



NORTH WALES CORPORATE JOINT COMMITTEE

6 September, 2024

TITLE: Flintshire and Wrexham Investment Zone

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1. PURPOSE OF THE REPORT

- 1.1. The purpose of this report is to provide an update on the progress of a new Investment Zone in Flintshire and Wrexham focused on Advanced Manufacturing. The Investment Zone is focused on investments in Flintshire and Wrexham but is expected to have wider beneficial impacts across North Wales.

2. DECISION SOUGHT

- 2.1. To support the further development of the Investment Zone, two decisions are requested:
- To authorise the Interim Chief Executive to continue to work collaboratively with Welsh Government, UK Government, Flintshire and Wrexham Councils and local stakeholders to prepare the remaining Gateway documents in draft form, under the direction and advice of the proposed Investment Zone's Senior Responsible Officer, the CJC's Interim Chief Executive. Appointment of the SRO will be formalised in Gateway 3 which will be presented to the CJC in due course.
 - To support, in principle, the proposed Governance Model which sets out the proposed form of the decision-making structures for the Investment Zone.
 - To submit the proposed Gateway documentation for approval, by the CJC at its November meeting, prior to the formal submission to UK and Welsh Governments.

3. REASON FOR THE DECISION

- 3.1. The process for developing Investment Zones is collaborative in nature and relies on the sharing of documentation for review across local stakeholders, Welsh Government and UK Government (MHCLG). The CJC is the accountable body for the proposed Investment Zone and will need to be endorsing the Gateway submissions. The intention is to share draft Gateway documents as they are prepared for feedback and agreement.

4. THE CJC AND THE INVESTMENT ZONE

- 4.1. In proposing Flintshire Wrexham Investment Zone both the UK and Welsh Governments identified the CJC as being the regional partner body for the proposals. Consequently, the CJC corporately will be the accountable body for the Investment Zone. This means that, at key stages, the CJC will be responsible for sign-off against delivery and outputs. For example, the final sign-off of the Gateway submissions will need a CJC decision. The CJC will apply for and

receive the annual funding letter and the CJC's Section 151 Officer will sign off the Accountable Body's six-monthly report on outputs spend and progress.

- 4.2. One of the aims of this report was to highlight the nature of the role, duties, and responsibilities which the CJC assumes in the investment Zone development and delivery. As the report sets out, it is a role in which partnership at the local level is intrinsic and key. Nevertheless, the CJC it is not what might be termed a purely administrative role, it is also a corporate responsibility for the CJC as an organisation.
- 4.3. The CJC will have decisions to make in the development of the Investment Zone. What this report seeks to do is to prepare for those decisions, raise awareness of the process but also set forward a collaborative and partnership approach to the governance which will inform and shape the project and inform the CJC in its decisions.

5. THE GATEWAYS

- 5.1. **Gateway 1: Vision** - is agreed and sets out the area's vision and ambition to grow the manufacturing sector and increase the productivity, innovation, investment, and number of quality manufacturing jobs.
- 5.2. **Gateway 2: Sector and Geography** - sets out the economic context an understanding of the manufacturing sector such that we can demonstrate our understanding of the key interventions Government investment could make to help accelerate investment, innovation, skills development, and jobs growth. This gateway also requires the Investment Zone to confirm the locations of any Tax Sites and Retained Rates Investment Areas that represent the greatest opportunity to support growth of manufacturing premises. Finally, gateway 2 also considers planning and research. Wrexham University is the Investment Zone's Knowledge Partner with Bangor University involved as a key innovation partner.
- 5.3. To support our appraisal of the project interventions and tax sites available across Wrexham and Flintshire an open 'Call for Projects and Sites' was launched and run between 15-26 July. Proposals were submitted by means of a standard proforma with over 45 project ideas and 21 proposed Tax Sites and Retained Rates Investment Areas received.
- 5.4. **Project proposals** - the 45 project ideas totalled c£250million of investment required from the proposed Investment Zone funding and represented c.£1bn of private match funding. Ongoing discussions with local partners indicate further opportunities not yet presented which will come forward over the forthcoming weeks and months. This will further strengthen the case for an Investment Zone focused on growth of a globally significant advanced manufacturing sector. Data received through the open call for projects indicate that the Investment Zone could create c5,000 new jobs and therefore increasing manufacturing employment by c.20% over the ten years Investment Zone term.
- 5.5. **Tax Sites and Retained Rates Investment Areas** - a total of 21 sites were promoted and 7 were shortlisted (4 in Flintshire and 3 in Wrexham). The shortlisted sites all conform with local planning policy. Meetings will be held on the 4th and 5th of September to help determine the locations to be proposed as Tax Sites. The two sites with the largest opportunity for retained business rates will be designated for business rates retention. Flintshire and Wrexham Council's will be able to re-invest fifty percent of income from business rate growth received from these designation areas for the ten-year term of the Investment Zone. This income can be directed at supporting economic growth across the Investment Zone and to support borrowing for investment in key projects.

