurement and contract management activities and also the supply chain.
- **Socio Economic Duty** – The overall aim of the duty is to deliver better outcomes for those who experience socio-economic disadvantage. This is supported through a duty on specified public sector organisations ensuring that those taking strategic decisions take account of evidence and impact, engage and consult, understanding the needs of those who suffer socio economic disadvantage, being open to challenge and change the approach to decision making.
- **Prosperity for all: A low carbon Wales** – Aligning with the Paris Agreement focused on moving towards decarbonisation. The plan sets out the foundations for Wales to transition to a low carbon nation. Cutting emissions and moving towards a low carbon economy ensuring a fair and health society. The Environment (Wales) Act 2016 requires Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% for the year 2050.
- **Procurement Reform – Procurement Act 2023 - due to go live August 2024**. Welsh Councils are required to have regard for the **Wales Procurement Policy Statement** and specific Welsh procurement legislation which make up one set of reforms that are being implemented together.



The GMW Board is committed to maximising Social Value through its procurement activities. To this end, it will:

- work with the Public Service Boards (PSB) and directly support the local wellbeing plans and evolving community resilience plans for the region to recover and build back fairer and better
- promote and champion the delivery of social value and community benefits through procurement activity align with and test key policies such as the socio-economic duty and the social partnerships bill
- Engage in two-way exchange with partners, contractors and communities and ensure local and regional needs and priorities are part of the social value clauses
- Focus on innovative targeted recruitment and training working with our partners to ensure we support people to retrain, develop new skills through volunteering or contribute to education/apprenticeships
- Target opportunities and engage with existing mechanisms to support this and target specific groups such as young people or those in areas of deprivation to engage in education and learning/development
- Work with evolving projects and programmes to support contractors to engage and deliver learning and skills development for young people
- Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion
- Work directly with the PSB to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities
- Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain
- Ensure there are environmental considerations in contract opportunities, minimising the impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy
- Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by Welsh Government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.

### 3.3 Contractual Relationships

#### *Key Partnerships*

The Growing Mid Wales Board acts as funders for the projects and programmes within the Mid Wales Growth Deal.

As a result, contractual relationships required will be between Ceredigion County Council as the Accountable Body for the Mid Wales Growth Deal and the relevant Project / Programmes Sponsors delivering the schemes. The Project / Programme Sponsors will then require appropriate contractual relationships with any contractors or suppliers procured to deliver the schemes.

The nature of these contractual relationships will be set out in the commercial case of each project / programme business case.

Each programme or project will report back to the Growing Mid Wales Board in line with the approach set out in the Management Case.

#### *Stakeholder Relationships*

For each Growth Deal programme, the Programme Manager and Programme Board will be responsible for managing stakeholder relationships at the programme level. At project level this will be the responsibility of the Project Sponsor with the approach set out in the Project Business Case.

Each programme or project will make use of the established regional forums, such as the Economic Advisory Group, to ensure continued private sector engagement throughout the delivery of all programmes and projects.

### **3.4 Service Requirements, Outputs and Risk Allocation**

Service requirements, outputs and risk allocation strategies will be set out within each project business case and will be a matter for the Project Sponsor to manage according to their own structure and procedures in line with the overall procurement and commercial strategies set out by the Growing Mid Wales Board. Specific detail on how the Project Sponsors will manage their risks will also be set out in the project business cases.

### **3.5 Charging Mechanism**

Projects and programmes will be required to set out the appropriate charging mechanisms as part of the project business cases. This exercise should include an assessment of the appropriate charge mechanisms for pre-delivery, design and build phases and whether to apply a fixed price/cost mechanism or to use payment on delivery of agreed outputs/targets. To protect the supply chain and ensure fair and prompt payment, projects will be required to put in place robust and efficient procedures for all significant procurements. This requirement is in line with Welsh Government policy.

### **3.6 Asset Ownership, Management and Accountancy Treatment**

#### ***Ownership***

The assets delivered through the Mid Wales Growth Deal investment will be primarily owned by the Project / Programme Sponsors. Regional assets are covered in the 'Accountancy Treatment' section below.

#### ***Management***

The Project / Programme Sponsor will be responsible for the management, resourcing, service delivery and maintenance of the assets delivered through the programme.

#### ***Accountancy Treatment***

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets constructed or held as part of a project delivered within the Portfolio will be disclosed and held on the Balance Sheet within the Project Sponsor/Lead Organisation responsible for the delivery of said project.

Assets constructed or held as part of a programme or project led within the Portfolio will be proportioned accordingly or reside within the balance sheet of the Accountable Body or a special purpose vehicle established by the Growing Mid Wales Board.

The Growing Mid Wales Board will not hold any physical assets in relation to Portfolio delivery. Consideration will be given across the Programmes and Projects with the Project Sponsors/Lead Organisation as to the ownership of any assets developed with Growth Deal funding. Should the Programmes bring forward proposal for regional projects that may be under the Sponsorship of the Growing Mid Wales Board, consideration will be given accordingly to the ownership and the delivery of those proposals.

### 3.7 Subsidy Control

The Growth Deal and specifically projects to be funded will need to comply with the relevant Subsidy Control framework. EU State Aid regulations were predominately superseded by the Subsidy Control framework on 31<sup>st</sup> December 2020.

The Subsidy Control Act 2022 came into force on 4 January 2023, replacing previous EU State aid regulation for awarding subsidies. Guidance has been issued which aims to help public authorities to award subsidies in a way which minimises any negative effects on competition and investment, as well as promoting the effective and efficient use of public money.

The Portfolio Management Office have reviewed the requirements of the Act and Guidance to identify a process for proactively managing subsidy assessments which was developed in consultation with the SAU and the Director of Finance at Ceredigion County Council (as Accountable Body). This is managed by the Portfolio Delivery Board.

### 3.8 Managing Conflicts of Interest

Any Conflicts of Interest (Col) issues will be managed through the appropriate policies and procedures which are to be established by the Growing Mid Wales Board. Governance structures, communicated within the Management Case, will ensure that any Col's are declared and mitigated appropriately throughout the decision making and delivery processes.

### 3.9 Personnel Implications

**Portfolio and Programme Level** – The Mid Wales Growth Deal has created and resourced a Portfolio Management Office (PoMO) to oversee the delivery of the Growth Deal. These resources will be responsible for the delivery of the overall portfolio and for programme management arrangements.

**Project Level** – Each Project Sponsor will be responsible for ensuring the right resources are in place for the delivery of their projects.

## 4 THE FINANCIAL CASE

### Summary of key changes:

- Project cost estimates revised based on **OBC information** (Cynefin – The Green Heart of Wales, Elan Valley Lakes, Green Futures Innovation Park, National Spectrum Centre) or **updated SOC information** (Tir Glas, Montgomery Canal – Restoration to Navigation, Mid Wales Advanced Centre), where possible. Programme information updated based on the **latest draft Programme Business Cases**.
- Total estimated capital costs have decreased **from £313.7 million to £296.5 million** (-5.5%) since last year. The total value of MWGD funding requested has increased **from £153.5 million to £159.2m** (+3.7%).
- £105.6 million of Mid Wales Growth Deal funding is available (after 4% top slicing), of which the ringfenced programme allocation is £39.2 million. The allocation of the remaining £66.4 million against projects was determined at the previous iteration of the SPBC and has remained the same. As such, given a MWGD project request of £118.4 million, **there is a £52 million gap** relative to the MWGD project allocation for which alternative public and private funding sources are required (+19.5% since last year).

### 4.1 Capital Requirements

The Mid Wales Growth Deal is based on the delivery of a Portfolio of programmes and projects with an anticipated total capital expenditure of approximately **£295-395 million**,<sup>18</sup> based on the latest available estimates for the shortlist set out in the Economic Case. As set out in the Economic Case, £105.6 million of funding is to be provided for these interventions from the Growth Deal itself after the top slicing to cover the administrative and operational costs of the PoMO.

The residual costs are to be funded by a mix of other public and private sector investment.

#### NOTIONAL FUNDING ALLOCATIONS FOR SHORTLISTED PROJECTS

At this stage of development of the Portfolio, the total cost of the short-listed proposals is only known in outline because the shortlisted projects and programmes have not all produced full costings due to the stage in their business case development.

Therefore, we have set out here indicative costs and funding allocations, by programme and project informed by the available information from current Business Cases. It is recognised that these allocations will shift as projects develop their cost plans further, but they represent the best estimate possible given available information.

The total value of the Growth Deal funding request from both projects and programmes is estimated to be £159.2 million. The majority of projects have stated a funding request within their latest SOC or OBCs, while some have provided updated information in a Project Information Request Proformas collected in January 2024.

It should be noted that the Growth Deal funding requests for the two programmes has been ringfenced in line with the allocation from the previous version of the SPBC. However, the

<sup>18</sup> Note: All values expressed in the Financial Case are inclusive of VAT and inflation and are not discounted over time.

ringfenced allocations have been reduced by 4% in line with the adjustment across the whole Portfolio (£39.2 million).

After adjustments for PoMO costs and ringfenced programme allocations, the remaining Growth Deal funding available for projects is £66.4 million. The assumed Growth Deal request from the projects is estimated to be £118.4 million, meaning a shortfall of £52 million which will need to be found through alternative funding public and private sector sources.

The Growth Deal allocations for projects were determined at the previous version of the SPBC, by apportioning the Growth Deal funding available to them based on the total capital costs as a percentage of the overall capital costs of projects.

The balance of the residual funding needed between private and public sector sources is not known with precision at this stage, but the expectation is that, unless match funding has already been confirmed and stated otherwise, at least one-third of the total capital costs across the entire Portfolio will come from the private sector (with some variation across programmes and projects). The remaining funding is expected to be provided through alternative public sector sources. For the purposes of the economic appraisal, the working assumption is, unless stated otherwise, that the total public sector funding share in the total capital cost will be 68%.

Strategic Growth Priorities	Project / Programme	Project Sponsor	Total Capital Costs (£m)	Growth Deal Ask (£m)	% of Total Capital Costs from MWGD Shortlist	Allocation of £105.6 million	Other Public Sector Investment (£m)	Private Sector Investment (£m)
Applied Research & Innovation	Green Futures Innovation Park	Aberystwyth University	£52.5	£38.9	17.7%	£14.3	£19.4 <sup>1</sup>	£18.8
	National Spectrum Centre	Aberystwyth University	£15.3	£11.3	5.2%	£5.6	£6.6 <sup>1</sup>	£3.1
	Mid Wales Advanced Manufacturing Campus	Powys County Council	£28.7	£9.5	9.7%	£9.5	£9.6	£9.6
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	Ceredigion County Council	£8.8	£8.8	3.0%	£2.8	£3.0	£3.0
	Tir Glas	University of Wales Trinity St David	£13.4	£8.0	4.5%	£5.2	£6.8 <sup>1</sup>	£1.4
	Elan Valley Lakes	Dwr Cymru	£21.7	£14.5	7.3%	£6.2	£4.2 <sup>1</sup>	£11.3 <sup>2</sup>



Strategic Growth Priorities	Project / Programme	Project Sponsor	Total Capital Costs (£m)	Growth Deal Ask (£m)	% of Total Capital Costs from MWGD Shortlist	Allocation of £105.6 million	Other Public Sector Investment (£m)	Private Sector Investment (£m)
Strengthened Tourism Offer	Aberaeron Harbour Development	Ceredigion County Council	£5.3	£5.3	1.8%	£1.7	£1.8	£1.8
	Montgomery Canal – Restoration to Navigation	Canal and River Trust Glandŵr Cymru	£21.8	£8.8 <sup>1</sup>	7.4%	£8.0	£6.6	£7.1 <sup>2</sup>
	Cynefin – The Green Heart of Wales	Centre for Alternative Technology (CAT)	£24.7	£13.3	8.3%	£13.2	£5.8	£5.8
Digital	Digital Programme	Growing Mid Wales	£37.9	£10.7	12.8%	£10.3	£13.8	£13.8
Supporting Enterprise	Mid Wales Sites and Premises Programme	Growing Mid Wales	£66.5	£30.1	22.4%	£28.9	£18.8	£18.8
<b>Total</b>	-		<b>£296.5</b>	<b>£159.2</b>	-	<b>£105.6</b>	<b>£96.4</b>	<b>£94.6</b>

*Additional Assumptions:*

- <sup>1</sup>Acknowledges confirmed (i.e. allocated or secured) public sector contribution.
- <sup>2</sup>Acknowledges confirmed (i.e. allocated or secured) private sector contribution.

