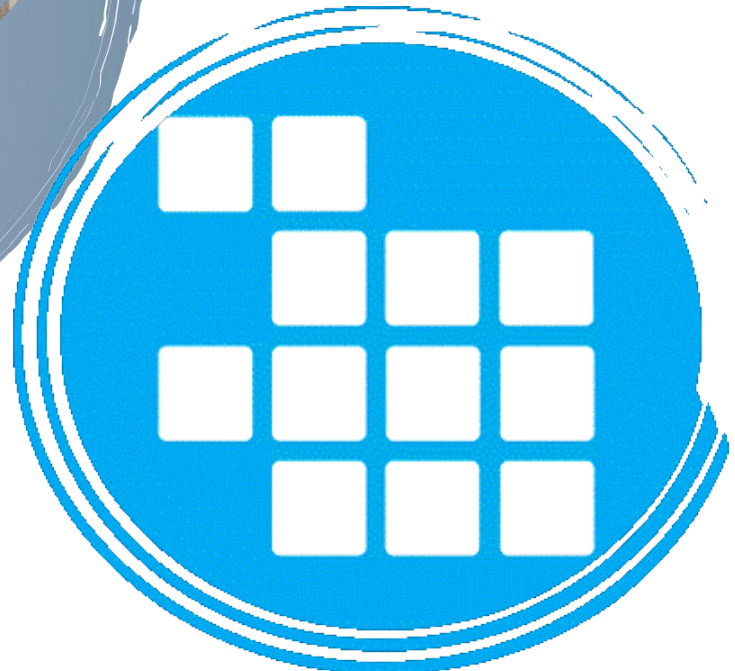


# NORTH WALES GROWTH DEAL OVERARCHING BUSINESS PLAN

2020-25



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## Foreword

The **Growth Deal** has been developed through close collaboration and commitment, from partners across all sectors including the UK and Welsh Governments, to deliver long-lasting positive investment and change that will enable economic and employment growth for the long-term.

Over the next fifteen years, the deal empowers us to work together and take control of how we invest in our future.

It's a unique opportunity to de-centralise government investment, make those investment decisions locally and demonstrate the value this brings. Ultimately, as part of a broader programme of investment, the Growth Deal will enable us to build a more vibrant, sustainable and inclusive economy for us all in North Wales.

We will be **smart** with our investment - building on our strengths to boost productivity, foster innovation and be competitive in the markets we serve. We already have well-established research and innovation hubs, which are helping us to push the boundaries in discovering new growth areas for our high value manufacturing business. We will invest further to create centres of excellence to enhance our reputation and enable growth in this important industry.

We will tackle the long-term market failure that has been a barrier for commercial investment - making North Wales more investable and unlocking the potential for new high-value skilled jobs, for young people and our future generations to thrive. We'll address the shortage of suitable land and property for business growth and to bring forward sites to provide the employment land and housing we need.

By investing now, we build our **resilience** for the future.

We are **connected** as a region. Our partnership across the six local authorities, universities, colleges and the private sector is well established and growing in strength. We're also driving a step change in digital connectivity by balancing investment in infrastructure and technology. We address those areas most in need of faster and more reliable broadband connections and exploit the potential of 5G access and new digital innovation. Opportunities also lie in our close connections with our neighbouring economies such as the Northern Powerhouse, Ireland and Mid-Wales. We can build stronger economies by working together.

We will strengthen our reputation as a cohesive region; leveraging our partnerships to promote growth in the economy that is scalable, sustainable and inclusive. Our Investment in low-carbon energy projects enable us to contribute directly to the climate change emergency, not only helping to make North Wales a cleaner, greener environment, but also positioning ourselves as one of the leading UK locations within the low carbon energy sector. Not forgetting our foundation economies in agriculture and tourism, we will help to

enable and encourage diversification to improve the long-term future of these key industries, ensuring they have opportunity to develop sustainably and thrive.

We will invest in a way that promotes social value and builds wealth in our communities. We recognise and value our obligation to deliver the Growth Deal in a way that improves and enhances our social, cultural, environmental and economic well-being.

We look forward to leading this important investment in our home and our region, North Wales.



**Dyfrig Siencyn,**  
Cadeirydd | Chair,

Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board



**Mark Pritchard,**  
Is-gadeirydd | Vice Chair,

Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board



**Alwen Williams,**  
Cyfarwyddwr Rhaglen | Programme Director,  
Bwrdd Uchelgais Economaidd Gogledd Cymru |  
North Wales Economic Ambition Board

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The North Wales Growth Deal is a crucial package of capital investments for our region and will bring a substantial boost to the North Wales economy at a time when major market changes such as Brexit and global events including the Covid-19 pandemic, continue to impact our Communities and Economy. The North Wales Mersey Dee Business Council as the regional umbrella body for the private sector in North Wales has from the inception of the developing Growth Deal in partnership with the NWEAB, worked exceptionally hard to ensure that the investments proposed in the Deal are distributed across the region and our sectors to provide the maximum benefit to our businesses.

A Growth Deal that delivers on supporting business and productivity growth for both our home grown SME's and the International businesses based in North Wales in our key sectors e.g. Manufacturing, Tourism & Hospitality, Agriculture and Energy, has the potential to make a once in a lifetime positive impact for us all. It is imperative though that the proposed projects and programmes not only provide the catalyst for growth but with the fundamental tenet that they do so whilst contributing to the region's journey towards a Net Zero Carbon and Circular economy. We look forward to continuing meaningful engagement with the NWEAB on this key investment package.



