

north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

Councillor/Cynghorydd Aaron Shotton,
Arweinydd Cyngor Sir Y Fflint
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Ein cyf / Our ref:
Dyddiad/Date: 25th March 2019
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Ken Skates AM
Cabinet Secretary for Economy and Transport
Welsh Government
5th Floor, Tŷ Hywel
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Dear Ken,

Meeting with Leaders 7th March 2019 and an Update on the Growth Deal

Thank you for meeting with the Leaders on 7th March.

The wide ranging and lively debate was very useful for us as a group and will be of real value in helping to deliver the Growth Deal.

We welcomed your commitment to: -

- Getting the North Wales Growth Deal over the line with some form of Heads of Terms agreement achieved ideally by the end of May 2019;
- Enhanced regional working on the part of the Welsh Government with yourself and Lesley Griffiths spearheading the regionalisation agenda; and
- Integration of Welsh Government and Local Authority services in support of improved economic development and transport delivery, and investment in regions.

The regionalisation agenda is a second generation of devolution from the Senedd to the regions, which we, as Councils, must get behind to bring decision-making closer to communities.

We noted the close alignment of our views as Councils with yours on the role of the Minister for North Wales and the proposed standing committee for North Wales.

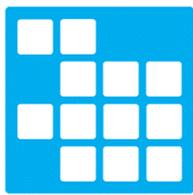


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We offered to support your officials in further developing the policy for a MNW and Standing Committee. Ian Bancroft, supported by Stephen Jones, will help your lead official working on proposals.

We noted that you have commissioned the OECD to review regional governance for economic development in Wales and that you aspire to the creation of integrated economic development units, which will bring together Welsh Government and local authority and partner resources in the field.

The Leaders are supportive of the principle of integration and are prepared to discuss the further development of regional governance. However, we should advise you that our position is that the North Wales Economic Ambition Board should be the accountable body for the delivery of the Growth Deal, and should also be the starting point for any future regional governance vehicles, and providing direction and oversight on investment for and service delivery in the fields of economic development and transport in North Wales.

We are concerned that additional regional governance bodies would undermine the developing role of the Board. We wish to be an equal partner of Welsh Government and business and we need to be given the space, resources and authority to act.

We are very prepared to discuss adapting our governance model in the future, contingent on being consulted and involved in the outcome of the OECD review.

You asked us to be flexible on our project portfolio for the Growth Deal and to be open to a phased approach to taking forward projects with a flexible Heads of Terms agreement that concentrates more on programmes than on individual projects for implementation. This would include fast-tracking key projects that receive all round endorsement in the challenge process.

Our position is that we go into the challenge process with a strong portfolio of inter-dependent projects to draw down a minimum amount of funding of £240m and £280m with further funding to follow in recognition of the ambition and quality of our programmes and projects.

To follow our meeting the Board is keen to move with pace and decisiveness to achieve a Heads of Terms Agreement no later than July. We have held two Board meetings in quick succession to finalise our Implementation Plan for the Growth Deal since we met. A purposeful and deliverable Implementation Plan has been requested by officials from



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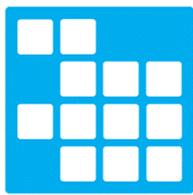
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both Governments, and we are now able to submit this. The Implementation Plan is attached.

At our latest Board meeting held on 15th March we signed-off this Implementation Plan with the unanimous support of all partners. Through a series of sessions preceding last week's meeting we have had intensive input from business leaders from all key sectors. The Implementation Plan has the confidence of the business community. Government officials have also contributed to the development of the Plan over a period of time.

The Implementation Plan sets out:-

- the strategic ambition for the Growth Deal;
- the series of programmes and project interventions for the three prime sectors and the four enablers;
- a summary of the outline business case for each project including their outcomes and benefits, their financial profile, and details of private and public sector investment and financial leverage;
- an indicative timeline; and
- the inter-dependencies of the programmes and projects.

The Plan also sets out:-

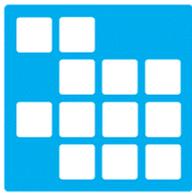
- the role, functions and governance arrangements for the Economic Ambition Board;
- the role and ongoing contribution of the private sector;
- arrangements for stakeholder engagement;
- management of programme implementation; and
- arrangements for monitoring and evaluation.

The full Outline Business Cases are being supplied to officials.

As you know the input of the private sector to the development of the Plan has been significant. This has been co-ordinated by the newly established North Wales Business Delivery Board. There are high expectations to see delivery of the Plan from 2020/21 and strong support for the scaling up of programmes and projects, where possible with additional capital and investment leverage, to achieve transformational change on a regional scale.

The Board has approved a first stage of resourcing to build regional capacity in readiness to manage 'live' Growth Deal funded programmes and projects from 2020/21. Agreement by Governments of a Heads of Terms no later than July is critical if we are to be ready on time to meet the expectations that we have all raised across the region.





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The Board recognises that within our proposed list of fourteen project interventions, some projects are ahead of others in their state of readiness. Therefore, we propose including all fourteen projects within the scope of the Heads of Terms but only to include those that are at a more advanced stage of readiness in this first phase. Those in the first phase would immediately progress to the five case business model. The remaining projects would be further developed in a second phase to follow close behind. For clarity, by 'readiness' we mean meeting the tests of (a) proof of concept (b) outcomes and impact (c) private sector investment and leverage and (d) readiness for delivery on time.

The projects supported by the Board to be in the first phase, due to their advanced state of readiness, include:-

- Digital Connectivity Project
- Regional Land and Property Joint Venture
- Holyhead Gateway
- Smart Local Energy Network Project
- Trawsfynydd Power Station Project

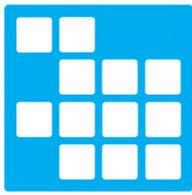
This is not an exhaustive list and is provided as a guide for quick negotiation.

At this stage there is no financial scope for new projects to be added to the Growth Deal. We are very open to later additions with additional capital investment by Governments. We would welcome early discussion on increasing the provisional capital allocation from both Governments, and creative proposals for new projects to be matched with this additional capital.

Given the impact of the decision by Hitachi in suspending the Wylfa Newydd project, the Plan:-

- re-affirms support for key Growth Deal projects within the portfolio that will have a direct economic and employment impact on North Anglesey - the Holyhead Gateway Project, Morlais Project and the Nuclear Centre of Excellence project;
- scales-up two strategic Growth Deal projects that will impact the economy of North Anglesey and create the conditions for employment growth - the Smart Local Energy Network and the Regional Land and Property Joint Venture; and
- proposes sequencing the Growth Deal projects to give some priority to those interventions that impact on North Anglesey.





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We invite both Governments to set out a clear and simple process for closing negotiations to reach a Heads of Terms Agreement by July. We plan to issue public communications at the beginning of April - making a positive statement that the region is ready to close an Agreement and begin to implement priority projects from 2020/21. We would welcome a positive statement from both Governments in support.

We are writing to Under Secretary of State Nigel Adams MP with a similar invitation.

We very much look forward to receiving your support for the approach set out above.

Yours sincerely,

Councillor Aaron Shotton
Leader, Flintshire County Council
Chair, North Wales Regional Economic
Growth Joint Committee

Councillor Mark Pritchard
Leader, Wrexham County Borough
Council,
Chair, North Wales Leaders Panel

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