The table below summarises the key assumptions and information available for each shortlisted programme and project in terms of costs/funding.

Strategic Growth Priorities	Project / Programme	Notes
Applied Research & Innovation	<p style="text-align: center;">Green Futures Innovation Park</p> <p style="text-align: center;">(Project Sponsor: Aberystwyth University)</p>	<p>Cost and funding information for the Innovation Park has been obtained through the latest OBC. As per Table 5-1 in the OBC, total capital costs amount to £52.5m and consist of land value, development costs, demolitions, preliminaries, capital build and equipment costs.</p> <p>The OBC notes <i>“there are no confirmed sources of capital funding for GFIP Phase 2, other than Aberystwyth University’s contribution of the land”</i>. UK Research and Innovation funding via the Biotechnology and Biological Sciences Research Council (BBSRC) is a key source of potential investment. Discussions have taken place regarding potential co-investment and a Joint Working Group between the University, BBSRC and AberInnovation was established in summer 2023.</p> <p>The Mid Wales Growth Deal funding request was specified as £38.9m in the Project Information Request supplied in January 2024.</p>
	<p style="text-align: center;">National Spectrum Centre</p> <p style="text-align: center;">(Project Sponsor: Aberystwyth University)</p>	<p>Cost and funding information for the National Spectrum Centre has been obtained through the latest OBC. As per the OBC: <i>“More detailed work has now been undertaken for the OBC which has detailed the individual components of the NSC and has refined the total cost down to £15.3m”</i>. The OBC indicates that the project will be seeking £11.3m of funding support from the Mid Wales Growth Deal.</p> <p>Match funding elements include: two assets contributed by Aberystwyth University worth £3.5m (secured); £0.5m capital equipment investment from BT (intended, needs to be finally agreed).</p>
	<p style="text-align: center;">Mid Wales Advanced Manufacturing Campus</p>	<p>Cost and funding information for the Mid Wale Advanced Manufacturing Campus has been obtained through the latest SOC: <i>“The expected gross capital cost is around £28.67m million.</i></p>

Strategic Growth Priorities	Project / Programme	Notes
	(Project Sponsor: Powys County Council)	<p><i>Key £/sqm assumptions are based on discussions with both NPTC Group and AMRC Wales, and Genecon’s experience of a number of skills capital projects that were worked up for Levelling Up Fund support.”</i></p> <p>The SOC recognises that £9.5m of Mid Wales Growth Deal investment has been allocated against the project. No match funding has yet been allocated.</p>
Agriculture, Food & Drink	<p>Food Manufacturing Innovation Centre</p> <p>(Project Sponsor: Ceredigion County Council)</p>	<p>Cost and funding information for has been obtained through the latest SOC where a high-level cost estimate of £8.8m was developed by WSP, in collaboration with Ceredigion County Council and Food Centre Wales.</p> <p>No match funding has yet been allocated. However, funding has been allocated to support with the development of an Economic Strategy and CCC has purchased the land to the allow the project to come forward.</p>
	<p>Tir Glas</p> <p>(Project Sponsor: University of Wales Trinity St David)</p>	<p>Cost and funding information for has been obtained through the latest SOC, which estimates total capital costs to be £13.4 million (excluding optimism bias and risk), with an £8.0 million MWGD request.</p> <p>In terms of match funding, the SOC notes: <i>“The University is committed to providing the anticipated £5,355,759 in capital cost and can confirm that it has the resources to be able to deliver this amount of capital funding over the construction period.”</i></p>
Strengthened Tourism Offer	<p>Elan Valley Lakes</p> <p>(Project Sponsor: Dwr Cymru)</p>	<p>Cost and funding information for has been obtained through the latest OBC, which estimates total capital costs at £21.7 million, with a £14.5 million MWGD request.</p> <p>£0.05 million of public funding via the UK Shared Prosperity Fund has been secured. £7.2 million of private funding via DCWW (£6.73 million), Heritage Lottery Fund (£0.25 million) and EVT (£0.2 million) has been part-secured.</p>

Strategic Growth Priorities	Project / Programme	Notes
	<p>Aberaeron Harbour Development</p> <p>(Project Sponsor: Ceredigion County Council)</p>	<p>Cost and funding information for has been obtained through the latest SOC. Cost estimates were developed by Atkins on behalf of CCC, which estimates total capital costs at £5.3 million, with a £5.3 million MWGD request.</p> <p>No match funding has been stated.</p>
	<p>Montgomery Canal – Restoration to Navigation</p> <p>(Project Sponsor: Canal and River Trust / Glandŵr Cymru)</p>	<p>Cost and funding information for has been obtained through the Project Information Request supplied in January 2024.</p> <p>Total capital costs are estimated to be £21.8 million, with an £8.8 million MWGD request.</p> <p>The project intends to secure £10 million of public and £3 million of private sector investment. Of this, £500k of private sector funding has been secured to date.</p>
	<p>Cynefin – The Green Heart of Wales</p> <p>(Project Sponsor: Centre for Alternative Technology)</p>	<p>Cost and funding information for has been obtained through the Project Information Request supplied in January 2024.</p> <p>Total capital costs are estimated to be £24.7 million, with a £13.3 million request to the MWGD.</p> <p>The project intends to secure £6.5 million of public and £5 million of private sector investment.</p>
Digital	<p>Digital Programme</p> <p>(Programme Sponsor: GMW Board)</p>	<p>Cost and funding information for has been obtained through the draft <i>Digital Programme Business Case</i>. It is estimated that the total capital costs associated with the delivery of the Digital Programme will be in the region of £38 million.</p> <p>Note that the draft <i>Digital Programme Business Case</i> states that the “total value of potential projects with a probability of success of more than 50% is £15m”.</p> <p>The ringfenced Growth Deal allocation has been assumed, excluding a 4% adjustment to cover PoMO costs.</p> <p>No details of match funding have been provided.</p>

Strategic Growth Priorities	Project / Programme	Notes
Supporting Enterprise	<p>Mid Wales Sites and Premises Programme</p> <p>(Programme Sponsor: GMW Board)</p>	<p>Cost and funding information for has been obtained through the final draft <i>Sites and Premises Programme Business Case</i>.</p> <p>Total capital costs are estimated to be £66.5 million.</p> <p>The ringfenced Growth Deal allocation (of £30.1 million) has been assumed, excluding a 4% adjustment to cover PoMO costs.</p> <p>No details of match funding have been provided.</p>

The capital expenditure requirements are best estimates based on the project and programme level material that is available. The precision of the estimates varies depending on the stage of development of the shortlisted proposals. The wide range in the overall total costs reflects the fact that the costs for a number of projects are outline in nature.

To generate a reasonable range for the costs, an Optimism Bias factor has been applied. Where Optimism Bias information is not available from the project and programme level material available<sup>19</sup>, a 44% assumption has been applied to the costs provided by project sponsors to generate an upper bound costing. A breakdown of capital expenditure by strategic priority area is produced below. The Project Sponsor for each programme or project will be liable for any cost overruns.

<b>Indicative Total Capital Costs, by Strategic Priority Area (£m, nominal prices, undiscounted)</b>		
<b>Strategic Growth Priorities</b>	<b>Lower Bound</b>	<b>Upper Bound</b>
<b>Applied Research &amp; Innovation</b>	£96	£117
<b>Agriculture, Food &amp; Drink</b>	£22	£31
<b>Strengthened Tourism Offer</b>	£73	£96
<b>Digital</b>	£38	£55
<b>Supporting Enterprise</b>	£67	£96
<b>Total</b>	<b>£297</b>	<b>£394</b>

Source: Hatch calculations based on available project and programme level detail.

Note: (a) Upper Bound is calculated by applying an Optimism Bias factor to the costs put forward by sponsors at this stage, to reflect their outline nature. A 44% assumption has been applied where no additional information is available from project and programme level material<sup>20</sup>. (b) Numbers may not sum to total due to rounding.

## 4.2 Revenue Requirements

No revenue funding is provided through the Growth Deal for the delivery of the programmes and projects, or the operational running costs of the project once completed. Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project.

Based on established benchmarks for the share of capital costs in whole life costs, we can expect the total capital and revenue cost of the Growth Deal programmes and projects to be of the order of £1.3bn-£2.0bn over the Growth Deal term.<sup>21</sup> Projects and programmes are expected to specify these revenue costs (and income streams) in their developing business cases.

<sup>19</sup> Optimism bias information is available for the following: Green Futures Innovation Park (10%); National Spectrum Centre (20%); Tir Glas (£18.1 million including OB and risk or 35%); Cynefin – The Green Heart of Wales (51%).

<sup>20</sup> Ibid

<sup>21</sup> This is based on a benchmark of 20% for capital costs as a share of whole life costs.

Revenue funding for the Portfolio Management Office (PoMO) was previously provided through a combination of partner (Local Authority) match funding and European Social Fund (ESF) grant up to July 2023. This provided funding to support the existing team, and wider agile team roles to support elements of the wider vision and regional working.

From August 2023, the revenue funding for the PoMO is provided through ‘top-slicing’ 4% from the overall £110 million Growth Deal, this is expected to cover administrative and operational costs for the duration of the Growth Deal. This will provide an estimated £4.4 million.

This detail will be developed and agreed with Government in advance of the grant offer letters being agreed.

### 4.3 Income and Expenditure Summary

A total of £110m grant contribution to the Mid Wales Growth Deal is to be provided by the UK and Welsh Government as per the agreed Final Deal Agreement over a 15-year period. The UK Government communicated its intention to accelerate the Growth Deal to a 10-year profile as part of Spending Review 2020 however the Welsh Government’s funding remains 15-years as set out in the agreement.

For the purposes of Portfolio submission, in its current iteration – a 10-year appraisal period has been used for economic cost/benefit calculations.

Funding for projects will only be released by the Accountable Body upon the successful approval of project business cases by the Growing Mid Wales Board. The arrangements for the drawdown of funding from the Growth Deal to Project Sponsors will be set out in the project business cases and subsequent grant funding agreements.

Due to the nature of the Growth Deal grant payments from Government, which are to be paid annually in equal instalments over the 10-year (or 15-year) period, there could be a medium-term temporary funding gap between the expected expenditure profile of the Portfolio and the funding received. Conversely, there could be a scenario where there is surplus funding available due to Programme/Project underspend.

The Accountable Body will work closely with the PoMO to monitor the planning and delivery of the Portfolio; and will advise the Growing Mid Wales Board on the implications and subsequent options when the detail of the expenditure profile of the Portfolio is known.

The precise expenditure profile of capital funding is not yet known but based on an assessment of the constituent programmes and projects, the GMW Board has generated a best estimate, which is summarised in the table below.

**NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail and agreed by the GMW Board.



Indicative Profile of Total Capital Costs, by Strategy Priority Area (£m, nominal prices, undiscounted)*												
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Applied Research and Innovation	- lower bound	-	-	£15	£23	£18	£3	£12	£11	-	-	-
	- upper bound	-	-	£19	£31	£26	£4	£19	£19	-	-	-
Agriculture, Food and Drink	- lower bound	-	-	£2	£10	£10	-	-	-	-	-	-
	- upper bound	-	-	£2	£14	£15	-	-	-	-	-	-
Strengthened Tourism Offer	- lower bound	-	£1	£7	£13	£35	£12	-	-	-	-	-
	- upper bound	-	£1	£9	£18	£49	£18	-	-	-	-	-
Digital	- lower bound	-	£2	£6	£10	£10	£6	£3	£2	-	-	-
	- upper bound	-	£3	£8	£14	£14	£8	£5	£3	-	-	-
Supporting Enterprise	- lower bound	-	-	£28	£32	£13	-	-	-	-	-	-

Indicative Profile of Total Capital Costs, by Strategy Priority Area (£m, nominal prices, undiscounted)*												
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	- upper bound	-	-	£35	£42	£18	-	-	-	-	-	-
Total Growth Deal	- lower bound	-	£3	£58	£89	£86	£21	£15	£13	-	-	-
	- upper bound	-	£4	£74	£119	£122	£31	£24	£21	-	-	-

Source: Hatch calculations based on available project and programme level detail.

Note: Upper Bound is calculated by applying an Optimism Bias factor to the costs put forward by sponsors at this stage, to reflect their outline nature. A 44% assumption has been applied where no additional information is available from project and programme level material. \* Indicative estimate developed from project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail and agreed by the GMW Board.

## 4.4 Private Sector Funding

As set out in the Economic Case, the precise funding mix for the programmes and projects is not yet known, but the Board is targeting an overall private sector contribution of one-third of the total capital costs. This implies a private sector contribution of approximately £70m for the Growth Deal portfolio, and this will vary across the programmes and projects. Programmes and projects will be expected to set out their own forecasts for private sector investment and to demonstrate that they have maximised these contributions.

## 4.5 Monitoring and Evaluation

The Growth Deal finances will be monitored by the Accountable Body for the Growth Deal (as defined in IAA3), with input from the Portfolio Management Office. Regular financial reports will be provided to Welsh Government and UK Government.

The financial monitoring processes will be agreed with UK and Welsh Government and be in line with best practice.

Project Sponsors will be required to submit claims for project funding in line with the arrangements set out in each project business case. The Portfolio Management Office will check and certify all claims before passing these onto the Accountable Body. All funding claims will be accompanied by a progress report including an assessment of risk and progress against agreed targets.

The Accountable Body may impose additional monitoring requirements on Project Sponsors where it deems them appropriate. Project Sponsors will be obliged to comply with any additional reporting requirements requested by UK and Welsh Government.

The Portfolio Management Office with input from the Accountable Body's Finance Department will produce quarterly financial updates on project expenditure including actual and forecast spend to support with the cashflow management of the portfolio.

## 4.6 Financial Risk Management and Audit Arrangements

### *Financial Risks*

Financial risks will be covered by the Risk Management Framework and will be managed accordingly at portfolio, programme and project level in line with best practice. See the Management Case for further information.

The PoMO will maintain a Portfolio Risk and Issue Register which will include any relevant financial risks. Project and programme financial risks will be escalated to the portfolio risk register according to the framework as required. Financial risks will be managed by the Section 151 Officer and the Accountable Body working closely with the PoMO.

At programme and project level the risks will be managed through robust risk management frameworks.

The Accountable Body and Section 151 Officer will review any identified financial risks and issues on a regular basis to identify any actions necessary to be taken and make recommendations to the PoMO.

Regular updates on financial risks, issues, dependencies and interdependencies will be provided to the PoMO, GMW Management Group and Mid Wales Growth Deal Board via the Accountable Body.

### ***Internal and External Audit Arrangements***

A nominated Local Authority shall be responsible for providing internal audit services and audit reports (as defined in IAA3) shall be considered in accordance with its usual rules and practices. Internal Audit will undertake their work in accordance as far as is practicable with the Public Sector Internal Audit Standards and the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. For the avoidance of doubt an annual internal audit report shall be submitted by the Accountable Body Audit Manager to the Joint Committee.

External Audit services are provided through the Wales Audit Office who will review and comment the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

## 5 THE MANAGEMENT CASE

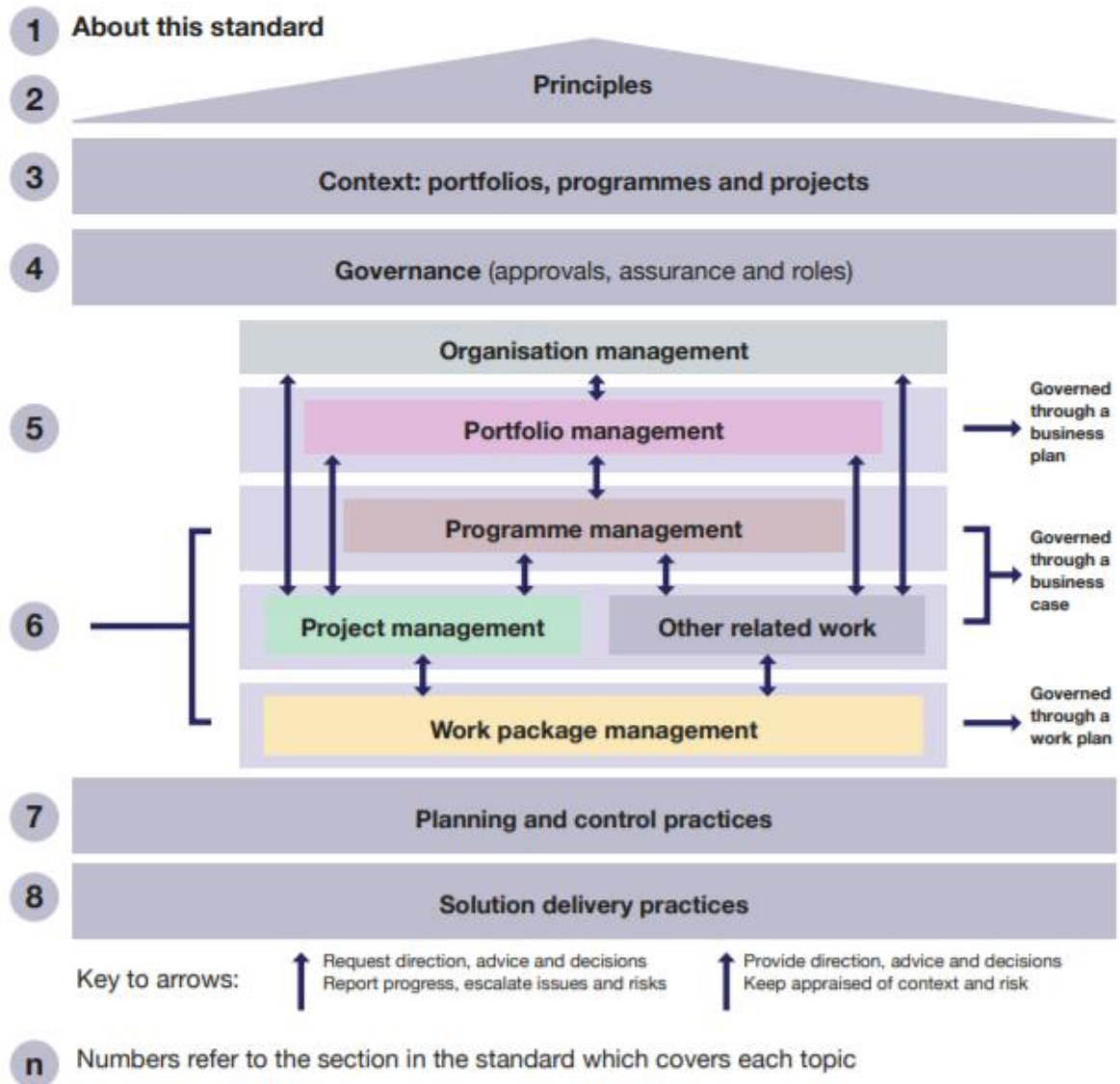
### Summary of key changes:

- Arrangements remain largely the same with only minor changes of the SRO roles (personnel).
- Portfolio Management Office resources – additional staff and consultancy support.
- A change management protocol has been developed.
- A subsidy control process has also been developed.
- A draft Benefits Realisation Framework has been developed.
- Portfolio Risk Register has recently been reviewed and updated however no significant changes and approach remains the same (updated and reviewed regularly by officers and GMW Board)

The Management Case sets out how the Growing Mid Wales Board, through the Portfolio Management Office, will manage and deliver the Mid Wales Growth Deal programmes and projects in line with best practice, including but not limited to *Managing Successful Programmes (MSP)* – the Cabinet Office’s recommended methodology for the delivery of programmes – and *PRINCE2* – the Cabinet Office’s recommended methodology for the delivery of projects. The Mid Wales Growth Deal will be treated as a Portfolio of programmes and projects, ensuring alignment between the programmes and projects to enable the delivery of the deal and the achievement objectives put forward in *A Vision for Growing Mid Wales*.

### 5.1 Management, Governance and Co-Ordination

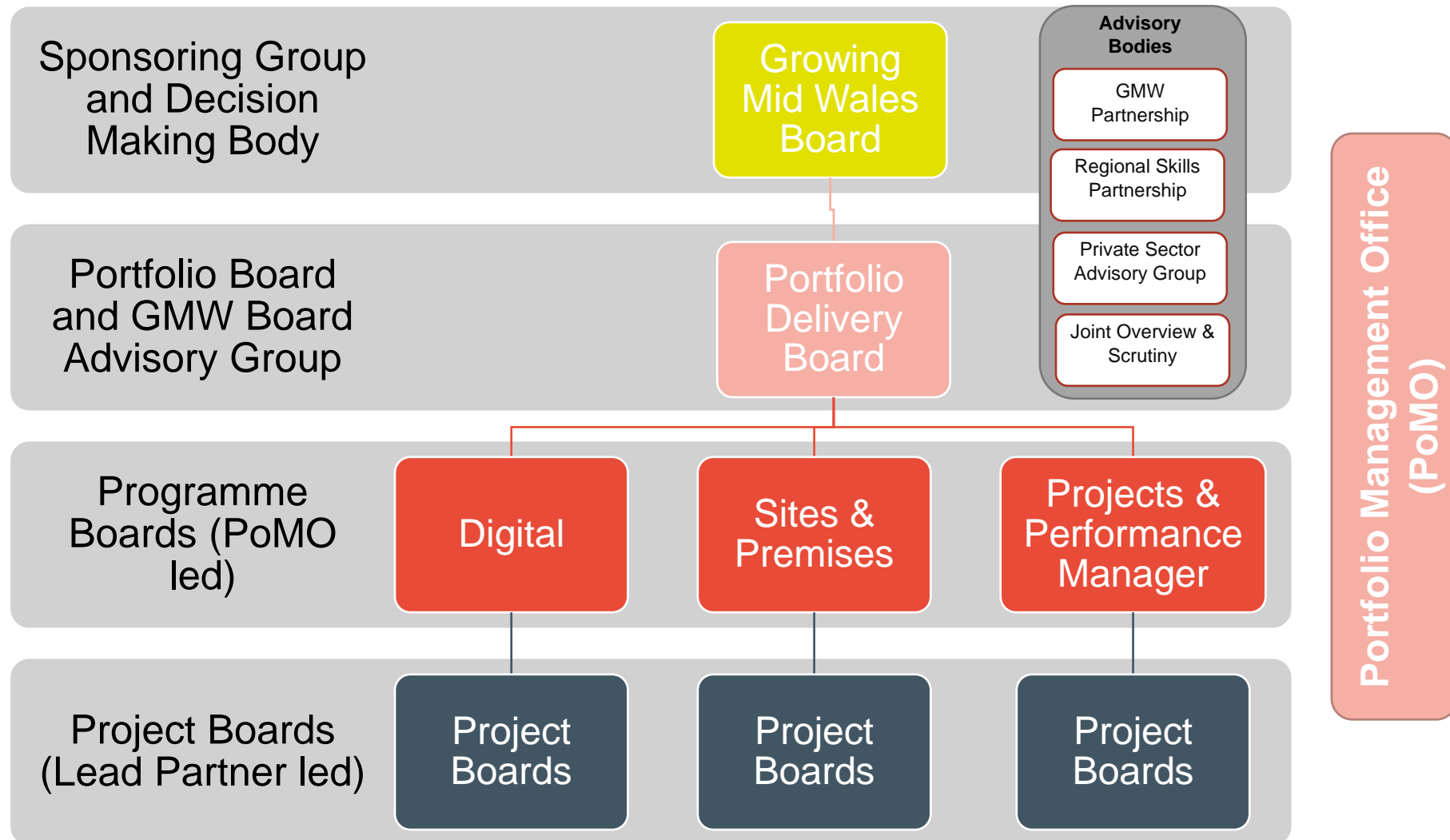
The Growing Mid Wales Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘*Government Functional Standard GovS 002: Project Delivery*’. Portfolio, programme and project management is an integrated way of meeting an organisation’s ambitions, driving better decisions and increasing the likelihood of successful outcomes. The delivery structure for the Mid Wales Growth Deal broadly follows the below standards:



