



## REPORT TO THE GROWING MID WALES BOARD

23<sup>rd</sup> July 2020

TITLE:	Mid Wales Growth Deal – Update and Next Steps
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### 1. Purpose of the Report

- 1.1. To update Members following formal submission of the Vision for Growing Mid Wales document, and outline the next steps towards securing the Deal.

### 2. Decision(s) Sought

- 2.1. To note the update provided in the report.
- 2.2. To note the formal feedback received from Governments and comment on the proposed way forward.
- 2.3. To agree the outlined forward work programme towards securing the Deal and undertake detailed development work.

### 3. Background

- 3.1. Following the last meeting of the Growing Mid Wales Board on 20<sup>th</sup> May 2020, the Region has submitted its proposals to both Governments to initiate formal negotiations on the Mid Wales Growth Deal and to articulate a vision for broader investment in the region – from a range of potential funding sources.
- 3.2. This took form of the document “A Vision for Growing Mid Wales”, which constituted of two distinct sections:
  - Section 1: Strategic Economic Plan (The broad strategy for investment and developing key opportunities in Mid Wales).
  - Section 2: Growth Deal Roadmap (our proposed pathway towards developing the Mid Wales Growth Deal).
- 3.3. Members will recall that the development of the proposal document was built on extensive engagement and with input from a number of stakeholders and groupings, culminating in the formal backing of the Economic Strategy Group on the 9<sup>th</sup> March and the Growing Mid Wales Board on 20<sup>th</sup> May 2020.
- 3.4. The proposal document was formally submitted to both Governments on 22<sup>nd</sup> May 2020 in formal correspondence by the Leaders of both Councils. (Copy of letter in appendix 1).
- 3.5. On the 11<sup>th</sup> June 2020, Cllrs Rosemarie Harris and Ellen ap Gwynn, the Leaders of Powys and Ceredigion Councils then met with the Parliamentary Under-Secretary of State for Wales, David TC Davies MP; the Minister for Economy, Transport and North Wales, Ken Skates MS; and the Deputy Minister, Lee Waters MS.

- 3.6. An officer workshop with civil servants was then subsequently held on 03/07/20.
- 3.7. Now, we are imminently expecting the formal written response jointly from both Governments – to confirm our approach and their expectations. This feedback is expected any day now, and whilst not ready at the time of preparing this report – Members will receive a copy promptly upon receipt by the Leaders’ offices.

#### **4. Government Feedback and Pathway to our Deal**

- 4.1. Feedback to our document from both Governments from the political to the officer meetings has been positive and constructive. The pace of progress has been acknowledged and welcomed, with an accelerated pace of proceedings with both Governments to structure and shape our Growth Deal formally.
- 4.2. As is the case with Growth Deals traditionally, the key milestones on the horizon in front of us to “secure” the Deal are:
  - Heads of Terms Agreement: the first document signed by the Political Representatives of the Region and both Governments – outlining the broad scope and funding envelope of the deal, governance and assurance arrangements, and the joint commitments agreed to by all parties to achieve full implementation of the Mid Wales Growth Deal.
  - Full Deal Agreement: the legally-binding agreement following Heads of Terms that confirms detailed expenditure and operational detail on the implementation of the Deal.
- 4.3. The current ambition is to achieve Heads of Terms by the Autumn of 2020, with the Full Deal Agreement to follow prior to March 2021.
- 4.4. The time it has taken for other Growth Deals (in Wales and around the UK) to progress from Heads of Terms to Full Deal Agreement is variable – however, in all circumstances it can be a lengthy affair – usually taking around 12-18 months.
- 4.5. However, no two Growth Deals are the same. They are all at different stages of development when Heads of Terms are usually signed – with differing timescales thereafter to develop projects, strengthen governance & assurance etc.
- 4.6. Members will be aware that the focus in Mid Wales has been on developing the necessary governance and assurance from the outset, engaging with the private sector very early on in the process – and structuring the development of potential programmes and projects logically, and based on sound evidence and engagement.
- 4.7. Whilst it is therefore useful to compare ourselves with other areas for context, it is important to acknowledge the differing characteristics of Growth Deals in different areas.
- 4.8. The discussions over recent weeks have been predominantly focused on exploring what is realistic and achievable in the context of Mid Wales, but within the confines of the HM Treasury process by which major capital expenditure is developed and agreed.
- 4.9. Both Governments are entirely supportive of our proposed timescales, and have signalled clearly their ambition to agree our Growth Deal as soon as practically possible. The feedback received therefore is structured as such, no longer requiring agreement on project detail – but rather, the Portfolio Business Case supported by appropriate Governance and Assurance mechanisms that would give both Governments the confidence to agree our Deal within agreed parameters and

supporting arrangements. This will enable the Region to achieve these key milestones at a much quicker pace.

