



REPORT TO JOINT OVERVIEW AND SCRUTINY SUB-COMMITTEE

23 February 2022

TITLE:	Mid Wales Growth Deal – IAA3 and FDA
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1 Purpose of the Report

1.1 The purpose of this report is to present two documents to the Committee relevant to the Mid Wales Growth Deal (MWGD) governance and funding commitment:

- Inter-Authority Agreement v3
- Final Deal Agreement

2 Inter-Authority Agreement

2.1 In line with the work of the Growing Mid Wales Partnership and to take forward the development and delivery of the Mid Wales Growth Deal (MWGD), a formal arrangement is in place between Ceredigion and Powys County Councils in the form of an Inter-Authority Agreement (IAA).

2.2 The initial Inter-Authority Agreement was put in place in December 2019 and set out the principles of the governance and management arrangements to enable partners to achieve Heads of Terms for the MWGD in December 2020.

2.3 In July 2021, a further iteration of the IAA was developed (IAA2) to ensure continued governance for the period of development up to Final Deal Agreement, and also to include the new Terms of Reference for the Regional Skills Partnership.

2.4 To ensure there is continued good and robust governance for the delivery phase of the MWGD, it has been necessary to further revise and evolve our existing arrangements between both Powys and Ceredigion Councils.

2.5 Therefore Version 3 of Inter-Authority Agreement (IAA) was presented to the GMW Board in December, subsequently approved by both Local Authority cabinets and is now officially signed.

2.6 IAA3 commenced once the Final Deal Agreement (FDA) was signed between the two Councils – and will remain in force and effect for the period of the Growth Deal unless the Parties agree to terminate the agreement or the agreement is brought to an end by the default of a party.

3 Governance Principles and Framework

Growing Mid Wales Board

- 3.1 IAA1 established the Growing Mid Wales Board (GMWB) as an executive joint committee and that arrangement continued into IAA2, and now into IAA3. As with previous IAA iterations, the voting committee membership consists of 10 elected member representatives by the Councils (5 each). The key change in IAA3 versus previous iterations, is that the Chair of the Private Sector Advisory Group (formerly Economic Strategy Group) no longer has voting rights on the GMWB. All advisory panels of the GMWB are re-established in a consultative capacity, to provide advice to the GMWB.
- 3.2 On an annual basis the GMWB will be required to update the Portfolio Business Case for the preceding five years, but any material change to the prevailing Portfolio Business Case will have to be approved by Cabinets of both Authorities (clause 7.2).
- 3.3 Before the start of each Accounting year, the GMWB is required to approve an Annual Business Plan setting out the annual spend for approved projects (clause 7.3).

Economic Advisory Group

- 3.4 Following the review of the previous Economic Strategy Group that was constituted as part of IAA1 and IAA2 – the private sector group has been re-designed with new terms of reference to provide the GMWB with consistent strategic advice pertaining to the delivery of the MWGD.

Joint Overview and Scrutiny Committee

- 3.5 The Terms of Reference remain largely unchanged from IAA2 when it was established.

Regional Skills Partnership

- 3.6 The Terms of Reference remain largely unchanged from IAA2 when it was established.

Growing Mid Wales Management Group

- 3.7 This was established under IAA1 to co-ordinate professional officer advice and management to the GMWB. The terms of reference have been evolved to be in line with expectations and requirements to support the delivery of the Deal – which ensures the oversight of resource deployment, performance management of the Portfolio and team, and acts as a clearing house for GMWB reports. Its membership comprises senior officers from both Councils, with observers from both Governments.

Portfolio Management Office (PoMO)

- 3.8 The PoMO has been established via separate grant funding agreement and SLA between the two Councils and Aberystwyth University– however the role and function of the PoMO in the context of the MWGD have now been defined within IAA3. They provide professional support and advice to the GMWB on the delivery of the MWGD Portfolio.

Council's Obligations – Administrative Functions

- 3.9 IAA1 and IAA2 set out the respective lead authorities for the “administrative functions” (HR, Finance, Legal etc).
- 3.10 IAA3 has set out that the Councils acknowledge and agree to divide the administrative functions in support of the Mid Wales Growth Deal in accordance with the table below:

Administrative function	Responsibility
Human Resources	Ceredigion
Clerk to the GMWB	Both Councils shall appoint an individual to act as Clerk who will be responsible for supporting the administrative requirements of the GMWB on an alternate basis in accordance with Clause Error! Reference source not found. (GMWB)
Legal Services	Powys
Monitoring Officer	Powys
Treasurer and Section 151 Officer	Ceredigion as Accountable Body
Communications	Ceredigion, supported by the PoMO
Procurement	Powys
Translation	The Council holding the GMWB Meeting
IT	Ceredigion
Internal Audit	Powys
Democratic Services	Powys
Secretariat services to the EAG	Powys, supported by the PoMO