Source: HM Government, Governmental Functional Standard, GovS 002: Project Delivery, 15<sup>th</sup> July 2021

### Mid Wales Growth Deal Governance Structure

The diagram below sets out the Governance structure for the Mid Wales Growth Deal:





## Strategic and Portfolio Level – the following groups have been established.

**GMW Board (Sponsoring Group)** - Leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. All authority below this level is delegated to relevant parties as required through a formal GMW Board decision. The GMW Board will be responsible for the consideration and approval of programme and project business cases within the Portfolio and with responsibility for delivery delegated to the relevant programme and project boards.

**GMW Portfolio Delivery Board (Portfolio Board)** - This group is the advisory body to the GMW Board but also acts as the Portfolio Board for the Growth Deal providing managerial direction to supporting officers and challenging the Operations Manager and the Portfolio Management Office (PoMO) to ensure delivery. The management group is made up of senior officers from the Local Authorities, chaired by either one of the joint Senior Responsible Owners (SROs) for the Portfolio or one of the Joint Growth Deal Strategic Lead Officers (SLOs). A member of the Portfolio Delivery Board will also be appointed as a Senior Responsible Owner (SRO) for each of the Programmes and lead the relevant Programme Board.

- Provide leadership and management to officers by setting objectives and priorities for work to be progressed in line with the work programme for submission of business cases.
- Monitor progress of the work programme, identify and manage risks and issues, and provide regular reports to the Board.
- To support the Board with reports that set out clear recommendations where decisions are required.
- To manage resources in line with budgets allocated to the work.

**GMW Partnership (Advisory)** - Constituted with its own Terms of Reference, it provides wider cross-sector stakeholder representation to provide regional leadership of the wider Vision for Growing Mid Wales which the Growth Deal aims, to in part, to deliver against.

**Regional Skills Partnership (Advisory)** – Primarily a business-led partnership that works with business leaders and stakeholders to understand skills provision and labour market needs, to drive investment that meets the requirements of employers and the workforce.

**Economic Advisory Group (Private Sector - Advisory)** - Advisory, support and advocacy mechanism for the development and delivery of the Growth Deal providing business voice relevant to Mid Wales economy.

**Joint Overview and Scrutiny Sub-Committee (Advisory)** - Monitoring and scrutiny function on behalf of the Councils, to scrutinise decisions made or actions taken by the GMW Board for the Mid Wales Growth Deal.

**Portfolio Management Office (PoMO)** – The PoMO provides a professional support team for the successful operation and delivery of the Growth Deal Portfolio in line with the decisions of agreed work programme of the GMW Board. It establishes the framework and processes to enable progress and performance management across the portfolio ensuring a consistent approach to business case development, reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects.

## Programme and Project Level

**Programme Boards** - Each formal programme has a formal Programme Board and an appointed Senior Responsible Owner (SRO) and Deputy SRO. These boards are focused on the development and delivery of the projects included in scope, as set out in the approved agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. The Programme Managers within the PoMO are responsible for the day-to-day management and reporting of the Programme. Programme Boards escalate to the Portfolio Delivery Board via the Operations Manager.

**Project Boards** – All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case and on the delivery of specified outputs. For the standalone projects this will be the responsibility of the Project Sponsors. Project Boards will comply with the methodology set out in PRINCE2. Projects within a programme environment will report through to the relevant Programme Board. The stand-alone projects currently report through to the Projects & Performance Manager within the PoMO who in turn reports to the Portfolio Delivery Board. This arrangement will be reviewed as the Projects progress to ensure sufficient governance is in place.

Terms of Reference for Programme and Project Boards will be agreed with Project Sponsors and SROs to ensure the appropriate links and reporting arrangements understood by both parties.

All appointed SROs are issued with formal Appointment Letters and receive SRO training. Personnel who undertake this role should be able to lead and champion the interventions and must be empowered to take decisions and have sufficient seniority and authority to provide leadership to the strategic portfolio and take on accountability for delivery.

## Individual Roles

**Senior Responsible Owners (SROs)** – The GMW Growth Deal has joint SROs in the form of a senior director from each of the local authorities. This ensures consistency across both authorities and facilitates openness and transparency.

**Strategic Lead Officers (SLOs)** – As with the SROs, two Strategic Lead Officers have been appointed, as part-time secondments to their substantive posts, in the form of a senior managers from each of the local authorities. This post enables more strategic management of the Growth Deal working closely with and in support of the Operations Manager.

**Operations (Portfolio) Manager** – The role of the Operations Manager is to lead the Portfolio Management Office and oversee the delivery of the Growth Deal Portfolio. The Operations Manager is accountable to the Growing Mid Wales Portfolio Delivery Board.

**In summary the key roles within the Mid Wales Growth Deal governance structure are set out below:**

Key Roles	
Role	Function
<b>Growing Mid Wales Board (Joint Committee)</b>	<ul style="list-style-type: none"> <li>To provide leadership, accountability and strategic decision making for the Growth Deal.</li> <li>Top-level endorsement for the Portfolio's rationale and objectives.</li> </ul>
<b>Portfolio Delivery Board</b>	<ul style="list-style-type: none"> <li>To provide central operational leadership and oversee management and delivery of the Growth Deal.</li> <li>To support governance arrangements and strategic planning as part of the delivery, addressing escalated risks and issues.</li> <li>Making or referring decisions that are above the Portfolio Delivery Board's delegated authority.</li> </ul>
<b>Growing Mid Wales Partnership</b>	<ul style="list-style-type: none"> <li>To provide regional leadership of the wider vision.</li> </ul>

Key Roles	
<b>Regional Skills Partnership</b>	<ul style="list-style-type: none"> <li>To identify and advise on the supply and demand of the Mid Wales labour market.</li> </ul>
<b>Economic Advisory Group</b>	<ul style="list-style-type: none"> <li>To support and provide an advocacy mechanism and business voice for the development and delivery of Growth Deal.</li> </ul>
<b>Joint Overview &amp; Scrutiny Sub-Committee</b>	<ul style="list-style-type: none"> <li>To undertake the monitoring and scrutiny role on behalf of the Councils.</li> </ul>
<b>Senior Responsible Owners (SROs)</b>	<ul style="list-style-type: none"> <li>Accountable for the Portfolio, Programmes and Projects meeting their objectives, delivering the required outcomes and realising the expected benefits.</li> <li>SROs are appointed at Portfolio and Programme level – in line with best practice and government guidance (Govs002).</li> </ul>
<b>Deputy SROs</b>	<ul style="list-style-type: none"> <li>At Programme level and accountable to Programme SROs and responsible for supporting the effective, proportionate, and appropriate governance and assurance regime for the Programme.</li> </ul>
<b>Strategic Lead Officers (SLOs)</b>	<ul style="list-style-type: none"> <li>Accountable for strategic management of the Growth Deal + wider regional functions.</li> <li>Primary interface with Government/external stakeholders.</li> <li>Provides advice and guidance to the Operations Manager.</li> <li>Acts as the conduit between the Operations Manager and SROs/Senior Officers/Stakeholders.</li> </ul>
<b>Operations Manager</b>	<ul style="list-style-type: none"> <li>Accountable to the Strategic Lead Officers.</li> <li>Responsible for planning and managing the Portfolio.</li> <li>Leadership of the Portfolio Management Office team.</li> </ul>

**Note: the membership and Terms of Reference for each group within the governance structure is set out in IAA3.**

Regular monitoring and reporting mechanisms will be established in accordance with the *HM Government, Governmental Functional Standard, GovS 002: Project Delivery* standard to ensure that Programmes and Projects provide regular updates on progress towards milestones, spend and benefit realisation. Subsequently formal reports will be submitted to the Portfolio Delivery Board for review.

Programme Boards	
Core Membership	
Role	Function
<b>Lead SRO</b>	<ul style="list-style-type: none"> <li>Appointed by the Growing Mid Wales Management Group</li> </ul>

Programme Boards	
Deputy SRO	<ul style="list-style-type: none"> <li>Appointed by the Growing Mid Wales Management Group</li> </ul>
Programme Manager	<ul style="list-style-type: none"> <li>Programme Manager within PoMO</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>Representatives for the Mid Wales Growth Deal Partners</li> </ul>
Non-Core Members (may occasionally attend Board)	
Role	Function
PoMO	<ul style="list-style-type: none"> <li>Operations (Portfolio) Manager</li> </ul>
Strategic Lead Officers	<ul style="list-style-type: none"> <li>As required</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>Invited at the discretion of the SRO for specific agenda items</li> </ul>
Regional Skills Partnership	<ul style="list-style-type: none"> <li>Invited at the discretion of the SRO for specific agenda items</li> </ul>
Economic Advisory Group	<ul style="list-style-type: none"> <li>Invited at the discretion of the SRO for specific agenda items</li> </ul>
Agenda Specific Attendees	<ul style="list-style-type: none"> <li>Invited at the discretion of the SRO to present specific agenda items.</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>Representatives from Corporate Services as required e.g. Finance, Legal, Procurement.</li> </ul>

### Portfolio Management Office

The formation of the PoMO in 2021 was a major step towards the delivery phase of the Portfolio and subsequent Programmes and Projects. Initial core team roles were recruited to enabling key functions to be discharged - governance and management, assurance and audit, and overall co-ordination of the regional Portfolio. Initial recruitment of five posts to form a 'core' team was undertaken in 2021 with further recruitment in following years resulting in the current roles:

#### Operations Manager (July 2021)

- **Role:** Operational Management of the Portfolio Management Office.
- **Post holder credentials:** High level of experience of delivering Government funded programmes including Regional Growth Fund, European Regional Development Programme, Growth Deal and Getting Building Fund. Over 16 years in Economic Development including two Local Enterprise Partnerships. Better Business Case (2016) Foundation qualification. Level 1 Welsh.

