



## REPORT TO THE GROWING MID WALES BOARD

10<sup>th</sup> November 2020

TITLE:	Mid Wales Growth Deal – Portfolio Development
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### 1. Purpose of the Report

- 1.1. To outline the process that is being mapped out to develop the Portfolio Business Case for the Mid Wales Growth Deal, and comment on the next steps.

### 2. Decision(s) Sought

- 2.1. To note the work underway on developing the Portfolio Business Case, and to provide comment on the next steps.

### 3. Background

- 3.1. In May 2020, the GMW Board published its Vision for Growing Mid Wales document. This contained our Strategic Economic Plan and Roadmap towards a Growth Deal.
- 3.2. The document set out the Strategy that was developed over the period up to that point through strong engagement and input from stakeholders at all levels.
- 3.3. It articulated 8 key priority areas that would set the foundation of our regional investments, and set the strategic context by which a Growth Deal could be developed as a core part of a broader funding mix that would be required to realise the Vision.
- 3.4. Mid Wales is working towards securing Heads of Terms agreement on the basis of the documentation published to date – a high-level tri-partite agreement that formally signals the intent of both Governments and the region to develop a Growth Deal in Mid Wales.
- 3.5. It has been agreed, following best practice from other Welsh City and Growth Deals – that the Mid Wales Growth Deal would be developed on a Portfolio basis.
- 3.6. Ensuring the Programmes and Projects have to be developed in the context of the regional strategy, and have to relate to delivering the ambitions we have set out in the strategy document.
- 3.7. The process is iterative and develops over time – and there is no way of shortcutting or accelerating it. To do it effectively and robustly requires significant time, capacity and capability to do it robustly and correctly.
- 3.8. Mid Wales has invested the time to articulate the strategic case robustly – and has been identified as good practice in the documentation produced to date.
- 3.9. However, there is a strong and joint ambition by both Governments, the region and the private sector to move forward as quickly as possible on the development of the Deal. It is the ambition of the region to achieve Full Deal Agreement by

February/March 2021 – where other Growth Deals have taken a minimum of 12 months post Heads of Terms.

- 3.10. Mid Wales however, does have the advantage of following the early work of the other regions, and the time and resources invested in the process to date should mean a smoother pathway to Full Deal Agreement than has been the case elsewhere.
- 3.11. It is currently understood that Full Deal Agreement can be achieved on completion of a Portfolio Business Case. This is noted in the recent response by both Governments.
- 3.12. This report outlines the process that is currently underway to develop the Portfolio Business Case, and scopes out the key milestones on the horizon, as currently understood.

#### **4. Portfolio Business Case - context**

- 4.1. Members will be aware from previous briefings and reports of the relationship between Portfolios, Programmes and Projects – and why the Portfolio approach is the preferred option for managing the Mid Wales Growth Deal as is set out in the development roadmap in the Vision for Growing Mid Wales document.
- 4.2. Members will also be aware that the high-level objectives of the Growth Deal have been set out previously (strengthening productivity and the number of jobs across the region, improving economic well-being and labour market mobility etc).
- 4.3. The purpose of the Portfolio Business Case is to provide an overview of the Mid Wales Growth Deal and its potential constituent Programmes/Projects.
- 4.4. The Portfolio Business Case is a live document, and evolves over time. Its role is to continually manage the Deal on an ongoing basis and updated regularly as activity (Programmes/Projects) develop.
- 4.5. It ensures there is a continual review of what the Growth Deal is delivering from the perspective of the regional governance arrangements established to manage, monitor and steer its focus.
- 4.6. It ensures that the Growth Deal can flex and adapt to ensuring the investments deliver on all the objectives that have been set out, are affordable and achievable.
- 4.7. It also ensures the Growth Deal can respond to opportunities within the 8 Strategic Priorities identified in the strategy within the Vision for Growing Mid Wales document – rather than artificially constrain the scope. What the region delivers will ultimately fall to achievability, affordability, deliverability and strategic fit – but it ensure there is that continual focus on the priorities we have identified in the region.
- 4.8. This means that for example a certain priority area has been identified for investment, but national policy might not yet enable a programme/project to be developed – it allows the region to maintain a focus on it, but continually revise the situation over time. It may be that a programme is identified but is not affordable within the current funding envelope. The Portfolio approach will discount it from a delivery perspective now, but during a review, if more funding becomes available, then option can be revisited.

4.9. This means that programmes, and most likely projects – will change over time, as detail is developed. As further research and feasibility is undertaken, as externalities change the economic landscape, or Government policy changes. The Growth Deal can manage and react to ensure the investments identified still deliver for the region.

4.10. The Portfolio Business Case follows the structure of the Five Case Model and HM Treasury Green Book principles, with the now well-known and rehearsed 5 cases:

- The Strategic Case: the rationale for the Growth Deal investments, their objectives and fit with wider policy
- 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

## **5. Portfolio Business Case – development to date**

5.1. Officers have been working closely with officials from both Governments and a leading authority on the five case business model to scope out the process and scope/plan the development of the Portfolio Business Case.