- 5.6. **Gateway 3: Governance** – sets out the governance and Accountable Body aspects of the Investment Zone. These are to be managed by the CJC via the Economic Wellbeing Sub-Committee. A new Investment Zone partnership board will be established in 'Shadow' form to support the establishment of the programme and become operational once the Investment Zone Memorandum of Understanding (MoU) is signed. The private sector led Steering Group that supported the development of Gateway 1 is being kept informed of progress. The proposed Governance Model is included in **Appendix 1**.
- 5.7. **Gateway 4: Interventions** - provides details regarding the financial allocations to the interventions (projects) and the expected outputs of the Investment Zone programme.
- 5.8. **Gateway 5: Delivery Plan** - summarises the delivery arrangements for the Investment Zone.
- 5.9. Work is underway on Gateway 2 and 3 and drafts are being prepared for consultation in early September following the appraisal of Tax Sites. Gateway 4 and 5 will be developed in October.

6. BACKGROUND AND RELEVANT CONSIDERATIONS

- 6.1. UK Government is expected to confirm the Investment Zone funding and programme in the Autumn Statement on the 30th of October, 2024. UK Government, Welsh Government, CJC and Flintshire and Wrexham Councils meet weekly to drive forward the development of the Investment Zone.
- 6.2. The intention is to bring the Investment Zone proposition to the November CJC meeting for approval. If agreed, the submission will be considered by UK and Welsh Governments in December and January such that an MoU can be prepared for approval by the CJC in March. In parallel, an Annual Delivery Plan will be prepared and agreed with both UK and Welsh Governments to allow the payment of year 1 funds in April 2025 and the programme to start.
- 6.3. Further consideration will be necessary to set out the recruitment and team resources necessary for the programme to start. Further planning on this will take place once the Government decision on the programme is clear.

7. FINANCIAL IMPLICATIONS

- 7.1. There is provision for £100,000 within the CJC's 2024/25 budget for development of the Investment Zone's proposal. This funding can be retrospectively claimed from the Investment Zone's administrative budget allocation once it is agreed and operational. Until there is greater clarity from UK Government on Investment Zones, Flintshire and Wrexham Councils have agreed to underwrite the costs of progressing the development of the Investment Zone proposal to the value of £50,000. AMION Consulting have been appointed to support the CJC and partners on the preparation of the proposal and its submission. The funding secured will enable the preparation of the draft documents to the end of October and additional funding has been requested from Welsh Government to support the remaining co-development and programme.

8. LEGAL IMPLICATIONS

- 8.1. The expectation is for the CJC to enter into an MoU with UK and Welsh Governments. The CJC will also employ or enter into service contracts with local authority partners and consultants to support the delivery of the Investment Zone. In delivering the programme, the CJC will oversee the management of a project assurance process and enter into Grant Funding Agreements with

university, skills, local authorities and local businesses. Subsidy Control considerations need further evaluation but are expected to be covered by a programme wide Subsidy Control Scheme.

APPENDICES:

Appendix 1: Proposed Governance Structure Model

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer:

“The intention of the report is to set out the role of the CJC in the development and delivery of the Investment Zone. It is important that members of the CJC are aware of the nature of the CJC’s functions and duties in relation to this project. The CJC will need to approve the Gateways and in particular in Gateway 3 approve and adopt a governance structure which will support and facilitate the partnership delivery and shaping of the project. It also needs to ensure that it can fulfil the function of delivery of the accountable body as required.”

ii. Statutory Finance Officer:

“The introduction of the Investment Zones is a significant development for the CJC, with potentially substantial resource implications. Finance officers attend the weekly meetings as described in paragraph 4.1 in order to advise as appropriate, and to ensure that information and knowledge on the developments is maintained. As a result, I have no objections to the decision sought from a financial perspective, and I will continue to advise the CJC as matters progress.

The issues noted in Part 5 above have been considered in the Projected Expenditure report which is a separate item on the meeting agenda, and there are no inconsistencies between the two reports.”