**Jim Jones,**  
Cadeirydd | Chair,

Cyngor Busnes Gogledd Cymru Merswy Dyfrdwy |  
North Wales Mersey Dee Business Council



**Ashley Rogers,**  
Cyfarwyddwr Masnachol | Commercial Director,  
Cyngor Busnes Gogledd Cymru Merswy Dyfrdwy |  
North Wales Mersey Dee Business Council

North Wales has a unique and powerful coalition of private and public sector leaders who, through the North Wales Economic Ambition Board and the Business Delivery Group have been working as united partners to make sure that the Growth Deal leverages a substantial return on investment.

Members on the Business Delivery Group predominately entrepreneurs, have an independent voice with well-established track records within their sectors and industries which is recognised internationally. Members have influential and extensive business networks in Wales, UK and beyond and very importantly, they have a real passion for North Wales, which is where the majority call home.

To the East we're fortunate to be situated close to two major cities; Liverpool and Manchester, home to two international airports connecting us to the global market, whilst London is just a couple of hours away by train. To the West, the port of Holyhead facilitates our trade via sea-freight and opens up the path to international tourism and Ireland. Every inch of North Wales has a great history, rich culture, fantastic castles and beaches, unique tourist attractions, amazing wildlife and, irrefutably, the most breath-taking natural landscapes on planet Earth.

The Growth Deal programmes are concentrated on areas of the economy in which we have long-established experience and strong expertise; such as Advanced Manufacturing, Renewable Energy and Tourism. As an example, Morlais, the tidal power project on Anglesey has the potential to make North Wales one of the world leaders in tidal energy. There are very few places in the world that are suitable and the investment could put North Wales in the top three biggest tidal power generators in the world.

The Growth Deal also invests in the regions digital infrastructure. This is essential and underpins economic growth. Accessible and reliable high-speed fibre broadband and 5G capability is throughout the whole of North Wales is essential.

Throughout history, North Wales has demonstrated its resilience to combat all past economic shocks and come out battle-hardened and stronger. This recent pandemic has created a devastating social and economic earthquake.

I firmly believe that, North Wales, with a credible economic plan, investment in skills and education, and with determined, well-resourced local leadership, has a great opportunity and the potential to re-establish itself as a powerful economy in Wales, which will be greatly supported by the Growth deal investment over the next 15 years and beyond.



**Askar Sheibani,**  
Cadeirydd | Chair,

Grŵp Cyflawni Busnes | Business Delivery Group



# 1. Executive Summary

1.1 The aim of the North Wales Growth Deal (*hereafter referred to as the Growth Deal*) is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015.

1.2 The Growth Deal is a partnership between the public sector and the private sector, supported by funding from UK Government and Welsh Government. The UK Government and Welsh Government are investing £240million into the North Wales Growth Deal over the next 15 years. The Growth Deal is seeking to deliver a total investment of up to £1.1bn in the North Wales economy (£240m from the Growth Deal), to create 3,400 – 4,200 net additional jobs and generate £2.0- £2.4 billion in net additional GVA.

Spending Objective 1 - Jobs	<b>To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.</b>
Spending Objective 2 - GVA	<b>To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.</b>
Spending Objective 3 - Investment	<b>To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.</b>

1.3 This Overarching Business Plan (OBP) is the basis on which Partners are entering into the North Wales Growth Deal (*hereafter referred to as the Growth Deal*). It provides an overview of the deal including the programmes and projects to be delivered. It sets out what the Growth Deal will deliver in terms of outputs and benefits for the region, the financial contributions of each partner and the governance and performance management arrangements to ensure the Growth Deal is delivered.

## The Case for Change

1.4 North Wales is home to nearly 700,000 residents and contributes £14.2 billion to the UK economy each year,<sup>1</sup> representing 22% of the Welsh economy.<sup>2</sup> However, there remains a persistent and growing productivity gap between North Wales and the UK with wide variations in GVA (Gross Value Added) average per person across the region. **Addressing this disparity is an important priority for the Growth Deal.**

1.5 North Wales has a diverse economy with key sectors being manufacturing, energy and tourism as well as public sector jobs. Some of the productivity gap is accounted for by the sectoral structure of the North Wales economy with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are