Accountable Body

- 3.11 IAA3 also defines and establishes the role of the Accountable Body for the delivery of the MWGD. Ceredigion has been established as the lead authority for finance for the MWGD in IAA1 and IAA2, and this continues into IAA3 with Ceredigion acting as the Accountable Body responsible for discharging the Councils’ obligations in relation to the MWGD pursuant to IAA3. It means accepting and receiving any HMT Contribution from the WG for and on behalf of the Councils and shall hold and manage such HMT Contribution in accordance with the terms of the Agreement. The Accountable Body shall receive any additional funding from any other source for and on behalf of the Councils and shall hold and manage such funds in accordance with the terms of the Agreement.

4 Codes of Conduct and Conflicts of Interest

- 4.1 The principles established in previous agreements (IAA1 and IAA2) remain unchanged for IAA3 – and sets out the provisions for Members Code of Conduct in relation to the declaration and management of personal interests.
- 4.2 The review into the Economic Strategy Group concluded that the provisions and mechanisms to manage the potential interests of private sector members were deemed sufficient – however, the new terms of reference have been strengthened in IAA3 to ensure a clearer focus and role within wider MWGD governance.

5 Delegation

- 5.1 The Scheme of delegation is set out in Schedule 1 of the IAA3 as follows:

DECISION	MANAGEMENT GROUP MATTER	GROWING MID WALES BOARD MATTER	MATTER RESERVED TO THE COUNCILS
KEY THEMES			
1. Approval of IAA3			Yes
2. Approval and adoption of any Business Plans			Yes
3. Approval and adoption of any updated Business Plans save to the extent any such update amounts to a material change to the prevailing Business Plan (in which case the decision to approve and adopt such updated Business Plan shall be a Matter Reserved to the Councils)		Yes	
FUNDING AND EXPENDITURE			
4. Approval of any increase to the Councils' Contribution			Yes
5. Approval of any disproportionate Internal Costs pursuant to Clause 11 (<i>Commitment of the Councils and Contributions</i>)		Yes	
6. Approval of expenditure within the approved Annual Budget of the Accountable Body held on behalf of the Councils set out in Clause 11.2 (<i>Annual Budget</i>)	Yes		

DECISION	MANAGEMENT GROUP MATTER	GROWING MID WALES BOARD MATTER	MATTER RESERVED TO THE COUNCILS
7. Approval of the Annual Budget pursuant to Clause 11.2 (<i>Annual Budget</i>)			Yes
8. Approval of additional expenditure over and above the approved Annual Budget of the Accountable Body held on behalf of the Councils set out in Clause 11.2 (<i>Annual Budget</i>)			Yes
9. To approve from time to time the distribution of the Annual Budget as between the different programmes and projects agreed as part of any MWGD or the Regional Growth Strategy		Yes	
10. Entering into (or agreeing to enter into) any borrowing arrangement on behalf of the Joint Committee and/or giving any security in respect of any such borrowing		Yes	
11. Accepting terms and conditions in relation to any third party funding for the MWGD		Yes	
GENERAL			
12. Replacement of the Accountable Body			Yes
13. Establishment of a sub-committee pursuant to this Agreement and determining their terms of reference and scope of delegation.		Yes	
14. Making any variations to or waiving any rights to or terminating any contracts signed by Council / the Accountable Body (other than this Agreement) which are material to the MGWD.		Yes	
15. Amendments to the terms of this Agreement			Yes
16. The engagement of (and terms of engagement of) any individual person where the value of the appointment	Yes		

DECISION	MANAGEMENT GROUP MATTER	GROWING MID WALES BOARD MATTER	MATTER RESERVED TO THE COUNCILS
does not exceed £50,000 per Accounting Period			
17. The engagement of (and terms of engagement of) any individual person where the value of the appointment does exceeding £50,000 per Accounting Period		Yes	
18. Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against the Joint Committee or individual Party in relation to the MWGD, except in relation to debt collection in the ordinary course of business.		Yes	
19. Making any announcements or releases of whatever nature in relation to the Joint Committee and the MWGD.		Yes	
20. Creation of a local authority trading company under Local Government Act 2003			Yes
21. Any other matters not covered in this (<i>Delegations Policy</i>)			Yes

5.2 The GMWB may delegate the whole or any part of its powers to any person, sub-committee or group (Clause 9.29).

5.3 A copy of IAA3 can be found at Appendix 1.

5.4 The information for the above section of this report was taken from the GMW Board papers of 1th December 2021 presented by Clive Pinney, Head of Legal and Democratic Services (Powys Council) – Lead Monitoring Officer for the MWGD. The papers can be found here: [GMW Board Papers 15-12-21](#) Paper 5.1.