#### Portfolio Analyst & Support Officer (July 2021)

- **Role:** Executive/Portfolio Support for team including performance analysis and management support, monitoring, document and systems management.
- **Post holder credentials:** Background as a Paralegal with responsibility for multiple infrastructure and planning case files, including negotiation and drafting agreements. Better Business Case (2016) Foundation qualification and PRINCE2. Learning Welsh.

#### Digital Programme Manager (July 2021)

- **Role:** Development, management and delivery of the Digital Programme
- **Post holder credentials:** Experienced in community engagement and relationship building; managed delivery of economic development programmes; development and

delivery of digital infrastructure projects. Better Business Case (2016) Foundation qualification. Level 2 Welsh.

**Sites & Premises Programme Manager** (August 2022)

- **Role:** Development, management and delivery of the Sites & Premises Programme
- **Post holder credentials:** Extensive experience working in programme and project management particularly within capital/property field. Applied PRINCE2 and MSP techniques, including resource, risk and process planning and management. Better Business Case (2016) Foundation qualification. Level 1 Welsh.

**Projects & Performance Manager** (December 2023)

- **Role:** Progress & performance management of the stand-alone projects
- **Post holder credentials:** High level of experience in strategic governance, planning and performance improvement; transformation change and service improvement management. ILM Level 5, MSP and APSE project management qualifications. Fluent Welsh.

**Communications Officer** (June 2022 part-time)

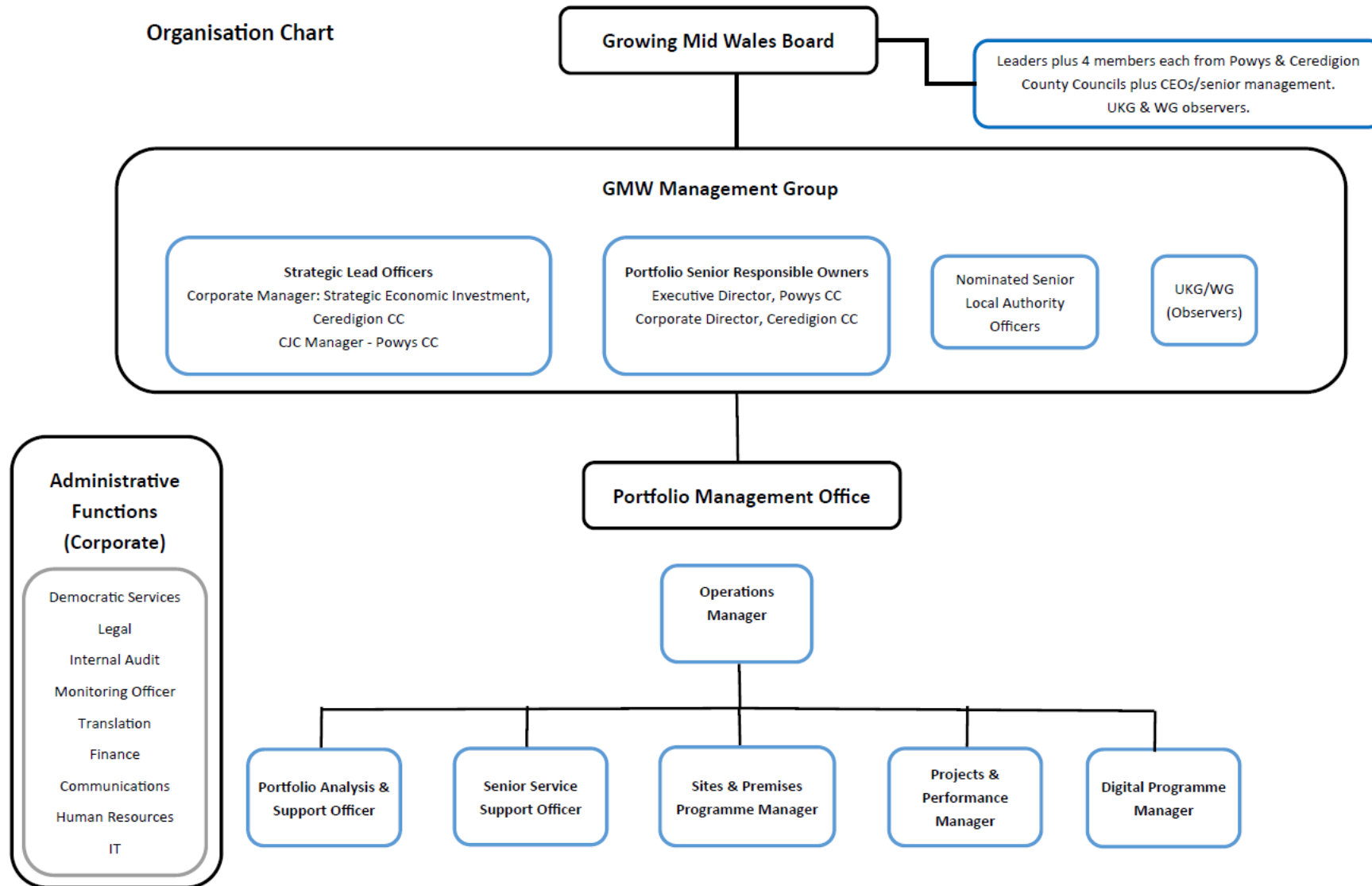
- **Role:** Development and implementation of a communications strategy and plan for Growing Mid Wales to include Growth Deal and wider regional activity.
- **Post holder credentials:** Worked in communications for Ceredigion County Council since 2017 covering a range of campaigns using a variety of media. Fluent Welsh.

**Senior Service Support Officer** (January 2024) (part-time)

- **Role:** Development, management and delivery of the Sites & Premises Programme
- **Post holder credentials:** Experienced in a variety of administration and service support roles, and hospitality. Fluent Welsh.

The staffing structure of the office will continue to be developed in tandem with the evolving needs of the Growth Deal – and to align with the expectations of both Governments. The PoMO structure is set out on the following page within the overall Growing Mid Wales:

Mid Wales Growth Deal  
Organisation Chart





## ***Programme and Project Business Cases***

Business cases will be developed for each programme and project within the Mid Wales Growth Deal in line with the 'Better Business Case' guidance developed by Welsh Government and HM Treasury.

Preparing a Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured 'thinking' and assurance that the scheme provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.

The development of programme (PBC) and project business cases (SOC, OBC and FBC) will be conducted in accordance with the Portfolio / Programme Business Case – Development Phase and Project Business Case.

Business cases will be required to demonstrate how they deliver against the objectives and aspirations of the Mid Wales Growth Deal Strategic Portfolio Business Case.

In line with the guidance, the PoMO will determine which approach to business cases is the most suitable for each scheme. The iterative production of the Business Case (Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) should be considered for larger, complex projects requiring a competitive procurement.

Consideration may be given to combining the SOC and OBC where the case for change has already been made and agreed as part of a Programme Business Case (PBC).

Consideration may be given to combining the OBC and FBC where the intended procurement route has been pre-competed and firm prices are available in support of the spending proposal.

A Business Justification Case (BJC) may be considered for smaller items of spend, which are NOT novel or contentious; within the organisational limit agreed for the use of single business cases (BJC); and can be procured from an existing pre-competed arrangement.

Each project or programme business case will be subject to gateway reviews as set out in the Integrated Assurance and Approvals Plan (IAAP) with each 'product' determined on a case-by-case basis to ensure the appropriate level is applied.

Programme business cases will first be considered by the relevant Programme Board and only presented to the Mid Wales Growth Deal Board following endorsement by that Programme Board. The PoMO retains the right to commission external reviews of business cases where required.

All project / programme business cases will be required to complete a Welsh Language impact assessment and a Wellbeing of Future Generations impact assessment before consideration by the Mid Wales Growth Deal Board.

## ***Delivery Experience***

The Mid Wales Growth Deal Portfolio Management Office was established in July 2021 to oversee the delivery of the Mid Wales Growth Deal Portfolio or any other activity for which the Mid Wales Growth Deal Board is the Project Sponsor. Officers within the PoMO have a breadth of experience in delivering major capital projects both within the public sector and private sector and includes programme and project management practitioners.

Members of the PoMO completed the Better Business Cases Foundation training in 2021, including the Operations (Portfolio) Manager, Programme Managers and any additional staff identified.



The PoMO will also be able to draw on the experience and expertise of the wider partnership and additional professional services/consultants, particularly the two local authorities who have significant experience and track record in delivering major capital projects.

## *Risk Management*

### **Risk Mitigation**

Programme/project level SROs will proactively support risk mitigation during the lifespan of the interventions, including:

- **Early Consultation:** Engagement with the Economic Advisory Group and potential providers, suppliers and contractors from the private sector will provide a more informed understanding of scope and costs. Early consultation with the private sector will reduce potential for scope creep and escalating costs.
- **Irreversible Decisions:** Each SRO will seek to ensure a robust and comprehensive options assessment has been undertaken to ensure all alternative options have been considered. Sensitivity analysis should also be undertaken to further understand the implications of project delays on costs and benefits.
- **Pilot Studies/Benchmarking:** Each SRO should consider the use of pilot studies and benchmark analysis to further their understanding of potential risks and mitigation methods.
- **Design Flexibility:** Where future demand is uncertain, SROs should consider adopting a flexible design adaptable to future changes, rather than a design suited to only one particular outcome. Breaking a programme into stages, with successive review points at which the project could be stopped or changed can also increase flexibility.
- **Precautionary Action:** SROs should adopt the precautionary principle which states that some outcomes, although unlikely, would deliver negative externalities which justifies actions or mitigations.
- **Procurement and Contractual Intervention:** SROs should endeavour to transfer and/or allocate risk to other parties and maintain good contractual relationships, both informal and formal.
- **Intervention Abandonment:** Where programme or project risks escalate to unacceptable levels, SROs should not rule out abandoning interventions which become too high-risk to deliver successfully.

By reducing risks in these ways, the expected costs of an intervention can be lowered or the expected benefits increased. As can be seen, benefits and risks are simply two sides of the same coin and successful delivery depends on the effective identification, management and mitigation of risk.

### **Risk Management Framework**

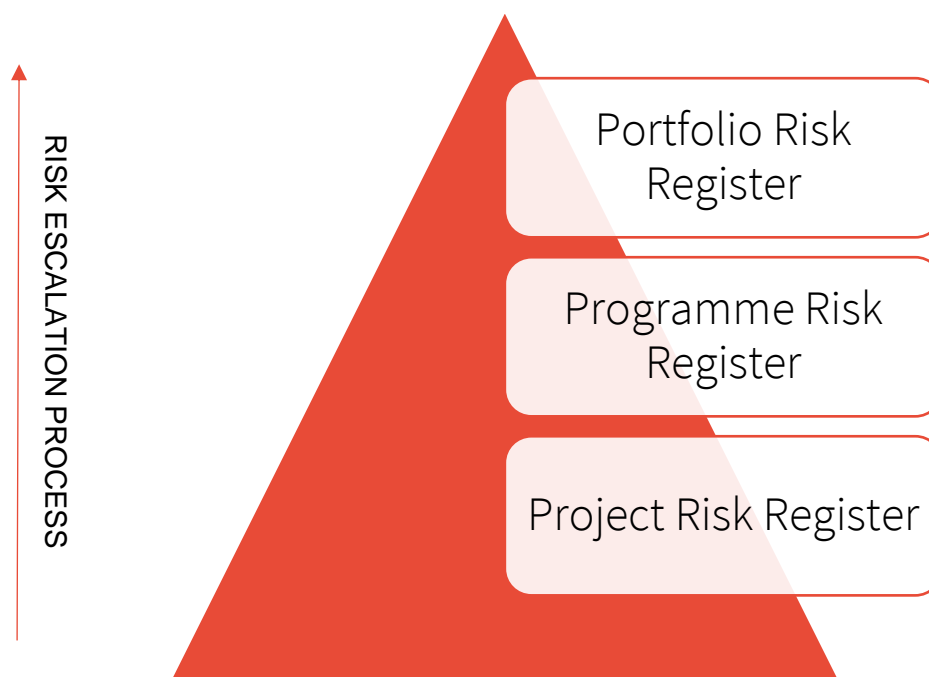
The Mid Wales Growth Deal Board has adopted a Risk Management Framework for the delivery of the Mid Wales Growth Deal. The framework clearly sets out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place. The document defines and articulates the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Portfolio's objectives are effectively managed.