<sup>1</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

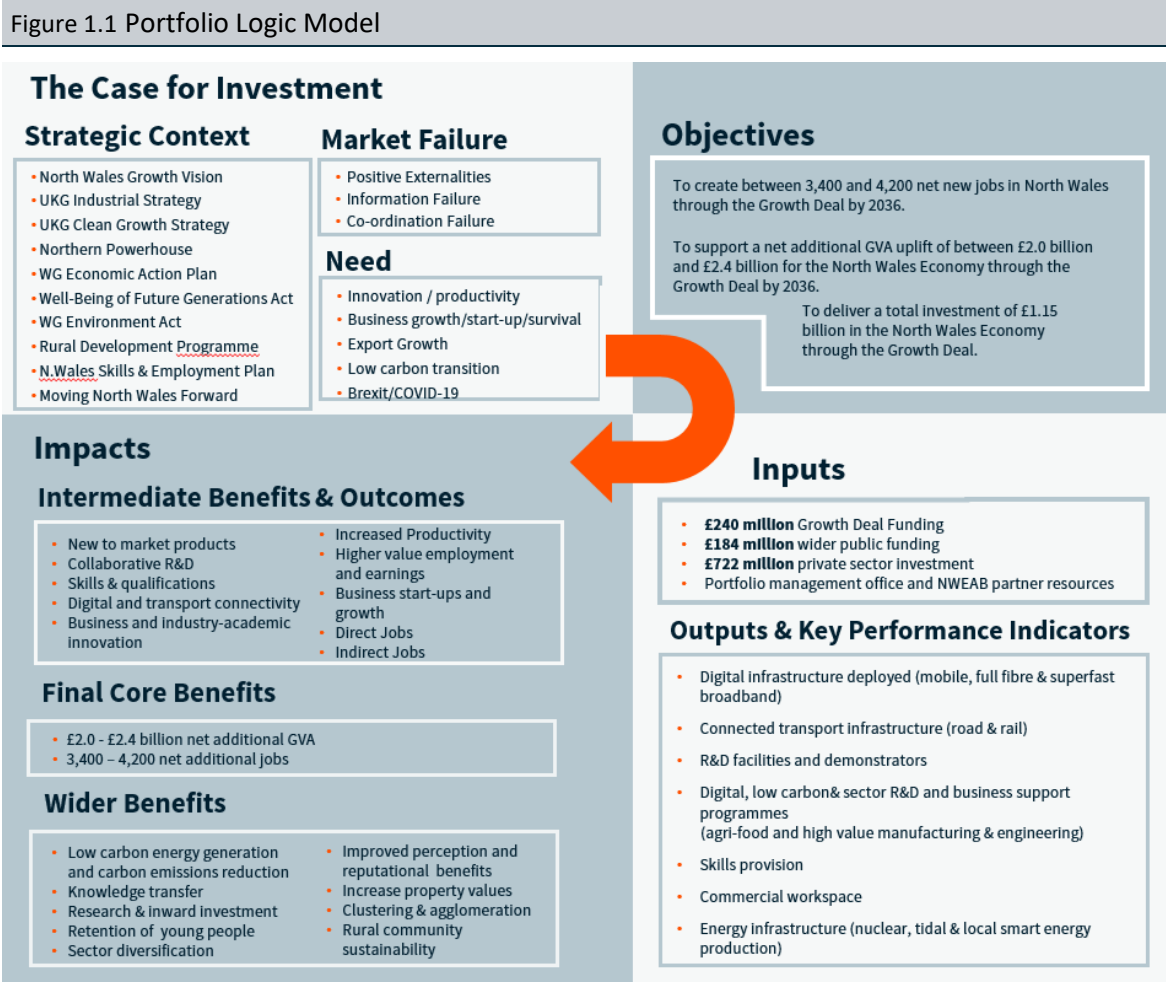
<sup>2</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsh-economic-region-year>

areas of strength, with 64,000 people employed in high value sectors, defined as manufacturing; information and communication; and professional, scientific and technical activities.

1.6 **Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal.** Key challenges and opportunities have been identified as follows:

- Improving productivity
- Supporting innovation and Research and Development (R&D)
- Supporting the low carbon agenda and driving low carbon growth
- Supply chain integration
- Meeting skills needs
- The need for modern employment floorspace and serviced residential land
- Addressing the digital divide
- Expanding digital research capacity.

1.7 A logic model is a way of articulating the context for change and investment. A summary logic model for the Growth Deal is set out in Figure 1.1 below and provides an overview of the strategic drivers, objectives, inputs and impact of the Growth Deal.



Source: Hatch

## COVID-19 Recovery

- 1.8 Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The Economic Ambition Board works closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.
- 1.9 The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.
- 1.10 The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## The Growth Deal Programmes

- 1.11 The Growth Deal is based on the delivery of 14 transformational projects across 5 programmes. The programmes have been defined as either high growth programmes or enabling programmes. The programmes have been defined as either high growth programmes or enabling programmes.

### High growth sectors to drive productivity in the region

- 1.12 The projects within the Growth Deal aimed at increasing the value and impact of high growth sectors will be focused on three key programmes:
  - **Low carbon energy**
  - **Innovation in high value manufacturing**
  - **Agri-food and tourism**

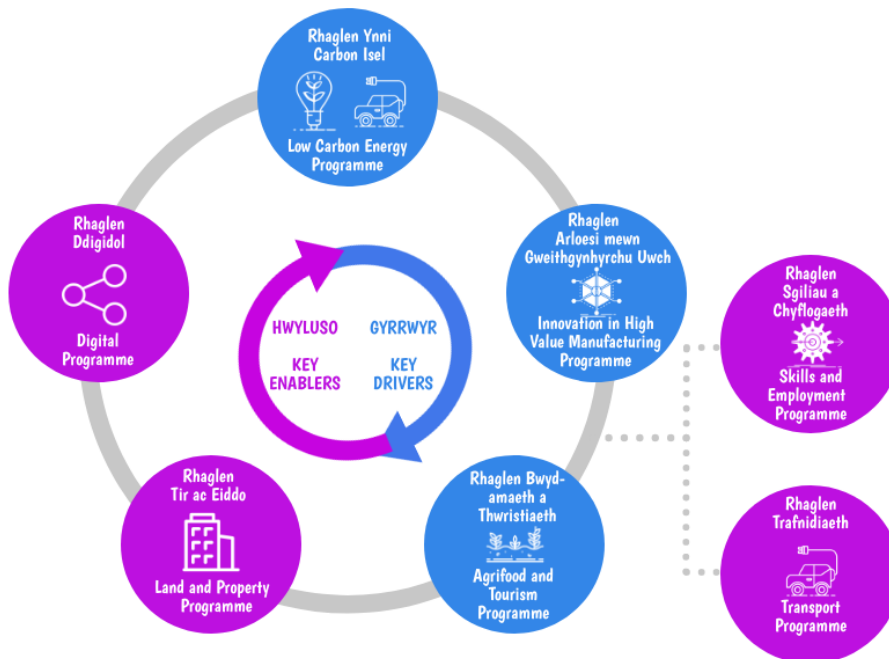
### Addressing key barriers to enable and achieve economic growth

- 1.13 We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.
- 1.14 The projects within the Growth Deal to address key barriers to growth will be focused on two key programmes:
  - **Land and Property**