5.2. A series of 4 initial workshops have been held by officers to facilitate the process of ensuring understanding of the process and to start the process.

5.3. It became clear that a number of elements required to build the Strategic Case are already in place in the Vision for Growing Mid Wales document. It articulated the Strategic Objectives, the scope of the Deal (the 8 strategic priorities), the initial long-list of potential interventions in each area, and an outline of the potential Critical Success Factors.

5.4. Officers have to date discussed and scoped the following key components of a PBC:

- Strategic Aims & Objectives (of the Portfolio)
- The Investment Objectives (of the 8 identified Strategic Economic Priorities)
- Critical Success Factors
- An initial long-list of potential programmes and projects (that now requires engagement)

5.5. From the discussions, a pathway started to emerge as to how the PBC can be built iteratively over time – but would require the input of key stakeholders at certain points.

5.6. The business case is developed iteratively, not sequentially, over time. Following this initial work, we will have an early draft with some Cases more complete than others. As we develop more detail in areas, it allows further development of other cases. Ultimately it ends up being a comprehensive and structured document that should set the Growth Deal in motion – so it has got to be right.

5.7. It should be noted that whilst the process is highly-technical and structured, officers are cognisant of the need to ensure the appropriate input and involvement of key stakeholders at relevant stages of the process.

- 5.8. It should be made clear that no decisions are taken by officers at any stage of the process. Officers are currently scoping and assembling the early stages of a Portfolio Business Case document that will require engagement on before taking further.
- 5.9. It should also be clear that the process cannot be shortened or skipped. It has to follow an iterative process. To first decide what we want to achieve, to determine the key criteria and objectives – before we start taking a view on the likely set of programmes and projects that are most likely to achieve those.
- 5.10. Officers are currently working on an initial draft of a Strategic Portfolio Business Case (SPBC). This will set out the Strategic Case (much of which already exists), with a proposed set of Investment Objectives and Critical Success Factors (refined from the previous document).
- 5.11. Officers are also compiling the first draft Long-List. This long-list contains all the currently known programmes, projects and activity that have been raised in the region throughout the engagement of the past year. Much of it already referred to in the Vision for Growing Mid Wales document. There is a single sentence and title on each investment identified, with an arbitrary categorisation of time (short, medium, long) and an assessment of its criticality to the regional ambition set out in the strategy (Must, Should, Could).
- 5.12. It should be stressed that this is an *initial* long-list. It is *not definitive* at this stage of the process. The long-list can be added to, amended as further engagement on it is undertaken.

## **6. Portfolio Business Case – next steps**

- 6.1. The outcome of the current work to date will result in two products:
  - First Draft of the Strategic Portfolio Business Case
  - Initial Long-List
- 6.2. There has been extensive public and private consultation on the high-level main themes and priorities up to this point.
- 6.3. It is now a case of careful consideration of how we find the appropriate balance of input and involvement from key stakeholders. This work is a technical process that requires input – but from experienced and technical backgrounds to help shape, challenge and prioritise the Portfolio.
- 6.4. It is therefore about finding (and agreeing) a balanced approach that ensures the appropriate level of input at the relevant stages – ensuring we have a strategy that manages time & resources effectively, alongside ensuring sufficient support and understanding.
- 6.5. The table below summarises the key tasks ahead, and the suggested engagement approach to take things forward.

<b>ITEM</b>	<b>PROGRESS</b>	<b>ENGAGEMENT REQUIREMENTS</b>	<b>ACTIONS &amp; TIMESCALES</b>
Initial draft of the Strategic Case of the Portfolio Business Case	In drafting	Functional only – majority of content already agreed within Vision for Growing Mid Wales.  Main clarification requirements: -Investment Objectives -Critical Success Factors	Suggested engagement with ESG and Board once draft complete.  First draft likely to be ready middle/end of November.
Affirm Initial Long-List	In drafting	Considered – long-list can be added to and refined, and over time. However, will need to ensure it covers most bases strategically and will need validation by regional governance.  Current list has been drafted from the extensive workshops and engagement held over the last 12 months. As such, there should not be an expectation of wider engagement at this stage.	Engagement with ESG and Board to confirm scope and content of the long-list. Can be amended and added to.  Timescale possibly December.
Develop Short-List from the Long-List	Not Started	Considered – technical input and knowledge will be required to help  Officers are scoping options as to how best address this.	Likely to take place Dec/Jan/Feb
Revise and build on the Portfolio Business Case	Not Started	Functional only – this will be down to the officer team to revise the Strategic Case and start assembling the remainder of the Portfolio Business Case.	TBC – linked to progress on the above.  Likely will be February
First Full Draft of the Portfolio Business Case	Not Started	Will be mapped out pending progress on the above tasks.	TBC – linked to progress on the above  Pending on pace of revisions, February/March '21.

## 7. Conclusions

- 7.1. Officers are working to a tight timescale and are pursuing the development of the Deal as quickly as possible, in a planned and managed manner.

