



To:
Russell Hughes Pickering – Mid Wales Sites & Premises Programme Board SRO

Cc:
John Collingwood/ Carwyn Jones Evans/Nicola Williams

28 November 2023

Dear Russell,

Mid Wales Growth Deal: Sites & Premises Programme

It was good to discuss with you and colleagues the progress being made in relation to the Sites & Premises Programme at our recent liaison meeting. These discussions are key to ensuring that we continue to work closely together to ensure that our approach to the development and delivery of commercial property is well informed and complementary. It would be beneficial to now pursue the Collaboration Agreement to underpin this approach, sign up to key principles and set out a regular series of future meetings.

Both WG Property and the Regional Office continue to be represented as observers on the Sites & Premises Programme Board and were interviewed by the assurance review team. This proved to be a useful opportunity for us to reinforce key message to inform the development of the business case at this point. We appreciate that the Gate 0 Review is an important assurance point which takes an overall view of the programme composed of its constituent projects and investigates the direction and planned outcomes of the programme, together with the progress of its constituent projects. It is particularly valuable as it helps to confirm that the way forward is achievable before plans have been finalised. The final report has now been kindly shared with us and whilst it outlines the need for further detail and private sector engagement, we consider it opportune to also set out our observations at this point in the development of the business case more formally. We trust that our input will be considered as constructive and supportive, and we hope that we can pass on our many years' experience in delivering commercial property solutions in mid Wales

1. *Project Delivery Timescales*

The current timescales for the delivery of the two sites (Llanidloes Rd. / Horeb) may need some further consideration - although we appreciate that greater accuracy on timeframes will be forthcoming as both projects mature. From our experience, there are several factors which will influence delivery timeframes including:

- Agreeing formal arrangements with landowners
- Procurement of a private sector delivery partner for the delivery of the site infrastructure and buildings.
- Procurement of planning and design teams, baseline studies (e.g., ecology/biodiversity) to support planning applications.

We would be interested to understand in more detail what your draft programme proposals are.

A key consideration in terms of timescales is that it is likely that the development of buildings will be delivered in phases (especially for the Horeb site) based on market demand and therefore it may be unlikely that both sites will be built out by 2027. Our experience is that it is probable that it will take several years before the Horeb site is fully developed if the delivery is to be exclusively through a private sector developer, even if the site is infrastructured by Ceredigion County Council (CCC). This has been the case for bringing developments forward at Llandysul Enterprise Park, ParcAberporth and Parc Teifi.

2. *Scale of Development*

The current proposals for the density of development set out in the programme business case seem to be ambitious given the available net developable areas on both sites. This could impact the development appraisals underlying the two-site strategy, i.e., potentially reducing construction costs and the amount of grant support projected for both sites, but also reducing value.

3. *Value for Money*

A 60% intervention rate with no return on public sector investment raises questions of value for money, compared with self-delivery by the public sector. Viability issues tend to be much more exposed on the site delivery element (compared to delivery of buildings) and it would be useful to see a full options analysis comparing 100% private/ 100% public / blended delivery solutions.

4. *Consideration of a 2 Stage Delivery Approach & Private Sector Engagement*

As alluded to above, you may wish to consider a 2-stage delivery approach whereby the site purchase (if necessary) and infrastructure would be delivered by the public sector and the follow-on buildings delivered by a private sector partner with the aid of

grant support. This model has the potential for success at the Newtown site and would be likewise for any future development in Aberystwyth given the relatively buoyant nature of the Industrial property market. There is now an opportunity in Powys to move away from 'non assisted area' status intervention rates which have historically frustrated the Property Development Grant (PDG) support in the county. There are also some potential reservations at Horeb in terms of the delivery of commercial units through a private sector developer if the use is restricted to the food sector only, as this could result in a restrictive proposition for the private sector and their lenders.

5. A Strategic Employment Site for North Ceredigion

Given the lack of available land for commercial development and the relatively buoyant nature of the market around Aberystwyth, there would be real value in exploring with Ceredigion CC the options for identifying a new future employment site for north Ceredigion. Whilst acknowledging the need for short-medium delivery of the shortlisted options/two site delivery strategy, there is merit we think in looking to the longer term and to start the process of site identification and LDP allocation.

6. Specialist Marketing Advice - WG Funding

Regrettably, we unable to provide any further revenue funding to support additional specialist marketing advice as part of the continued development of the business case.

Yours sincerely

Tim Howard / Ann Watkin



At/To:

Ann Watkin – Head of Strategy, Operations
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Annwyl / Dear Ann,

RE: Mid Wales Growth Deal : Sites and Premises Programme

Thank you for your letter dated 28th November on the Sites and Premises Programme. Your continued support and engagement in respect of the Programme and Mid Wales Growth Deal as a whole is highly valued.