Risk Registers have been developed for the three levels of the Growth Deal:

- **Portfolio Level Risks** – A portfolio risk is an uncertain event or condition that, if it occurs has an effect on one or more of the strategic goals of the Growth Deal portfolio.

There will be one portfolio risk register. This risk register will be owned by the Mid Wales Growth Deal Board and managed by the PoMO on its behalf.

- **Programme Level Risk** – A programme risk is an uncertain event or condition that, if it occurs, has an effect on at least one programme benefit. Each programme will have its own risk register. These risk registers will be owned by the PoMO and managed by the respective Programme Managers.
- **Project Level Risks** – A project risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective. Each project will have its own risk register. These risk registers will be owned by the Lead Delivery Partner for that project and managed by their respective Project Managers. Programme Managers will have access to and oversight of all project risk registers within their programme with a remit to challenge and provide a quality assurance function.



In line with the strategy, a clear risk escalation will process will be established:

- **Project > Programme Level Risks:** Project risks of significant concern will be escalated for consideration as part of the Programme Risk Register if they are considered to pose a threat to the wider programme and its expected benefits.
- **Programme Level > Portfolio Risks:** Programme risks of significant concern will be escalated for consideration as part of the Portfolio Risk Register if they are considered to pose a threat to the wider portfolio and/or the strategic goals of the Mid Wales Growth Deal Board.

Issues occur at differing levels within the Programme and are managed according to their impact. The approach to management of issues is set out in the Risk and Issue Management Strategy and mirrors the approach to risk management. The Strategy describes the processes for proactive identification, assessment and control of issues, both known and unexpected. It sets out the criteria for categorising issues by priority and severity to ensure that issues are managed at the appropriate level (Portfolio / Programme / Project). It also sets out the approach to tracking and monitoring issues through to resolution.

### Portfolio Risk Register

A Portfolio Risk Register was set out to capture the portfolio-level risks at the time of the original Strategic Portfolio Business Case (v1) and how they would be managed and mitigated. A further Risk and Issue Register was presented to the GMW Board in March 2022 and is reported against at each meeting of the GMW Board. A copy of the latest current Portfolio Risk Register can be found in GMW Board papers or via the Portfolio Management Office.

### **Change Management**

A Change Management Protocol has been developed for the Mid Wales Growth Deal.

The protocol adopts a similar principle to the Risk Management Framework, where changes are dealt with at the appropriate level within agreed tolerances. These tolerances are agreed for each project business case, with a clear escalation process in place.

The Protocol proposes a stepped approach to the promotion, evaluation and consideration of any Change Requests. It will be for the proposing Project Sponsor to undertake all necessary activities to evaluate and justify any Change Request. The Protocol allows for project, programme and portfolio governance to address such changes, subject to progressively increasing tolerances, or delegated authority.

Changes will be assessed in terms of their financial impact but also their impact on the benefits to be delivered through the programme and projects.

Change management for the programme will be primarily managed via the Programme Board and relevant Project Board within tolerances delegated by the Mid Wales Growth Deal Board upon consideration of the project business case.

Significant changes outside these tolerances would need to be escalated to the Portfolio Delivery Board or the GMW Board and may require the business case to be updated or additional assurance activities to take place.

### ***Partnership and Stakeholder Engagement***

The Mid Wales Growth Deal delivery structure covers a wide range of internal and external stakeholders who are key to the successful delivery of the Mid Wales Growth Deal. These include the Mid Wales Growth Deal Board partners themselves, Welsh Government and UK Government, other regional public sector bodies such as the Health Board, local communities, businesses, contractors, sub-contractors, service providers and external advisors. A Private Sector Advisory Group has been established to ensure that the private sector is involved throughout the development and delivery process.

Each project will be required to set out their approach to stakeholder engagement and communications as part of their Business Case development.

### ***Provision of Training***

All Programme and Project Sponsors will be encouraged to undertake and complete both the Foundation and Practitioner Better Business Case Training.

### ***Specialist Advisors***

As summarised below, a number of specialist advisors have already been involved with the development of the Mid Wales Growth Deal.

<b>Specialist Advisors used to develop the Mid Wales Growth Deal</b>			
<b>Focus Area</b>	<b>Purpose</b>	<b>Timeframe</b>	<b>Provider</b>
<b>Business Case</b>	Better Business Case training	June 2020 – LA Officers Autumn 2021 - PoMO	Joe Flanagan, Consultant
	Strategic Portfolio Business Case workshops	October 2020 – September 2021	Joe Flanagan, Consultant
	Strategic Portfolio Business Cases development and support	July 2021 – April 2023	Hatch
<b>Economic Analysis</b>	Economic baseline and Strategic Economic Plan	2020	AECOM
	Economic Case and analysis to determine spending objectives	2021 – 2022	Hatch
<b>Strategic Advice / Support</b>	Advisor	2019 - 2022	Paul Griffiths, Consultant
<b>Early Programme Business Case Discovery / Development</b>	Sites & Premises Programme	2019 - 2020	BE Group. Hatch, PER Consulting, Savills
	Digital Programme	2020 - 2022	Spirit Public Sector
<b>Ongoing technical support</b>	Digital Programme	2023 - 2024	Spirit Public Sector
<b>Options Assessment</b>	Sites & Premises Programme – detailed work to determine project shortlist	2023 - 2024	Savills

The GMW Board/PoMO will consider making use of further specialist advisers to support the continued development/delivery of the Portfolio, as required. Programmes and projects will be expected to consider their capacity/capability requirements throughout the planning and delivery of their proposals – and will be expected to follow a similar approach.

## **Communications**

The PoMO is responsible for communications and marketing relating to the overall Growth Deal portfolio and the programmes. A Mid Wales communications and engagement sub-group has been established to provide a co-ordinated approach across all regional activity and a Communications Officer has been recruited.

The appointment of a dedicated Communications Officer resulted in a marked increase in the communications activity and enabled a more proactive approach to GMW comms. These include: -

- Communications Strategy updated.
- Contract with Business News Wales to provide a dedicated Mid Wales Business News Channel on their website.
- Monthly GMW newsletter issued from July 2022.
- Brand guidelines produced.

- Increase in social media activity.
- Opportunities being explored for inclusion in various publications, e.g. Capital Investment Prospectus produced by Welsh Government.

A GMW website has been established ([www.growingmid.wales](http://www.growingmid.wales) [www.tyfuanolbarth.cymru](http://www.tyfuanolbarth.cymru)) in both English and Welsh which includes a dedicated section for the Mid Wales Growth Deal providing details on context, progress to date and descriptions of the programmes and projects.

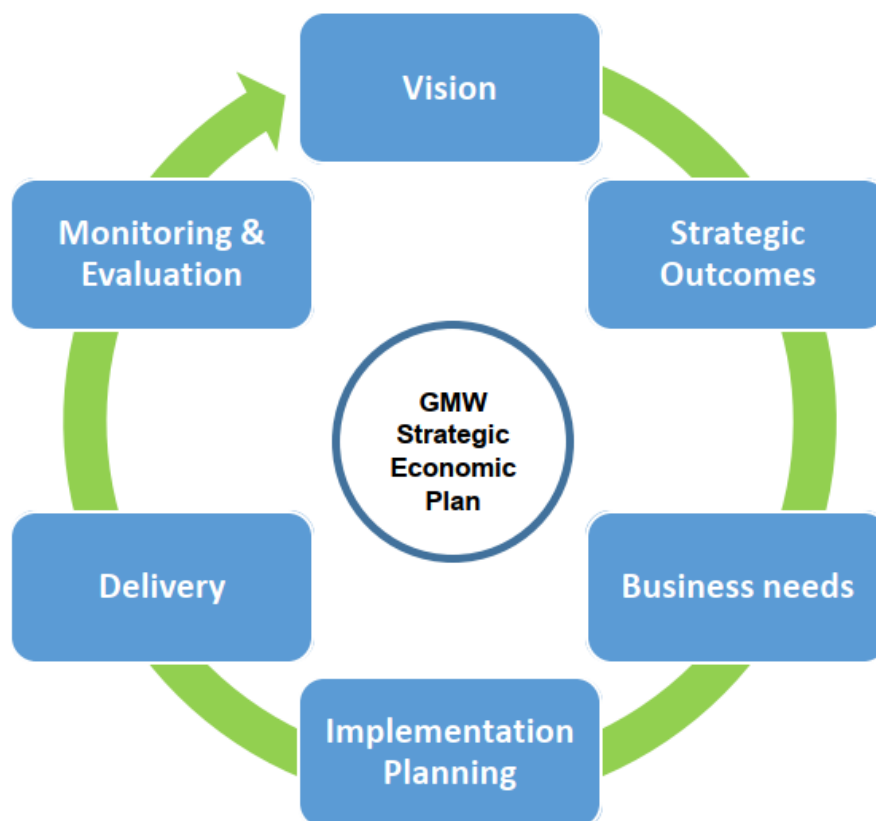
At the project level, each Project Sponsor is responsible for engaging with stakeholders and community groups to highlight and market the offer. However the PoMO will work with them to support and develop communications activity as appropriate. The specific approach for each project will be set out in the project business cases.

### ***Performance Management, Monitoring and Evaluation***

Managing our approach as a Portfolio will require continual feedback loops that link aspects of programme assurance, modelled economic impact, monitoring & evaluation to ensure that planned, developing and delivering activity continues to meet our business needs.

Our governance and management structures have been established to accommodate a way of working and an approach that enables a continuous cycle of assurance and review, through:

- A clearly defined PoMO
- An Integrated Assurance and Approval Plan (IAAP) that will establish clear processes
- Robust and continual monitoring and evaluation that will continue to inform and shape the direction of the Portfolio.



## Benefits Realisation

A key role for the PoMO is to ensure that the benefits of the Mid Wales Growth Deal are realised.

The strategic and economic case of the SPBC states that the benefits of the Mid Wales Growth Deal will be set out in the portfolio and programme business cases and assessed against the delivery of the Growth Deal.

Benefits management and benefits realisation is a key component in ensuring the successful delivery and the GMW Board is seeking to maximise local and regional benefits from the delivery of its projects and through the associated procurement processes.

Each programme and project are responsible for its own benefits management which will be reviewed as part of the business case appraisal framework. They need to provide clear indications of expected benefits, how these were determined and how they will be realised. This will be monitored as part of the review of project or programme progression.