- **Digital**

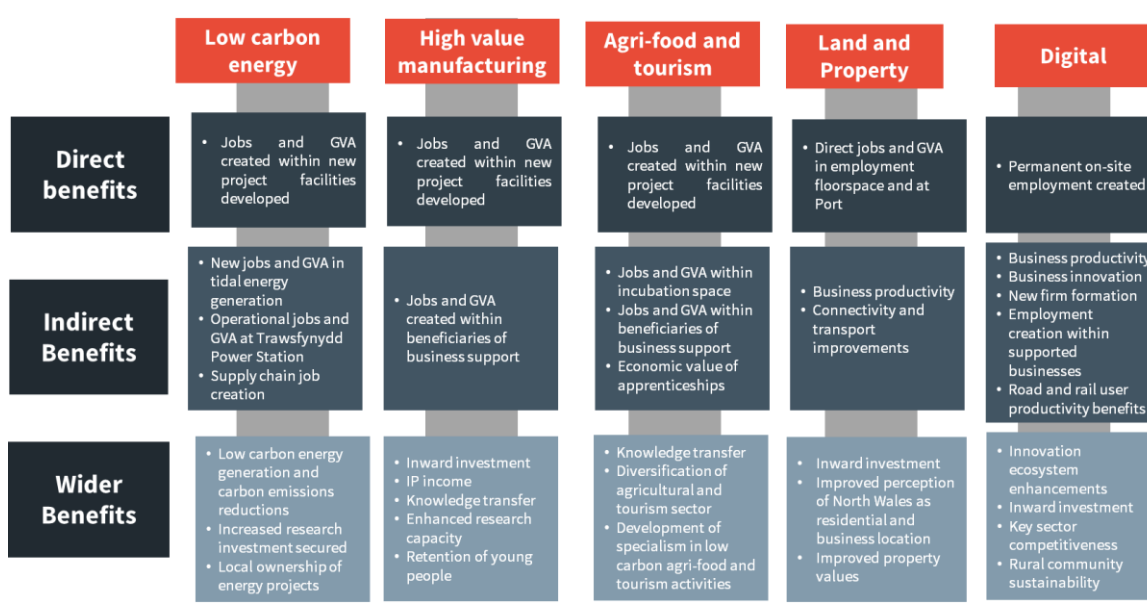
Figure 1.2. The Growth Deal Programmes



Source: North Wales Economic Ambition Board

- 1.15 The Skills and Employment and Strategic Transport programmes sit outside the Growth Deal. The programmes remain key to delivering the wider vision for North Wales and the Economic Ambition Board is working with the Regional Skills Partnership and through its Transport Sub-Board to identify and secure alternative funding sources to deliver these programmes.
- 1.16 All of the programmes and projects contribute to achieving the three key spending objectives. They also generate a set of additional benefits that have been classed as direct, indirect and wider benefits. These are set out in Figure 1.1 below.

Figure 1.3. Benefits Framework



Source: Hatch

## Growth Deal Funding Profile

1.17 The capital funding profile for each programme is summarised in the table 1 below.

Table 1 : North Wales Growth Deal Financial Summary

Programme Area	Government Contribution (£m)	Public Contribution (£m)	Private Contribution (£m)	Total Programme Costs (£m)
Innovation in High Value Manufacturing	13.0	26.5	0.0	39.5
Digital Connectivity	37.0	3.1	1.6	41.7
Agri-food and Tourism	24.5	12.4	4.4	41.3
Land and Property	79.1	1.9	274.4	355.4
Low Carbon Energy	86.4	140.4	441.7	668.5
<b>Total</b>	<b>240.0</b>	<b>184.3</b>	<b>722.1</b>	<b>1,146.4</b>

## North Wales Economic Ambition Board Partner Contributions

- 1.18 No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed. Revenue funding to support the Portfolio Management Office is provided through NWEAB partner contributions (including supplementary local authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the ‘top slice’ of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding.
- 1.19 The annual partner contributions towards the Portfolio Management Office (PMO) costs are set out in the table below:

Table 2 : Annual partner contributions towards the PMO costs			
	Local Authority Contribution	HE/FE Annual Contributions	Total Annual Contribution
<b>Annual Core Contributions</b>	£50k per LA	*£25k per partner	£400k
<b>Annual Supplementary Contribution*</b>	£40k per LA	0	£240k

\* this is set at 50% of the Local Authority core contribution as agreed in GA1 (to be succeeded by GA2)

\*\* this contribution is a supplementary contribution agreed by the Councils only

- 1.20 The Growth Deal funding (£240m) grant contribution to the North Wales Growth Deal is provided by the UK and Welsh Government in annual instalments over a 15 year period. The nature of these government grant payments results in a medium term funding gap between the expected expenditure profile of the Growth Deal and the government funding received.
- 1.21 The North Wales Economic Ambition Board, through Gwynedd Council as the host authority will be responsible for managing this negative cash flow. This will be met by the local authorities (proportional to population) for regional NWEAB projects, and with project sponsors responsible for the cost in relation to their projects.
- 1.22 The total (15 year) contributions that will be required from the North Wales Economic Ambition Board partners, to enable the delivery of the Growth Deal, are set as a range for each partner. The best (version 1) and worst (version 2) case scenario below for the partners reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. Any proposed increase in agreed contributions would need to be approved as a reserved matter. The table below shows the total contributions over the 15 year period. Annual contributions are shown in the main report in section 10.7.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

## Growth Deal Governance

- 1.23 Having Secured the Growth Deal the Partners have agreed to enter into a second Governance Agreement (GA2) which will support the partnership into the next Growth Deal implementation phase and further development of the Growth Vision.
- 1.24 The agreement, which is a legally binding document, defines the role and function of the North Wales Economic Ambition Board and its delegated powers. It also provides for its decision making structures and democratic accountability. Provision is made for the commitments of the partners to the projects and how these are managed and apportioned. GA2 provides assurance for Gwynedd Council, the host authority, in assuming that role. The underlying arrangements providing for legal and compliance matters within the partnership and the governance of the Portfolio Management Office are also addressed.
- 1.25 GA2 is a key document, providing a clear structure and foundation, for taking the implementation of the Growth Deal forward.
- 1.26 The North Wales Economic Ambition Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management delivery and has established a Portfolio Management Office to deliver the Growth Deal.
- 1.27 Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the North Wales Economic Ambition Board, their partners, UK and Welsh Government.