It was rather surprising to receive your correspondence and I would have found it more helpful to discuss the matters raised beforehand, rather than generate a need to exchange letters. However, I have put the following together as a response. You make some general remarks before entering into a numbered list of observations which I have replied to in the same way below.

The Collaboration Agreement

This was emailed to you on 16th November as a developed draft for your review. This has already been reviewed by Powys' Legal Services Team from a MWGD perspective. Once you confirm you are content to enter into the Agreement the operational requirements will be established.

Liaison Opportunities

Welsh Government officials are already involved in the work of the Programme Board, and we welcome their knowledge and experience to help deliver the Programme. This is the key forum where we need to have Programme delivery discussions and make transparent decisions that enable progress in a controlled environment. The Collaboration Agreement will help where there are wider lessons and experience to consider in the spirit of ongoing collaboration and knowledge-sharing between us.

You will know that best practice requires a regular review of the Programme Business Case and periodic re-running of Gateway Reviews to ensure currency and relevance etc. I would welcome your continuing involvement in those fora also.

Moving to your numbered items:

1. Project Delivery Timescales.

The Programme-Level Delivery Plan has been established by the Programme Manager, this is an initial target structure (also used to forecast potential spend-rates etc) which will refine over time. You are right to point out that as project proposals mature the programme will need to become better informed and further iterations may appear in future revisions of the Programme Business Case, when formally reviewed.

Your point around phased development is noted. This is detail that will continue to evolve in discussion with the site owners and as we refine the commercial strategy for each site. To some extent this work will overlap with matters you raise at item 3 below, where the level of public intervention, and what that looks like on each site, will also become clearer.

2. Scale of Development

You will be aware that options have been considered for the Front Runner sites following a series of detailed, but largely desk-top appraisals of site capacity to receive development. No design work has taken place to date and again, as project proposals are developed the evidence base to inform a decision on final project scope and scale will become clearer.

3. Value for Money

We recognise the point you raise and will be considering how each project is structured with regard to delivery and public sector intervention, again as project thoughts mature.

We would point out that the Sites and Premises Programme's response to regional market failure in the commercial sector is not a PDG/similar mechanism. The Programme is not developer-led, it is led by the public sector identifying sites of strategic economic value, selected for development based on clear evidence of need and demand. The reason why we are intervening in this way is to avoid duplicating traditional/historical methods that the wider public sector have looked at before and have proved difficult to realise in some areas.

4. A 2-Stage Delivery Approach

Having consulted with a number of organisations, and indeed yourselves, it seems clear that the advance establishment of service plots on sites is likely to provide more stimulus and interest from the private sector for the ultimate delivery of commercial units.

At this time, all feedback suggests the site at Newtown may proceed along the lines you mention. You are additionally right to highlight the specific matters that need to be taken into consideration for the Horeb site.

One of the prime reasons for wishing to undertake the proposed review of market opportunity and appetite here is to establish a sustainable Development and Investment Strategy for the Programme and its projects, that contributes significantly to the Programme's response to the Portfolio Private Sector Investment Strategy. The output of this work should help refine project strategies and clarify the observations already made, one way or another.

5. Strategic Employment Site for North Ceredigion

You suggestion regarding options in the Aberystwyth locality are noted, but I have to be very clear that there is a significant body of work behind the rationale and selection of Front Runner sites for the Programme. It is right therefore, to advance these to the next stage. Should these hit a stumbling block the Programme allows flexibility to change course and consider wider options by following an approved Change Management Protocol. Any Aberystwyth proposal can always be considered down the line (as well as others in Powys).

Since you mention the Aberystwyth locality, it may be useful to discuss the allocated site at Capel Bangor that failed to come forward for development, and whether there is merit in re-visiting that?

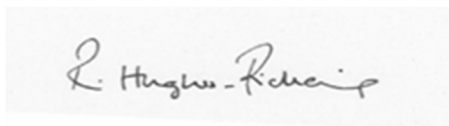
6. Revenue Support for Specialist Market Advice

Thank you for giving the request for further financial assistance on this important piece of work your consideration, your position on that is noted.

Clearly, the matters you have raised with me really require a wider discussion at Programme Board, and I will ensure the agenda for the next meeting (11th January 2024) is structured to allow that to take place.

I am of course, more than happy to have a first-hand conversation or receive further written feedback if you feel it appropriate.

Cofion gorau / Kind regards,



Russell Hughes-Pickering
Programme SRO for the Mid Wales Growth Deal Sites & Premises Programme

Corporate Lead Officer: Economy & Regeneration
Cyngor Sir Ceredigion County Council

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