6 Final Deal Agreement (FDA)

- 6.1 The FDA document sets out the principles upon which the final deal is agreed between the region and both Governments. It is based on the Strategic Portfolio Business Case that forms the foundation and establishes the operational framework for the Deal and which will evolve to reflect the development of its constituent programmes and projects, and changes in the policy and economic context.
- 6.2 In signing this agreement the UK Government and Welsh Government are jointly committing an investment of £110 million into the Growth Deal over a period of between 10 and 15 years.
- 6.3 Building on the Vision for Growing Mid Wales published in Summer 2020, and the Heads of Terms subsequently signed in December 2020; this document sets out the parameters and framework for the delivery of the Mid Wales Growth Deal that reaffirms the commitment of all parties to achieve the full implementation and potential of this funding.
- 6.4 The Growth Deal is a key catalyst to transform the regional economy as part of a broader funding mix. The injection of capital funding into the region over a long-term timescale provides the opportunity to mobilise investments in significant economic infrastructure in tandem with the private sector.
- 6.5 The Growth Deal has been brought forward as a Portfolio, and has the potential to deliver against the eight Strategic Growth Priorities within the Vision:
- Applied Research & Innovation
 - Agriculture, Food & Drink
 - Strengthened Tourism Offer
 - Energy
 - Digital
 - Supporting Enterprise
 - Transport
 - Skills & Employment
- 6.6 By focusing delivery on these Strategic Growth Priorities collectively as part of a Portfolio, the Growth Deal will achieve a greater impact in terms of the Board's ambition and use of resources than focusing on a set of immutable, individual projects in isolation.
- 6.7 All programmes and projects that are delivered through the Growth Deal will directly contribute towards the aims and objectives of the Portfolio. The Portfolio as planned at present focuses on a set of 2 programmes and 9 projects that relate to 5 of the Strategic Growth Priorities. The headline figures and assumptions are currently indicative – but set out the region's proposals for bringing the Portfolio forward.

- 6.8 The Portfolio approach ensures that the right mix of programmes and projects deliver tangible and long-lasting benefits across the region that ensures a continuing focus by regional governance on delivering the aims and objectives of the Strategy. This means that the Portfolio is live – and the programmes and projects are subject to change as further planning and development is undertaken – as per the Portfolio approach.
- 6.9 As set out in the Strategic Portfolio Business Case, an indicative assessment of the shortlisted programmes and projects estimates that the Growth Deal will deliver a total investment of £280-400 million in the Mid Wales economy (£110 million jointly from UK and Welsh governments), creating 1,100-1,400 net additional jobs and generating £570-700 million in net additional GVA .
- 6.10 This Final Deal Agreement builds on the foundations set through the Heads of Terms and sets out the challenges and opportunities across the key sectors in the Mid Wales economy that the Growth Deal has the potential to address include those resulting from the impact of Covid-19.
- 6.11 The FDA also sets out the Governance Structures and reporting mechanisms to deliver the Growth Deal, alongside the assurance and approvals process - reflecting the detail with the wider Portfolio Business Case.
- 6.12 On Thursday 13th January 2022 the Final Deal Agreement for the Mid Wales Growth Deal was officially signed. This is a significant milestone and marks the commitment of all partners to deliver the Mid Wales Growth Deal. A copy of the Final Deal Agreement can be found at Appendix 2.
- 6.13 The event, held virtually, was attended by Vaughan Gething MS (Minister for Economy, Welsh Government), David TC Davies MP (Parliamentary Under Secretary of State for Wales, UK Government), Cllr Ellen ap Gwyn (Leader, Ceredigion County Council) and Cllr Rosemarie Harris (Leader, Powys County Council). With Rebecca Evans MS (Minister for Finance and Local Government, Welsh Government), Neil O'Brien MP (Parliamentary Under Secretary of State; Minister for Levelling Up, The Union and Constitution, UK Government) as signatories only.
- 6.14 A press notice was released which received widespread attention in over 10 publications and was also posted on the Growing Mid Wales twitter page and LinkedIn which was shared by interested parties.
- [Mid-Wales-Growth-Deal-reaches-an-important-development-milestone](#)
- [GMW Social Media Clip](#)
- [Business News Wales special-audio-feature](#)
- 6.15 This signals the final phase of strategic development of the MWGD, and will see work concluding to ensure grant offer letters are received – which will signify the commencement of delivery of the MWGD.

7 Appendices

- 7.1 Appendix 1 – IAA3
- 7.2 Appendix 2 – FDA