- 7.2. Timescales are tight, however it should be noted that Ministers have committed to working with the region to achieve the timescales indicated.
- 7.3. Officers are still seeking clarity from both Governments on the critical path and processes that will need to be followed to secure Heads of Terms (aiming for Autumn 2020), and then subsequently to work towards ensuring a Full Deal Agreement (February/March 2020).
- 7.4. There are a number of dependencies on the critical path, for the above timescales to be achieved. However, capacity is being put in place by the Local Authorities to manage the process, and work is underway to put more capacity in to support the development.

#### **8. Legal Implications**

- 8.1. There are no legal implications arising from this report.

#### **9. Human Resources Implications**

- 9.1. There are no HR implications arising from this report.

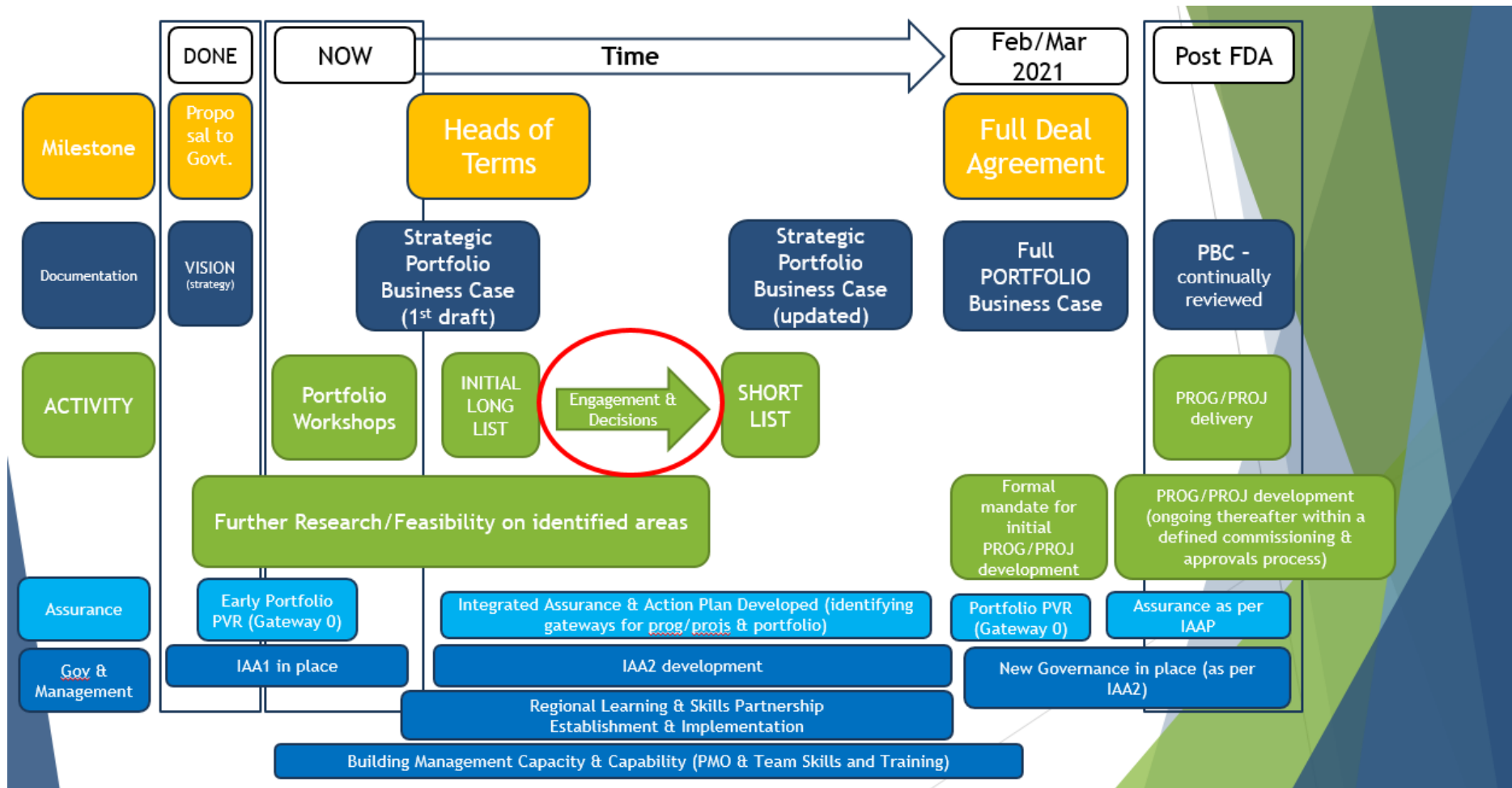
#### **10. Financial Implications**

- 10.1. There are no financial implications arising from this report.

#### **11. Appendices**

- Annex A: Diagram of the current critical path to developing the Mid Wales Growth Deal

ANNEX A – Mid Wales Growth Deal Critical Path (Indicative)



NOTE: as noted in the report, this timeline is dependent on a number of factors (internal and external) to the Growth Deal development process. It is intend as an illustrative diagram of the main work pieces, as is currently understood.