## 2. Purpose

- 2.1 This Overarching Business Plan (OBP) is the basis on which Partners are entering into the North Wales Growth Deal (*hereafter referred to as the Growth Deal*). It provides an overview of the deal including the programmes and projects to be delivered. It sets out what the Growth Deal will deliver in terms of outputs and benefits for the region, the financial contributions of each partner and the governance and performance management arrangements to ensure the Growth Deal is delivered.

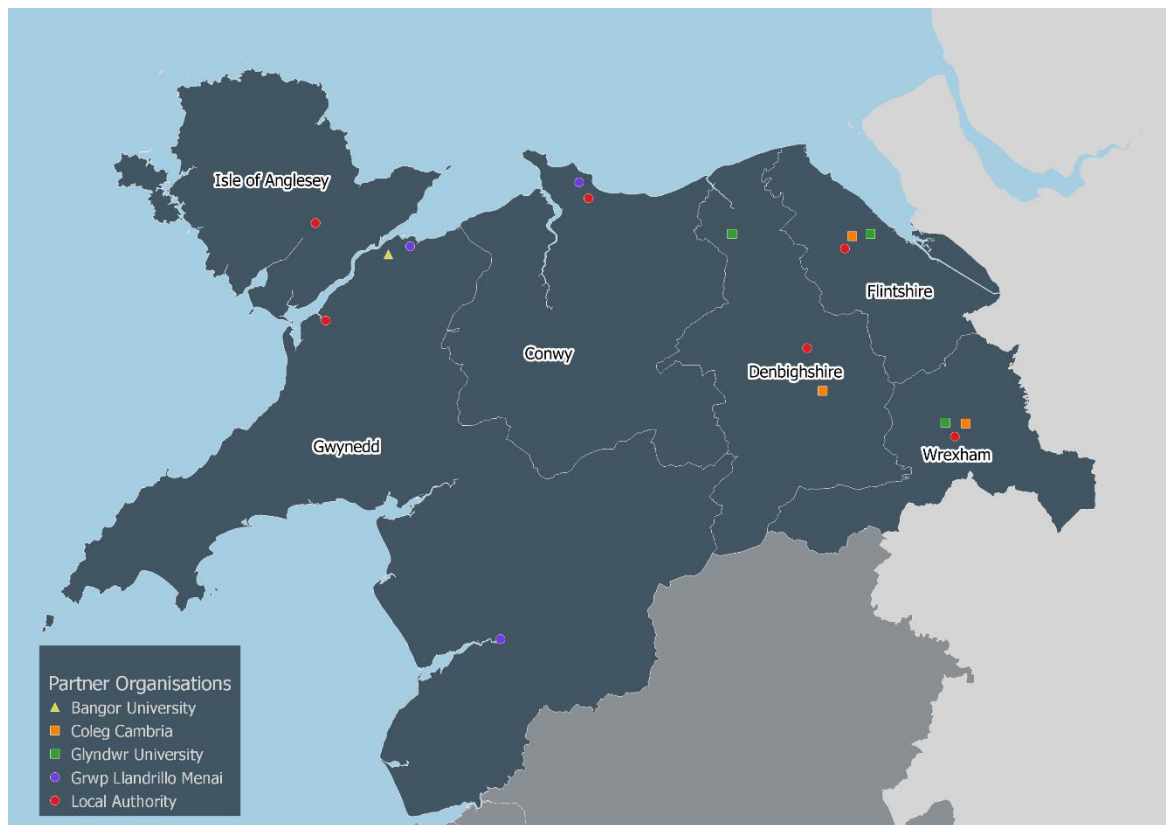
## 3. North Wales Economic Ambition Board

- 3.1 The North Wales Economic Ambition Board (hereafter referred to as Economic ambition Board or the Board) was established in 2012 as a partnership between the

six local authority areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Board also includes Bangor University, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai.

- 3.2 In early 2019, the North Wales Economic Ambition Board was formally established as a joint committee following the adoption of Governance Agreement 1 (hereafter referred to as GA1) by the partnership. GA1 set out the framework through which the Board would operate in order to secure the Growth Deal.

Figure 3.1 Map of North Wales and NWEAB Partners



- 3.3 The Growth Deal is a partnership between the public and private sectors. The private sector has been strongly represented by the North Wales Mersey Dee Business Council, who, as a founding member of the North Wales Economic Ambition Board, have worked in close collaboration with partners and regional public and private sector stakeholders to shape and influence the Growth Deal proposition. Representing various member organisations including the Chamber of Commerce, Confederation of British Industry (CBI) and the Federation of Small Businesses (FSB), their active involvement in shaping the deal has been invaluable. As of August 3rd 2020, due to challenges caused by Covid-19, the Business Council withdrew membership. The Business Council remain a key stakeholder and will be an integral, more strategic and less operational, partner moving forward.
- 3.4 The private sector remains strongly represented in the Growth Deal through the Business Delivery Group who act as an independent advisory body to the Economic Ambition Board.