The PoMO has developed a draft Benefits Realisation Framework which outlines the following approach:

1. Identify	<ul style="list-style-type: none"> <li>Identify SMART key benefits required to successfully deliver strategic objectives.</li> </ul>
2. Define	<ul style="list-style-type: none"> <li>Define identified benefits to ensure clarity and consistency.</li> <li>Continue to periodically revisit and consider the identified benefits and their achievability throughout the lifespan of a scheme.</li> </ul>
3. Target	<ul style="list-style-type: none"> <li>As the Business Case develops, be ambitious, but realistic in defining targets for the benefits.</li> <li>Greater clarity will inform the evaluation of benefit cost ratios in the economic case.</li> </ul>
4. Plan	<p>There are 2 elements to consider when planning for benefits:</p> <ul style="list-style-type: none"> <li>The changes needed to optimise each benefit (the broad business case).</li> <li>How benefits might be determined and evaluated. <ul style="list-style-type: none"> <li>What information can be recorded by the lead organisation.</li> <li>what indicators can be serviced by national data sets.</li> <li>What information is required through the undertaking of specific evaluation work and the application of recognised multiplier and formulae.</li> </ul> </li> </ul>
5. Implement	<ul style="list-style-type: none"> <li>Implement the plan and arrangements for recording and calculating benefits, adjusting where appropriate.</li> </ul>
6. Monitor	<ul style="list-style-type: none"> <li>Capture key output and outcome data on a regular and consistent basis.</li> <li>Arrangements for data collection will have been designed and put in place during the planning and implementation stages.</li> <li>Data accuracy is essential for this aspect and therefore periodic data audits should be carried out to confirm confidence in the data sets.</li> </ul>
7. Evaluate	<p>With regards the MWGD, there are 3 types of evaluation to be considered:</p> <ul style="list-style-type: none"> <li>Impact – what difference will it have made?</li> <li>Value for Money – will it have been a good use of resources?</li> <li>Process – what can be learned from how it was delivered?</li> </ul>

An accompanying series of appendices has also been developed providing the detail on indicators, evidence requirements and monitoring processes.



**Mid Wales Growth Deal**  
Governmental Policy – Benefit Alignment  
V1.0 - February 2024

**Indicative Policy Benefit Measures Cross Reference to MWGD Indicator Bank**

The table identifies the key benefit themes selected for key policy documents to which the Mid Wales Growth Deal (MWGD) contributes, as detailed in the strategic case section of the Strategic Portfolio Business Case.

The table also shows how the benefit indicators developed by the MWGD demonstrably contribute to the impact agendas set out in the key policy documents.

Policy documents are periodically reviewed to ensure relevance to MWGD. The selected benefit indicators are regularly evaluated to ensure their alignment with the objectives of the MWGD.

**Indicative Benefit Sectors (Extracted from Policy Documents)** | **MWGD Indicator Bank** (Additional indicators for consideration shown in green, grey, red)

**Jobs Created & Indirect**

- Number of full-time equivalent (FTE) permanent jobs created directly through projects
- Direct indirect jobs created (PIE)
- Number of full-time equivalent (FTE) permanent jobs safeguarded directly through projects
- Direct indirect jobs safeguarded (PIE)
- Jobs created in Construction Phase
- Temporary employment due to investment
- % Reduction of employment displacement due to Mid Wales Growth Deal enabled outcomes (D)

**Skills and Qualifications**

- Direct Apprenticeships
- Indirect Apprenticeships
- College Course numbers
- New students or students start-ups
- New graduates delivered into the job market
- New professionals delivered into the employment market
- New skills and more capabilities delivered

**Finance, Capital and Investment**

- R&D Investment
- Public Sector Investment
- Total Project Capital Investment
- Total Growth Deal Investment
- Total other public sector investment
- Total Private Sector Investment

**Greenhouse Gas Emissions, Net Zero and Biodiversity**

- CO2 Emission Reduction
- Green Energy Production
- Greening Buildings
- Nature & Biodiversity
- Landmarks, Heritage
- Number of new buildings constructed via the Mid Wales Growth Deal that operate at net zero emissions
- Percentage of Growth Deal projects that are explicitly net zero
- Number of projects with zero carbon / carbon reduction Target Plans
- Area of land under ecological restoration
- Number of species added through project investment

Robust information on the proposed benefits will be required and tested as programmes and projects are developed. A benefits realisation plan acts as an overview of the main milestones detailed in each benefit profile. It serves as a management tool to monitor, track and manage the collective set of benefits associated with a programme or project.

### Approvals and Assurance

The PoMO, in consultation with the Welsh Government Assurance Hub, developed an Integrated Assurance and Approval Plan (IAAP) that sets out the approvals and assurance activities that will be undertaken at portfolio, programme and project level for the Mid Wales Growth Deal.

As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The Mid Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be regularly reviewed – with the GMW Board reserving the right to amend/evolve arrangements as required due to internal review/external review and/or assurance or additional guidance from Governments.

#### Approvals

The Mid Wales Growth Deal Board is responsible for the consideration and approval of project and programme business cases within the portfolio, prior to consideration by Governments as defined in the Welsh City and Growth Deals Governance and Assurance Framework; with responsibility for delivery delegated to the relevant programme and project boards.

#### Assurance

Alongside the Portfolio IAAP, detailed IAAPs have been developed for each programme and project within the Growth Deal. The exact timing of assurance reviews will be a matter for the PoMO to agree with Welsh Government and the relevant Programme and Project Boards.

While the exact timing of reviews is to be agreed, the following principles are to be applied:

- Major portfolio assurance reviews will take place periodically at agreed intervals unless requested sooner by the Mid Wales Growth Deal Board, UK or Welsh Government
- Programme assurance reviews will take place periodically at agreed intervals unless requested sooner by the Mid Wales Growth Deal Board, UK or Welsh Government
- Project assurance reviews will take place throughout the life of the project at pre-agreed stages. The level of assurance may vary per project but would include a



minimum of two external Gateway reviews per project, including a pre-delivery review and a benefits realisation review. The rationale for the proposed approach is set out below:

- Project Gateway 1 (SOC / PBC) – Only required for new projects or those currently at concept stage due, or an emergent programme of work. Projects in scope of an approved Programme Business Case to produce combined SOC/OBC for Gateway 2
- Project Gateway 2 (OBC) – Required for all projects within the Growth Deal
- Project Gateway 3 (FBC) – PoMO decision on whether Gateway 3 is required on a project-by-project basis
- Project Gateway 4 (Implementation) - PoMO decision on whether Gateway 4 is required on a project-by-project basis
- Project Gateway 5 (Benefits Realisation) – Required for all projects within Growth Deal.
- Project Assessment Review (PAR) – may be used in place of Gateway 1-5 where the PoMO in consultation with the WG Assurance Hub consider it a more appropriate review mechanism.

## Appendix A – SUMMARY OF WORKSHOPS

A significant amount of engagement and input has gone into the development of the Mid Wales Growth Deal since it was first announced as a potential funding source in the 2017 UK Government Autumn Statement.

The Vision for Growing Mid Wales (2020) was developed from content and ideas derived from extensive evidence gathering and engagement with a wide range of organisations and individuals across Mid Wales over the past 18 months:

- Marches and Mid Wales Freight Strategy (2018)
- Strategic Economic Priorities for the Mid Wales Region (AECOM, February 2019)
- Economic Baseline Report (AECOM, February 2019)
- Growth Deal Workshops (Spring/Summer 2019)
- Various 1:1 discussions and engagement across both LAs and with key stakeholders.
- Mid Wales Energy Strategy and Action Plan
- Mid Wales Employment Sites & Premises Needs Assessment & Action Plan

As the Heads of Terms agreement was being agreed in December 2020, a series of Portfolio development workshops were planned with UK and Welsh Governments, under the guidance of Joe Flanagan. These workshops were technical workshops attended by officers from the regional team of officers, including Welsh and UK Government officials as observers.

The workshops held were consistent with Government guidance for developing a five case model. Whilst official guidance for Portfolio development was not available at the time, the process was advised by Joe Flanagan – who was at the time writing the guidance for HM Treasury.

### **Workshop: 1a-1b (Determining the Case for Change)**

**When:** 24/25<sup>th</sup> September and 8/9<sup>th</sup> October 2020

#### **Attendees:**

Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultant – Joe Flanagan

**Purpose:** Held over a series of 4 days, with time in between to revise/review agreed detail. Reviewed existing strategy (Vision for Growing Mid Wales), determined key steps and actions on the Strategic and Economic Cases (Affirming scope, developing a long-list, CSFs, Investment Objectives and mechanism for shortlisting).

**Output:** Developed Strategic Case – strategic objectives set in SMART ranges, values to be defined.

### **Workshop: 2 (Appraising the long list)**

**When:** 16<sup>th</sup> December 2020

#### **Attendees:**

Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultant – Joe Flanagan

**Purpose:** Collated initial long-list of proposals. The essential, desirable and optional programmes and projects to be delivered in the short term (phase 1); medium term (phase 2) and long term (phase 3) outlined – at an early stage.

**Output:** Draft Strategic Portfolio Business Case with long-list for consultation (Economic Strategy Group 03/03/21; GMW Board 11/03/21) – mandated for further development.

**Workshop:** 3 (Appraising the short list)

**When:** 30<sup>th</sup> July 2021

**Attendees:**

Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultants – Joe Flanagan, Hatch Consulting Ltd

**Purpose:** Revisited long-list and invited proposal detail – following public call after GMW Board 11<sup>th</sup> March. Hatch Ltd and Joe Flanagan supporting the appraisal of the short list to determine tranching and short list selection.

**Output:** Revised Economic Case.

**Workshop:** 4 (Commercial); 5 (Financial); 6 (Management)

**When:** 1<sup>st</sup> September 2021

**Purpose:** Review and agree Economic Case. Develop and agree principles for the Commercial, Financial and Management Cases. Commercial (Commercial strategy, Procurement strategy, Contractual relationships); Financial (Capital/Revenue requirements, Appraisals); Management (Management, Governance and Co-Ordination; Risk Management, Change Management; Performance Management, Monitoring and Evaluation).

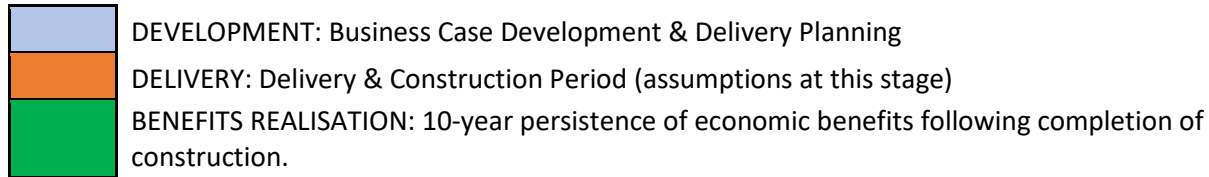
**Attendees:**

Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultants – Joe Flanagan, Hatch Consulting Ltd

**Output:** Revised Strategic Portfolio Business Case with all sections populated, for internal review – then for Board consideration, before submission to Governments for AOR review.

