



REPORT TO THE GROWING MID WALES BOARD

21st June 2022

TITLE:	Mid Wales Growth Deal Quarter Report
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1 Purpose of the Report

The purpose of the report is to present the following:

- Quarter 4 (January-March) Growth Deal report
- Business Case Appraisal Template
- Business Case Appraisal Timeline
- Portfolio Risk and Issue Register

2 Decision(s) Sought

- 2.1 Note progress to date
- 2.2 Note forward work plan

3 Background and Relevant Considerations

- 3.1 Members will be aware that the Mid Wales Growth Deal achieved Final Deal Agreement (FDA) in January 2022. The Portfolio of Programmes and Projects are currently progressing through their early development phases.
- 3.2 Assessment and review of those proposals are planned for the Summer, with the Board able to review the outcome in the Autumn. This will lead to an updated Portfolio Business Case, that will underpin the unlocking of the capital funding, as planned, in April 2023.
- 3.3 This paper provides a report on the progress to date and sets out the next stages in taking the Growth Deal forward at pace.

4 Growth Deal Progress

Economic Advisory Group (EAG)

- 4.1 Following interviews with the former Leaders, the Economic Advisory Group was established with 5 representatives from the private sector. An initial introductory meeting of this group was held in March with various members of the team and senior management. A work plan is being developed regarding how they can input into the Growth Deal. Paul Griffiths continues to lead on this work on behalf of Powys County Council as the group's Secretariat.

Portfolio Assurance Review (PAR/Gate 0)

- 4.2 Held 8th to 11th March and undertaken by an external independent review team (appointed by Government). This involved reviewing Growth Deal documentation and interviewing various members of staff, senior management, local authority Leaders, and civil servants in both Governments, along with Ambition North Wales (North Wales Growth Deal) – in total 15 interviews. A report has been received, giving an overall Amber rating, and there are a number of recommendations and guidance from this report to take forward.
- 4.3 It should be noted that an Amber rating for the Portfolio at this stage of its development is widely acknowledged to be in a good position.
- 4.4 The report acknowledged that the Mid Wales Growth Deal is progressing well with its preparations for delivery and that there is already a well-established and functioning governance structure and a Portfolio Management Office.
- 4.5 At the time of the review, detailed delivery structures and controls were in development, these will need to be completed and put in place as the Portfolio matures its delivery programme scope and timelines (this is now underway).
- 4.6 The Review Team found that successful delivery appears feasible at this stage but there are issues that require management attention in order to ensure that the Portfolio is in a good position to start the delivery phase once initial funding has been secured.
- 4.7 The Mid Wales Growth Deal was commended for the way that it has adopted learning from other growth deals in terms of setting up its structures as a Portfolio from the beginning, allowing flexibility in terms of the programmes and projects it brings forward for delivery. The report stated that there is a committed and enthusiastic team in place and the governance structure is well established.
- 4.8 The key issues that require management attention are:
- Resolution of the Portfolio Lead role
 - Development of a Private Sector Investment Strategy
 - Refinement of the Governance Structure and reporting to facilitate faster decision making
 - Capacity and skills planning for the delivery phase
 - Clarification of the timescales to achieving the first funding offer letter.
- 4.9 An Action Plan has been developed for the SROs, to ensure that the recommendations are addressed. This will be monitored by the Management Group and SROs.

Recruitment (Portfolio Management Office)

- 4.10 Work to build a capable team is well underway.
- 4.11 Recruitment has just completed for a Communications Officer (with a successful appointment made) and there is a live campaign for a Programme

Manager to take forward the Sites and Premises Programme (closing date for applications 30th May).

- 4.12 In addition, there is the opportunity for Welsh Government funding to fully cover an Energy Officer role focusing on the development of the Local Area Action Plans for Ceredigion and Powys. This opportunity is currently being pursued with a job description drafted and going through job evaluation prior to advertising, subject to confirmation of funding.

Financial Update

- 4.13 The latest claim for European Social Fund (ESF) grant funding (which provides the majority of revenue funding for the Portfolio Management Office) was submitted 20th May 2022 covering the period February 21 to April 22. The value of the claim was £65,870 with a total claim to date of £197k against a forecast of £793k. This leaves an underspend of £496k which, as previously reported, is mainly due to delay in the recruitment to the Portfolio Management Office against the original anticipated dates in the bid.
- 4.14 A separate paper is being tabled regarding budget profiling for 2022/23.

5 Private Sector Investment Strategy

- 5.1 Welsh and UK Government have requested that the Mid Wales Growth Deal, as well as the other Welsh City and Growth Deals, draft a Private Sector Investment Strategy. The aim of this Strategy is to outline the principles and approach to attracting investment in Growth Deal projects alongside the Growth Deal funding to provide a more comprehensive package of investment into the region.
- 5.2 Growth Deal funding is long-term, and capital only – with the business case development process ensuring that projects have to demonstrate their strength of potential benefits and funding leverage potential.
- 5.3 This will be a high-level document that will evolve over time and will potentially be a component of the Portfolio Business Case and updated annually as part of the annual assurance process.
- 5.4 An early draft of the strategy is in development, and officers are seeking clarity from Governments as to their expectations, before consulting with the Economic Advisory Group and Members, and finalising the document.