## 4. Background to the North Wales Growth Deal

- 4.1 Growth Deals first emerged from the 2010-2015 coalition government in Westminster as part of its long-term plan to boost local economies. The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are designed to promote decentralisation and stimulate local economic growth by giving more power and flexibility to regions, to make the case for investment, to drive inclusive economic activity and growth.
- 4.2 In response to this policy, partners across North Wales established the Board in 2012 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy.
- 4.3 In 2016 the Economic Ambition Board's partners adopted a Growth Vision for the Economy of North Wales (the Growth Vision).
- 4.4 The adopted vision is to develop "a confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and our connection to the economies of the Northern Powerhouse & Ireland."
- 4.5 The Growth Vision was founded on three key principles:
- **Smart North Wales** – with a focus on innovation and high value economic sectors to advance economic performance.
  - **Resilient North Wales** – with a focus on retaining young people, increasing employment levels and skills to achieve inclusive growth.
  - **Connected North Wales** – with a focus on improving transport and digital infrastructure to enhance strategic connectivity to and within the region.
- 4.6 In the 2017 Autumn Budget the UK Government stated that it would begin negotiations to agree a Growth Deal for North Wales. Following this statement the Economic Ambition Board worked collaboratively with Welsh Government, UK Government and representatives of the public and private sector to develop the North Wales Growth Deal, which was outlined in the Proposition Document
- 4.7 Based on the Growth Vision strategy, the Proposition Document was agreed by the Economic Ambition Board's partners in October 2018. This set out a proposed package of 24 transformational projects across 9 strategic programmes, seeking £334.5m in capital funding plus £8m in revenue funding from the Growth Deal. The programmes were defined as a group of related projects managed in a co-ordinated way to obtain benefits and to deliver the overall vision and aims.
- 4.8 In the Autumn Budget 2018, the then Chancellor of the Exchequer, Rt Hon Phillip Hammond MP, announced £120 million in capital funding for the North Wales Growth Deal. The Welsh Government confirmed that it would match the UK Government's financial contribution to the North Wales Growth Deal, securing commitment for £240m as a grant contribution in capital funding from governments.
- 4.9 Following this announcement and in response to the UK Government's desire to see a consolidated portfolio of ambitious projects, and because the funds committed were



less than the proposition's original scope and capital funding only, the Economic Ambition Board developed and agreed a Draft Implementation Plan, setting out a streamlined package of 14 transformational projects, which was submitted to both governments in March 2019.

- 4.10 The Draft Implementation Plan became the basis for the Heads of Terms agreement signed by both governments in November 2019, and securing, in principle, £240m of capital funding for the North Wales Growth Deal. The Heads of Terms committed all parties to complete a Final Deal Agreement (FDA) within 12-15 months, which, once achieved would see funding released from governments to the region. This overarching business plan forms part of the agreed process to achieve the FDA.

## 5. The Case for Change

### The North Wales Economy

- 5.1 There remains a persistent and widening productivity gap between North Wales and the UK with wide variations in GVA (Gross Value Added) average per person across the region. Addressing this disparity is an important priority for the Growth Deal.
- 5.2 North Wales is home to nearly 700,000 residents and contributes £14.2 billion to the UK economy each year,<sup>3</sup> representing 22% of the Welsh economy.<sup>4</sup> Economic performance has been resilient following the financial crisis and during the period of austerity, with real<sup>5</sup> GVA increasing by 20% since 2009. This is compared to 14.9% increase in the Swansea Bay City Region and 12.6% increase in the Mid-Wales Growth Deal area.

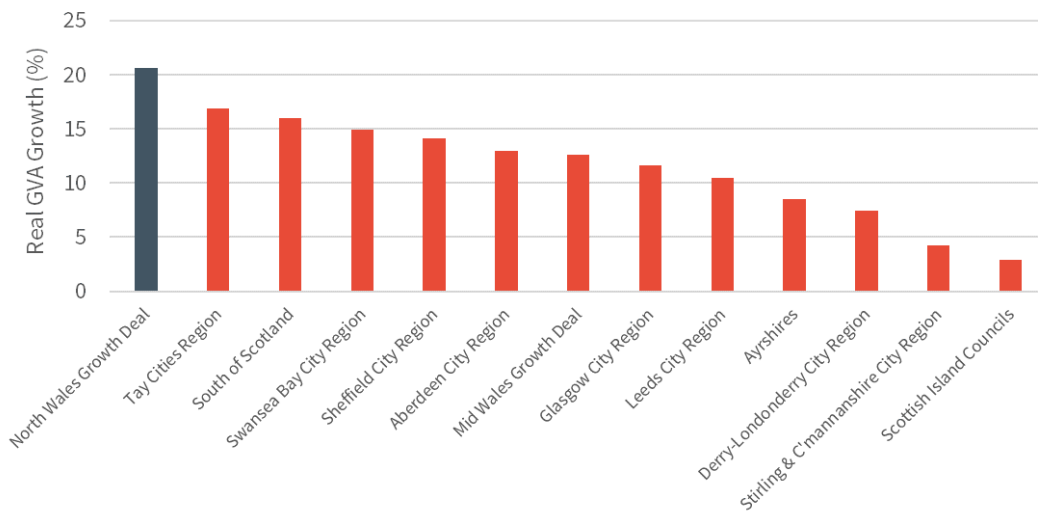
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<sup>3</sup> Measured by Gross Value Added (GVA). Source: ONS, 2018 data.

<sup>4</sup> <https://stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gva-by-measure-welsh-economic-region-year>

<sup>5</sup> i.e. inflation-adjusted.