## Appendix B – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY PROFILE

	Government Funding Profile (10 year assumed)																					
		Short-term				Medium-term			Long-term													
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	
	2023 /24	2024 /25	2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	2032 /33	2033 /34	2034 /35	2035 /36	2036 /37	2037 /38	2038 /39	2039 /40	2040 /41	2041 /42	2042 /43	2043/44	
Innovation Park																						
National Spectrum Centre																						
Mid Wales Advanced Manufacturing Campus																						
Food Manufacturing Innovation Centre																						
Canolfan Tir Glas / University of Gastronomy																						
Dwr Cymru Elan Valley																						
Aberaeron Harbour Development																						
Montgomery Canal Wales - Restoration to Navigation																						
Cynefin - The Green Heart of Wales																						
Digital Programme																						



**NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail and agreed by the GMW Board.

## Appendix C – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
<p><b>Applied Research &amp; Innovation</b></p>	<p>Innovation Park:</p> <ul style="list-style-type: none"> <li>- 120 Direct FTE Jobs taken from SOC.</li> <li>- £46,676 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> <li>- Includes additional GVA associated with productivity uplift and eco-system benefits (£1.2m per annum). Information taken from OBC.</li> </ul> <p>National Spectrum Centre:</p>	<p><b>Deadweight:</b></p> <p>Innovation Park: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Innovation Park: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<ul style="list-style-type: none"> <li>- 58-96 Direct FTE Jobs taken from OBC.</li> <li>- £46,676 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul> <p>Mid Wales Advanced Manufacturing Campus:</p> <ul style="list-style-type: none"> <li>- 30-50 Direct FTE in the Skills &amp; Training Centre taken from SOC. 20 Direct FTE in the R&amp;D centre estimated based on expected R&amp;D sqm provision from the OBC and employment density benchmark information from the <i>HCA Employment Density Guide</i>.</li> <li>- £43,701 (Ceredigion and Powys) in GVA per FTE job</li> </ul>	<p>HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 17.9% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Innovation Park: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p>	



Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/24 prices using GDP Deflators.</p> <ul style="list-style-type: none"> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> <li>- Includes additional GVA associated with productivity and life-time earnings uplift (£30.9 per annum). Information taken from SOC.</li> </ul>		
Agriculture, Food & Drink	<p>Food Manufacturing Innovation Centre:</p> <ul style="list-style-type: none"> <li>- 100 Direct FTE Jobs taken from SOC.</li> <li>- £46,676 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> </ul>	<p><b>Deadweight:</b></p> <p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<ul style="list-style-type: none"> <li>No Indirect jobs estimated as facility is deemed to accommodate enterprises, hence indirect jobs may lead to double counting.</li> </ul> <p>Canolfan Tir Glas / University of Gastronomy:</p> <ul style="list-style-type: none"> <li>SOC material suggests: 33 Direct FTE Jobs accommodated on-site; 90 Direct FTE Jobs from start-up creation (post-attribution) over 10 year horizon.</li> <li>£46,676 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> <li>Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul>	<p><b>Displacement:</b></p> <p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	
Strengthened Tourism Offer	Dwr Cymru Elan Valley:	<b>Deadweight:</b>	<b>Test 1: 20% Lower Job Creation</b>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<ul style="list-style-type: none"> <li>- 151 Direct FTE Jobs taken from OBC.</li> <li>- £40,727 (Powys) in GVA per FTE job taken from ONS <i>Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the HM Treasury Green Book.</li> <li>- Includes monetised benefits associated with all amenity, health and other benefits accrued to visitors, captured as willingness-to-pay (£4.0m per annum). Information taken from OBC.</li> </ul> <p>Aberaeron Harbour Development:</p> <ul style="list-style-type: none"> <li>- 28.5 Direct FTE Jobs based on average Direct FTE Jobs per £ of Capital Costs for other Strengthened Tourism Offer projects.</li> </ul>	<p>Dwr Cymru Elan Valley: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 7.5% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 7.5% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Dwr Cymru Elan Valley: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’</p>	<p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<ul style="list-style-type: none"> <li>- £46,676 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2023/4 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> <li>- Includes additional GVA associated with Visitor Spending. Taken from benchmark interventions in Strengthened Tourism Offer.</li> </ul> <p>Montgomery Canal – Restoration to Navigation:</p> <ul style="list-style-type: none"> <li>- 30 Direct FTE Jobs taken from SOC.</li> <li>- £40,727 (Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to</li> </ul>	<p>interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Dwr Cymru Elan Valley: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 14.1% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’ interventions</p>	

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>2023/4 prices using GDP Deflators.</p> <ul style="list-style-type: none"> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> <li>- Includes monetised benefits associated with Amenity Value (£2.3m per annum). Information taken from SOC.</li> </ul> <p>Cynefin – The Green Heart of Wales:</p> <ul style="list-style-type: none"> <li>- 31 Direct FTE Jobs taken from OBC.</li> <li>- £40,727 (Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2022 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using information provided in OBC.</li> <li>- Includes additional GVA from lifetime earnings uplift (£7.3m per annum) and monetised benefits from volunteering</li> </ul>	<p>taken from the HCA Additionality Guide Fourth Edition.</p> <p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	(£72k per annum). Information taken from OBC.		
Digital	<p>Digital Programme:</p> <ul style="list-style-type: none"> <li>- £150m in total benefits taken from the PBC and adjusted for a 10-year appraisal period.</li> <li>- 215 Direct FTE estimated based on annual total benefits and £43,701 (Ceredigion and Powys) in GVA per FTE job taken from ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3. Values adjusted to 2023/24 prices using GDP Deflators.</li> <li>- Indirect jobs have not been estimated for programmes.</li> </ul>	<p><b>Deadweight:</b></p> <p>Digital Programme: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Digital Programme: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Digital Programme: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>
Supporting Enterprise	<p>Sites and Premises Programme:</p> <ul style="list-style-type: none"> <li>- 600-800 Direct FTE Jobs taken from PBC.</li> <li>- £43,701 (Ceredigion and Powys) in GVA per FTE job taken from ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3.</li> </ul>	<p><b>Deadweight:</b></p> <p>Sites and Premises Programme: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>Values adjusted to 2023/4 prices using GDP Deflators.</p> <ul style="list-style-type: none"> <li>- Indirect jobs have not been estimated for programmes.</li> </ul>	<p>Sites and Premises Programme: Sub-regional (mean) of 17.9% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Sites and Premises Programme: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p>	



## Appendix D – ECONOMIC CASE OUTPUTS FROM VERSION 1 and 2 of SPBC

SPBC Version 1:

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>A</b>	<b>Net Present Social Value (£m)</b>	£260 (£215 – 305) (£290 - £375 on GD Costs)	£15 (£10 – 20) (£35 - £45 on GD Costs)	£40 (£35 - £45) (£35 - £45 on GD Costs)	£70 (£60 - £85) (£75 - £105 on GD Costs)	£75 (£65 - £85) (£85 – £105 on GD Costs)	£60 (£50 - £70) (£60 - £75 on GD Costs)
<b>B</b>	<b>Public sector cost (£m) (Undiscounted, excludes Optimism Bias and Inflation, includes VAT)</b>	£185 (£110 from GD)	£44 (£20 from GD)	£8 (£6 from GD)	£62 (£43 from GD)	£33 (£11 from GD)	£38 (£30 from GD)
<b>C</b>	<b>Appropriate Benefits Cost Ratio</b>	2.5 (2.2 – 2.7) (3.7 – 4.5 GD Investment)	1.4 (1.2 – 1.5) (2.6 – 3.2 GD Investment)	5.6 (5.0 – 6.1) (6.9 – 8.4 GD Investment)	2.2 (2.0 – 2.4) (2.8 – 3.4 GD Investment)	3.3 (3.0 – 3.6) (9.3 – 11.3 GD Investment)	2.7 (2.5 – 3.0) (3.1 – 3.8 GD Investment)
<b>D&amp;E</b>	<b>Significant unmonetizable costs/benefits and unquantifiable factors</b>	<ul style="list-style-type: none"> <li>• Social Welfare Benefits</li> <li>• Environmental Benefits</li> <li>• Inwards Investment</li> <li>• Improved Perceptions</li> <li>• Reduced Deprivations</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalising on internationally significant research and industrial strengths</li> <li>• Harnessing emerging specialisms</li> </ul>	<ul style="list-style-type: none"> <li>• Development of sector to nationally and internationally recognised standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalise on natural, heritage and cultural assets.</li> <li>• Drive sustainable and resilient tourism growth</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
			<ul style="list-style-type: none"> <li>Strengthened industry engagement</li> </ul>		focusing on quality.		
<b>F</b>	<b>Risk costs by type &amp; residual optimism bias</b>	Through their own business cases, each programme/project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for civil engineering projects buildings from HM Treasury guidance to the capital costs for all programmes/projects at 44%					
<b>G</b>	<b>Switching values (for the preferred option only)</b>	45% reduction in job creation and additional monetised benefits.	25% reduction in job creation.	80% reduction in job creation.	50% reduction in job creation and additional GVA benefits associated with local spending and amenity value.	70% reduction in job creation.	65% reduction in job creation.
<b>H</b>	<b>Time horizon and reason</b>	<p align="center"><b>10-year appraisal period post construction used</b></p> <p align="center"><b>All infrastructure assets will have a residual value at this point</b></p>					

SPBC Version 2 – November 2022

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>A</b>	<b>Net Present Social Value (£m)</b>	£265 (£215 – 310) (£320 - £415 on GD Costs)	£25 (£15 – 30) (£45 - £65 on GD Costs)	£20 (£15 - £20) (£20 - £25 on GD Costs)	£75 (£60 - £90) (£95 - £125 on GD Costs)	£85 (£75 - £95) (£85 – £110 on GD Costs)	£65 (£55 - £74) (£70 - £90 on GD Costs)
<b>B</b>	<b>Public sector cost (£m) (Undiscounted, excludes Optimism Bias and Inflation, includes VAT)</b>	£209 (£105.6 from GD)*	£60 (£29 from GD)	£15 (£8 from GD)	£62 (£29 from GD)	£24 (£10 from GD)	£48 (£29 from GD)
<b>C</b>	<b>Appropriate Benefits Cost Ratio</b>	2.2 (2.0 – 2.5) (3.9 – 4.8GD Investment)	1.4 (1.2 – 1.5) (2.5 – 3.0 GD Investment)	2.1 (1.9 – 2.3) (3.3 – 4.0 GD Investment)	2.1 (1.9 – 2.3) (4.1 – 5.0 GD Investment)	4.7 (4.2 – 5.2) (9.9 – 12.1 GD Investment)	2.4 (2.2 – 2.6) (3.6 – 4.4GD Investment)
<b>D&amp;E</b>	<b>Significant unmonetizable costs/ benefits and unquantifiable factors</b>	<ul style="list-style-type: none"> <li>• Social Welfare Benefits</li> <li>• Environmental Benefits</li> <li>• Inwards Investment</li> <li>• Improved Perceptions</li> <li>• Reduced Deprivations</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalising on internationally significant research and industrial strengths</li> <li>• Harnessing emerging specialisms</li> <li>• Strengthened industry engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Development of sector to nationally and internationally recognised standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalise on natural, heritage and cultural assets.</li> <li>• Drive sustainable and resilient tourism growth focusing on quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>F</b>	<b>Risk costs by type &amp; residual optimism bias</b>	Through their own business cases, each programme/project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for civil engineering projects buildings from HM Treasury guidance to the capital costs for all programmes/projects at 44%					
<b>G</b>	<b>Switching values (for the preferred option only)</b>	60% reduction in job creation and additional monetised benefits.	20% reduction in job creation.	52.5% reduction in job creation.	70% reduction in job creation and additional GVA benefits associated with local spending and amenity value.	78% reduction in job creation.	60% reduction in job creation.
<b>H</b>	<b>Time horizon and reason</b>	<p style="text-align: center;"><b>10-year appraisal period post construction used</b></p> <p style="text-align: center;"><b>All infrastructure assets will have a residual value at this point</b></p>					

Source: Hatch calculations based on available project and programme level information.

Note: Numbers may not sum to total due to rounding.

\* Includes 4% reduction in total Growth Deal funding pot to account for top-slicing to fund operation of the PoMO.

## Appendix E – PORTFOLIO RISK REGISTER