6 Programme Development - Digital

- 6.1 Following GMW Board on 11th March, where approval was granted for the establishment of the Digital Programme Board and mandated the further development of the Programme Business Case, the inaugural Programme Board meeting was held on 7th April 2022.
- 6.2 Run as a workshop style session, presentations were provided by both the Digital Programme Manager and the Digital Consultants who have provided support in developing the Programme Business Case.
- 6.3 The aim of this initial meeting was to familiarise members with the work that

has taken place to date, to make members aware of the objectives of the programme and to provide an overview of how these aims will be achieved.

- 6.4 The second Digital Programme Board meeting has now also taken place. This session focused on the Project Prioritisation Model that has been developed to progress possible opportunities, and to undertake a review of the long list by members.
- 6.5 Subsequent meetings will take place on a monthly basis to ensure the progression of this process. Programme Board members will determine which projects should be brought to fruition to meet the digital infrastructure investment objectives and contribute to the achievement of the Portfolio investment objectives.
- 6.6 Both the GMW Management Group and the GMW Board will be asked to provide oversight and assurance of those decisions to support consistency and alignment across the Portfolio, providing a valuable role in ensuring critical feedback to test and challenge decisions and rationale.

7 Programme Development - Sites and Premises

- 7.1 The key challenge with the Sites and Premises programme has been capacity to take the work forward. Following successful completion of the 3 stage review of sites and premises, there now needs to be detailed site-specific work at each identified site.
- 7.2 Recruitment is ongoing for a programme manager to lead the work, and subject to a successful outcome – will look at filling the post by September.
- 7.3 Discussions are ongoing with Government regarding potential funding to support the further development work to take the programme forward.

8 Project Development

- 8.1 Officers met on 8th April to discuss the current status of the projects particularly in terms of Strategic Outline Case (SOC) development, along with common questions/issues from projects and any areas of concern.
- 8.2 A deadline was agreed for submission of SOC's (where applicable) by the end of June. It was acknowledged that some projects are at an earlier stage in their development therefore it would not be appropriate to expect a SOC at this stage, however an update would be expected.
- 8.3 From the discussion certain issues were identified:
 - **Costs** – construction costs are escalating and there have been reports of quotes only being valid for 30 days and subsequently increasing. Therefore, it is difficult for projects to accurately forecast, and this could impact the position regarding Growth Deal ask and match funding.
 - **Match funding** – some projects have not yet identified other sources of funding. Although at SOC stage it is not essential to have match confirmed, we are expecting projects to be looking at options.

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- **Phosphates** – there are concerns that the zones in Powys and Ceredigion will inhibit/hinder development proposals. This issue is being actively looked at by both Authorities. The risk of a widening of any zones to cover wider geographies is also a concern. Finding resolution/mitigation will be key so that projects are not prohibited from proceeding.

8.4 Some projects are in receipt of other public funds, e.g. Levelling Up, therefore they need to be clear on the additionality that Growth Deal funding will bring and how benefits are attributed. The onus is on the projects via their business cases to demonstrate the funding gap to make the case for public funding, the ability to leverage private sector investment and the impact that their project will have on the wider economy of the region.

9 Business Case Appraisals

- 9.1 The Portfolio Management Office will lead on the appraisal process independently of both Local Authorities. External support (Hatch Ltd – who supported the Portfolio Business Case development) will provide technical support and input. This process will lead to a refresh of the Portfolio Business Case over the summer – which is a Government requirement (the Portfolio Business Case is required to be updated regularly, annually).
- 9.2 An appraisal framework has been developed, which will undertake a combined appraisal of the business cases using a Business Case Appraisal Template (see Paper 4.3). Each member of the review team will cover a particular section based on their experience in that area and subsequently the reviews will be compiled, and a consensus agreed.
- 9.3 A RAG rating is proposed for each section with an overall rating agreed. Subsequently a Business Case Appraisal summary will be presented, initially to the Management Group for review along with the Business Cases and recommendations then presented to the next available meeting of the GMW Board.
- 9.4 A recent discussion has taken place with the lead from Welsh Government's Infrastructure Strategy, and Assurance Division to clarify the process for undertaking formal Government assurance reviews of the business cases. Similar to the recent assurance review of the Portfolio, this provides an independent review of the programme and project business cases.
- 9.5 Several documents are required before the reviews can be commissioned (Risk Profile Assessments and Integrated Assurance and Approval Plans) which are being planned and will ensure that the appropriate assurance 'product' is applied. Once agreed, the reviews take circa 12 weeks to plan therefore this needs to be factored into the timeline for appraisals and presentation to the Board. See Paper 4.4 Business Case Review Timeline.
- 9.6 In addition, 'masterclass' training for appointed Senior Responsible Owners was discussed which is provided free of charge by Welsh Government and takes place over 2 half days. This will need to be undertaken at a Portfolio, Programme and Project level.

10 Portfolio Risk and Issue Register

10.1 See Paper 4.5 for the updated Portfolio Risk and Issue Register for consideration.

11 Legal Implications

11.1 There are no legal implications arising from this report.

12 Human Resources Implications

12.1 Both Powys and Ceredigion County Councils have been consulted with regards to the recruitment of the posts referred to above.

13 Financial Implications

13.1 There are no financial implications arising from this report. A separate finance report is provided.