- 4.10. The feedback received to date suggests that a Heads of Terms agreement is feasible in quick order, subject to the Region working to strengthen elements of Governance, Assurance and Resourcing.
- 4.11. Recent feedback also suggests that Full Deal Agreement can be achieved on the basis of a Portfolio Business Case – this is a high-level document that sets out the scope, definition and prioritised activity that will deliver our agreed business changes, outcomes and benefits.
- 4.12. The Portfolio Case sets the scene for Programmes and Projects, and ultimately initiates, aligns and monitors their development to deliver the required outputs.
- 4.13. Establishing the Portfolio Case and resulting Programme/Project Cases in turn will ensure that the Projects delivered through the Mid Wales Growth Deal are linked to our strategic objectives – that they are relevant; deliver improvements to our economy; maximise private sector investment etc).
- 4.14. This ensures a process that over the period of the Growth Deal, the activity can respond to changes in strategy or policy, or to accommodate changes in economic circumstances in the region (*Coronavirus and implications of Brexit being notable examples of the changing economic landscape that our Growth Deal will need to respond within*).
- 4.15. Ensuring Full Deal Agreement on the basis of the Portfolio Business Case also ensures that Governments do not need to sign-off individual projects before progress can be made. The Governance and Assurance mechanisms combined with the Portfolio Case will set out clearly the expectations and agreement with Governments – which Mid Wales will have to ensure that the resulting investments achieve the objectives that will be set out.
- 4.16. This pathway will ensure Mid Wales develops its Growth Deal in a structured manner according to HM Treasury principles, but ensuring it can do so within an accelerated timescale – which:
  - Does not compromise stakeholder input throughout the process, ensuring the decision-making structures and private sector engagement remain central to the management of the Portfolio.
  - Allows for structured programme and project development – according to regional needs and opportunities.
  - Allows programmes/projects to be proposed throughout the life cycle of the Growth Deal, reviewed continually by the Board and its stakeholders.
  - Allows for a range of proposals to be considered for funding that can be assessed and supported transparently and on merit.
  - Ensures optimum value for money and return on public investment by ensuring programmes/projects follow the same process of assessment and scrutiny.
  - Allows a Portfolio managed approach to respond to the capital funding profile of the Deal (£110m) over the Deal period (10-15 years).

**5. Regional Work Programme (now-Autumn/Winter 2020)**

- 5.1. The region has achieved significant progress in recent months, but there remains a significant body of work for the next period. However, with appropriate resourcing and continued close co-operation with both Governments and the region – the timescales outlined is thought to be achievable.
- 5.2. The full work programme is currently being developed subject to receipt of Government feedback and establishing dedicated capacity to lead the work.
- 5.3. We are of the understanding that the feedback will focus on three headings:
- Governance & Assurance
  - Portfolio Business Case Development
  - Communications & Engagements
- 5.4. Further details on resourcing will be covered under item 4 of the agenda, however the work programme necessitates formalisation of capacity quickly to enable the region to reach Heads of Terms and Full Deal Agreement by the indicated timescales. It is proposed to proceed to appoint a temporary full time Strategic Lead Officer to ensure dedicated capacity exists to achieve a Head of Terms by the Autumn. This will be a temporary appointment to lead the region through the development phase, and will play a key role in co-ordinating the work and establishing the regional office.
- 5.5. In addition to appointing the Strategic Lead Officer, there will be a need to establish support capacity in the form of technical and administrative officers.

<b>Task</b>	<b>Timescale</b>
Formal feedback received from Governments	ASAP - July 2020
Established detailed work plan	ASAP - July 2020
Appointment of a Strategic Lead Officer	August 2020
Establish support capacity to support lead officer	August 2020
Agree principles and design of a Programme Management Office (PMO) with both Governments	August 2020
Portfolio Risk Potential Analysis to be undertaken	August 2020
Undertake Communications & Engagement Review	August 2020
Workshop to develop Integrated Assurance & Approval Plan (IAAP)	August 2020
Establish gateway product with Government	August 2020
Schedule series of Portfolio Workshops to develop the Business Case	September 2020
Heads of Terms Submission & Agreement	October/November 2020

- 5.6. It should be noted, that despite the current focus on developing the Business Case for the Portfolio – candidate project development should now be encouraged in earnest by any potential proposing body.
- 5.7. The broad strategic aims and objectives of the Growth Deal have now been set out in the Vision for Growing Mid Wales document.
- 5.8. Interested parties & projects now have the opportunity to work towards developing their proposals to align with our vision and developing Deal. If a potential candidate project idea exists in the region, they have the opportunity to talk to the team.
- 5.9. As part of the forward work programme, communications and engagement will be reviewed – ensuring greater awareness of the developing Growth Deal in the region, and ensuring there are clear channels for potential projects to be considered as part of its development.

## **6. KEY RISKS**

- 6.1. The region has entered the first significant phase of developing its Growth Deal proposals formally with both Governments, and as a result – there'll be many variables and externalities that will have a potential impact on the Board's work.
- 6.2. Strategic and Operational risk registers will need to be developed for the next phase, and will need to be monitored regularly by the Board. The risk registers will need to form a key element of the decision making process going forward – ensuring that the Board is fully aware of both the Strategic and Operational risks, benefits and mitigation that will need to be considered.
- 6.3. The main risks to date have revolved around perception owing to engagement and communication as the Deal was developed; and key political decisions relating to immediate and long-term impact of covid-19 on the regional economy, and the implications of changed trading relationships due to Brexit.
- 6.4. Going forwards, these external implications on our regional economy, as well as the potential impact on public finance/capacity will be need to be recognised and managed as key risks to the progress an delivery of our Deal.
- 6.5. The identification and suggested mitigation of these risks will be identified once a Programme Management Office (PMO) is established to support the work of the Board. The establishment of the PMO will also ensure that Communications and Engagement risks and actions are managed and supported.

## **7. Legal Implications**

- 7.1. There are no Legal Implications arising from this report.

## **8. Human Resources Implications**

- 8.1. The process behind recruiting the Strategic Lead Officer on a temporary basis is currently being established according to Local Authority processes, with arrangements explored for enabling the support capacity required.

## **9. Financial Implications**

- 9.1. Financial Implications resulting from this report are discussed further under Item 5.

## **10. Appendices**

- Appendix 1: Correspondence from GMW Leaders to Ministers with the Vision for Growing Mid Wales proposal document.