

CYNGOR GWYNEDD

REPORT TO THE EDUCATION AND ECONOMY SCRUTINY COMMITTEE

Date of Meeting:	23 January 2018
Cabinet Member:	Councillor Dyfrig Siencyn Council Leader
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Title of Item:	North Wales Growth Deal Bid - Progress Report

1. INTRODUCTION

- 1.1. This report notes the progress with developing the North Wales Growth Deal Bid and identifies some matters which require consideration.
- 1.2. In September 2016, Gwynedd Council Cabinet approved a document which outlined the Vision and Priorities for North Wales Economic Growth. The document received the support of the five other local authorities, together with other stakeholders such as Further Education, Higher Education and the Private Sector.
- 1.3. The document notes the intention to develop infrastructure, skills and business growth in the region, and increase the value of the economy from £12.8 billion to £20 billion by 2035.

2. THE NORTH WALES GROWTH DEAL

- 2.1. In the Chancellor's statement in Parliament in November 2016, North Wales was invited to submit a bid for a Growth Deal Agreement. This is the vehicle used by the Government in London now to support economic investment in regions across the country. The Cardiff region and Swansea Bay region have already received approval for the Growth Deal. The Cardiff deal is worth £1.2bn and the Swansea deal worth £1.3bn over 15 years (which includes private funding).
- 2.2. Put simply, there are two elements to the Growth Deals:
 - A financial investment by the UK Government (and Welsh Government) in projects which lead to economic growth in the region;
 - Devolution of powers from Central Government to the regions in order to allow the regions to make decisions on a regional level (in fields which would facilitate economic growth).

- 2.3. The regions submitting a bid must have a legal, robust and accountable governance model to plan and execute their strategy. Regions are expected to be prepared to invest in their strategies alongside the Government(s) in terms of capital allocations, capital borrowing, use of land and assets and resources to develop projects and professional work.
- 2.4. The Growth Deal bids are developed in four phases:
- i) Invitation to bid;
 - ii) Informal liaison between Government and the respective region regarding the bid direction and work content;
 - iii) The first stage of the agreement known as "heads of terms";
 - iv) Final agreement and bid sign-off, jointly by the partner authorities and Welsh and UK Governments.
- 2.5. The North Wales bid is at the latter stages of the second phase with the intention of reaching a heads of terms agreement by May/June 2018.

3. POTENTIAL PROJECTS AND THE IMPLICATIONS FOR GWYNEDD

- 3.1. The work of identifying projects has started, and they can be grouped into three fields. A copy of the projects and the potential projects affecting Gwynedd can be found in **Appendix 1**:
- 3.2. Some of the outcomes expected from the Growth Deal include:
- Growth in GDP and production levels across the North;
 - Growth in employment and investment by the private sector, particularly the low carbon energy, advanced manufacturing and digital sectors;
 - Reduction in worklessness and economic inactivity.
- 3.3. The intention is to have a joint investment scheme between the two Governments for North Wales. It is noted that this investment will be capital funding. We are probably looking at a total investment of £240m (without including the contributions of Local Government and other partners including Higher Education and the Private Sector).
- 3.4. The projects will be required to satisfy the Government's five-case Business Plan standards.

4. NEW RESPONSIBILITIES FOR THE REGION

- 4.1. The Growth Deal is seeking the support of UK and Welsh Governments to be given the capacity and freedom to make key decisions at a regional level.
- 4.2. The region will require the additional powers, responsibilities and flexibility. The following are some examples:
- The region invites the Welsh Government to support the formation of a Regional Transport Body;
 - The region invites the UK Government to co-commission and co-design employment programmes within the region to achieve a more integrated, joined-up service. This will depend on flexibilities being allowed from both

the Welsh Government and the Department of Work and Pensions (DWP) to integrate funding programmes for the region to be most effective in taking people off benefits and into work.

- The region will need the Welsh Government to support a regional allocation from the Apprenticeship Tax Levy;
- The region seeks the support of the Welsh Government to retain a share of national non-domestic rates (business rates) to invest in economic growth.

5. Statutory Joint Committee - North Wales Growth Board

- 5.1. The regions wishing to have a "Growth Deal" must have a legal, robust and accountable governance model. This is essential in order to agree on an investment plan and receive additional powers from the UK and Welsh Government.
- 5.2. In March 2017, Gwynedd Council Cabinet (together with the other five North Wales Local Authorities) approved the intention to establish a Statutory Joint Committee which would respond to this need. Furthermore, in October 2017, the Cabinet supported the preferred governance model of establishing a Statutory Joint Committee and agreed that a further report in relation to the constitution and terms of reference and an Inter-Authority Agreement would follow later in the year.
- 5.3. In addition, during October 2017, the Cabinet agreed on securing an initial financial contribution of up to £50,000 (2017/18 expenditure) for the costs of establishing a Programme Office to support the work.
- 5.3. The Inter-Authority Agreement will be a joint agreement which sets out:
 - How the Joint-Committee will be governed;
 - The role of a host authority;
 - How financial contributions to the Joint Committee and the host authority are to be apportioned.
- 5.4. The Joint Committee has now been established, with the first meeting held in December 2017 with the Leader of each of the six Councils and representation from Higher Education, Further Education and the private sector.
- 5.5. The Leader has been authorised to act as the Gwynedd member of the Shadow Joint Committee and has also been appointed Vice-chair of the Shadow Joint Committee.
- 5.6. An outline of the suggested terms of reference, which are being developed in detail by the network of Heads of Legal Services, can be seen in **Appendix 2**.

6. TIMETABLE AND NEXT STEPS

6.1. The process of preparing the North Wales Growth Deal is challenging, and a draft timescale has been prepared. Put simply, the next steps will include:

i) **January- April 2018**

- Develop a Project Initiation Document (PID) for each project
- Submit the PID to the Shadow Statutory Joint Committee
- Challenge sessions with UK Government and Welsh Government on the PIDs
- Recruit a team to develop the projects
- Commence developing outline business cases

ii) **May - June/July 2018**

- Challenge sessions by senior politicians from UK and Welsh Governments
- Agreement of the Heads of Terms
- Commence developing a Five Case Business Plan
- Submit the Inter-Authority Agreement to the Full Council

6.2. It is hoped that the Full Business Model of each project within the Growth Deal will be approved by the end of 2018, with investment to commence in April 2019.

6.3. It is intended to hold an awareness-raising session for all members on Growth Deal matters on 15 February, with regular sessions to be held thereafter, as the deal develops further.

Appendices:

Appendix 1 North Wales Growth Deal Potential Projects.

Appendix 2 Statutory Joint Committee Terms of Reference – North Wales Growth Board.

Background Documents: None