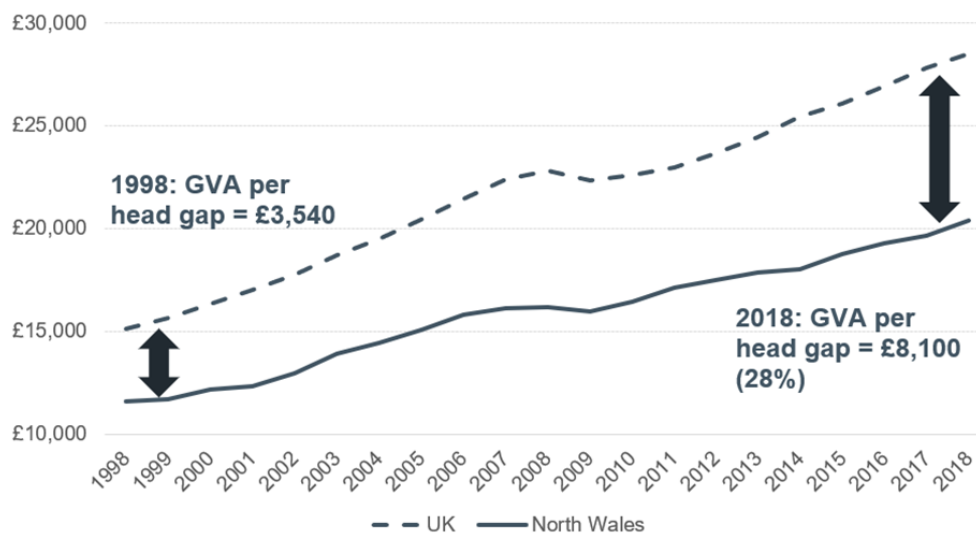
Figure 5.1 Real GVA Growth since 2009 in selected Locations in the UK



Source: Regional GVA, ONS, 2018

5.3 Nonetheless, there remains a persistent and widening productivity gap on the UK. GVA average per person is around 28% below the UK average, at £20,400 per annum. If London and the South East are removed, this gap is reduced but remains at 16%.

Figure 5.2 GVA per Head (£) 1998-2018

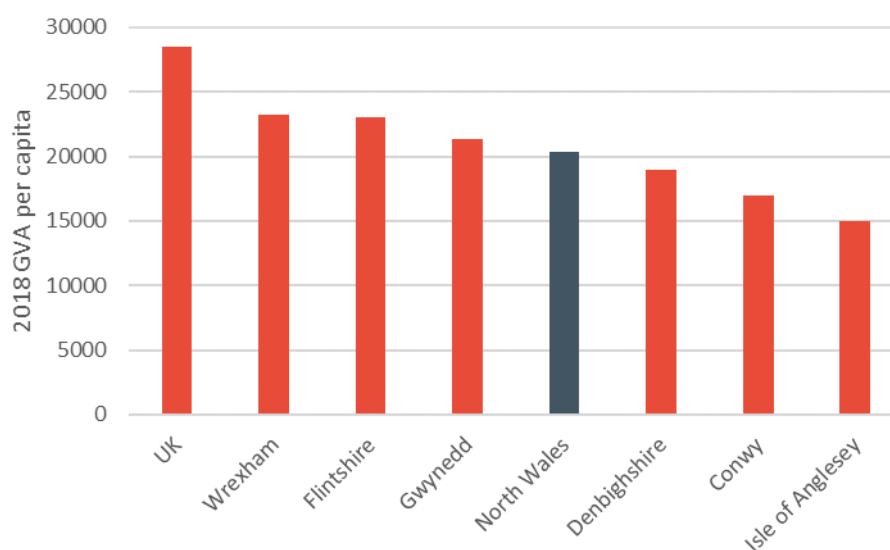


Source: Regional GVA, ONS, 2018

5.4 Within North Wales there are wide variations in GVA per capita, with particularly weak productivity in the Isle of Anglesey (53% of the UK average) but stronger performance in Flintshire and Wrexham (both of which are 81% of the UK average).<sup>6</sup> This is also reflected in average earnings, which lag behind the UK average. Indeed, some local authorities in the West have the lowest earnings in Wales and the UK.

<sup>6</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/gvaperhead-by-area-year>

Figure 5.3 GVA per Head (£), 2018

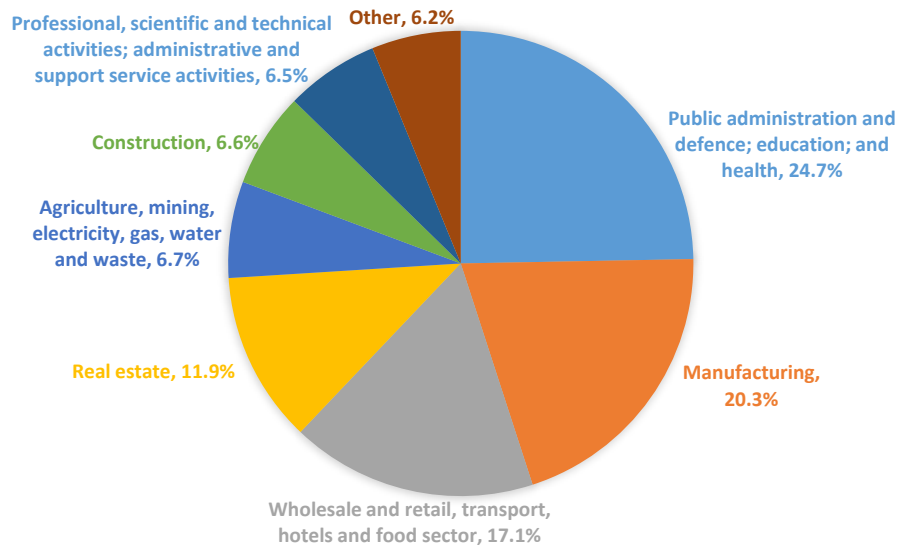


Source: Regional GVA, ONS, 2017

- 5.5 As a consequence of the lower productivity in Anglesey, Gwynedd, Conwy and Denbighshire, these areas have previously qualified for the highest level of EU structural funding intervention.

## Key Sectors

- 5.6 **Supporting high value sectors and addressing long-term barriers to growth is at the heart of the North Wales Growth Deal.**
- 5.7 North Wales has a diverse economy with key sectors being manufacturing, energy and tourism as well as public sector jobs. The public sector accounts for nearly a quarter (24.7%) of the region's GVA. A fifth (20.3%) of the economy is accounted for by manufacturing, which is significantly more important in North Wales than in Wales as a whole (where it accounts for 17% of GVA). Wholesale and retail, transport, hotels and food sector accounts for 17% of the economy of North Wales. The chart below shows the breakdown of industry contribution to 2018 GVA in North Wales.



- 5.8 A portion of the productivity gap is accounted for by the sectoral structure of the North Wales economy, with some areas particularly reliant on relatively low paid sectors including tourism and retail. At the same time, there are areas of strength, with 64,000 people employed in high value sectors, defined as manufacturing; information and communication; and professional, scientific and technical activities.
- 5.9 In particular, the Economic Ambition Board recognise the significant potential offered by high value and foundation sectors including:
- **Advanced manufacturing:** 36,000 people work in advanced manufacturing in North Wales, with particular strengths in aerospace, automotive, chemicals and pharmaceuticals, engineering, opto-electronics, food and drink, and metal and steel.<sup>7</sup> This includes anchor employers such as Airbus and Toyota, and areas of research and innovation excellence within the region’s universities. The AMRC (Advanced Manufacturing Research Centre) Cymru, a £20m state-of-the-art R&D facility, recently opened in Broughton and has been described by Welsh Government ministers as a “game changer” for the region.
  - **Low carbon energy:** An estimated 16,750 people worked in specialist energy and environmental companies in North Wales in 2016. Wales has committed to a 95% reduction in carbon emissions by 2050. North Wales is already a hub for low carbon energy generation, with the equivalent of 82% of its electricity consumption already coming from local renewable sources. The region hosts over a third of Wales’ renewable energy capacity and also has two nuclear licensed sites, Wylfa and Trawsfynydd. The region’s geography, natural resources and heritage of energy production allow unique opportunities to deploy a broad range of low carbon energy technologies, with resources to scale-up offshore and on shore wind generation, tidal stream energy, tidal range energy, hydro-power, solar and new nuclear generation. This is supported by significant research and innovation capabilities including the Nuclear Futures Institute at Bangor University.

<sup>7</sup> Source: North Wales Regional Skills Partnership

- **Agri-food:** Agri-food is a pillar for the North Wales economy, employing an estimated 20,900 people and contributing £370m in GVA.<sup>8</sup> A fifth of all businesses in Gwynedd and Môn are in agriculture. The Welsh Government planned to grow sales in the Food and Drink industry by 30% to £7 billion by 2020<sup>9</sup>. The revised Action Plan is currently going through a consultation process however, the new Action Plan sets ambitious targets for the Food and Drink sector. This includes ensuring the turnover of the Food and Drink Sector will grow annually to match the change in the Consumer Price Index (CPI), plus an additional 2%.
- **Tourism:** Tourism is another well-established and vital sector for the North Wales economy, with around 37,200 people working in tourism and hospitality in the region, representing 12% of the workforce. The sector has seen increases in visits and expenditure in recent years, with a 4% increase in trips and a 10% increase in expenditure between 2013-2015 and 2014-2016.<sup>10</sup> There has been a welcome growth in adventure tourism, capitalising on the post-industrial landscape and the area's natural assets. According to the latest available STEAM summary data for North Wales the total economic impact of tourism to the North Wales economy is now £3.69billion.
- **Digital:** the deepening effect of digitalisation means that technology is increasingly disruptive and valuable to the North Wales economy, being a driver of both productivity and competitiveness. Whilst the digital sector has established itself as an important generator of employment and economic output, in reality, a much broader base of sectors have been shaped by digital technologies and processes. This is reflected in national policy – the sector has the backing of the UK and Welsh Governments, within respective Digital Strategies, aligning with the opportunity to exploit digital growth as set out in the UK Industrial Strategy. Ensuring that businesses, households and communities, have access to the very best digital connectivity, is seen as key to unlocking North Wales' and growth potential.

## Population and labour market

### 5.10 Investing in skills that match the needs of the region's new employment opportunities is fundamental to the future economic health of North Wales.

5.11 There is an ageing population in the region and a net outward migration of talent from the region. Whilst the population of North Wales is expected to increase to 722,317 by 2039, the share of the population aged 65 or above is expected to increase from 23.6% to 29.8%. This means a smaller share of working age people, which may place pressures on the supply of skills.

5.12 The employment rate amongst working age residents in North Wales stood at 75.9% at March 2020, which was the same as the UK. Over 5 years, between March 2015 and March 2020, 18,300 jobs were added to the economy, a growth of 6.2% for the region.

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<sup>8</sup> Source: North Wales Regional Skills Partnership; Labour Market Insights, June 2020

<sup>9</sup> Source: Welsh Government Action Plan for Food and Drink

<sup>10</sup> Source: Welsh Government August 2018 'Tourism Profile- North Wales (2014-2016)'

The specific impacts of Covid-19 on the North Wales economy and the Growth Deal are set out in section 4.21-4.23.

## Sites and premises

### **5.13 The Growth Deal programme will address the shortages of sites and premises in the region and invest to enable the growth of Holyhead Port.**

5.14 Recent research has identified a lack of modern industrial and employment space across the region. Whilst there are business parks located along the A55 with land available for development, planning restrictions and plot sizes together with the lack of development funding and property values that are lower than build costs, has meant these have seen limited new development since 2008. A recent review by Jones Lang LaSalle (JLL, a leading property consultancy) for Welsh Government found that there was relatively weak and fragmented network of readily developable strategic sites, capable of supporting both local business growth and inward investment.<sup>11</sup> The SQW report for Welsh Government completed in March 2020 confirms the conclusions of the JLL report.

## Holyhead Port

5.15 Holyhead Port is of strategic and economic significance both for North Wales and the UK. The Port is the second busiest Roll on – Roll off ferry port in the UK: in 2018 the Port handled 75% of passengers, 71% of passenger vehicles and 81% of freight vehicles passing through Welsh ports to Ireland<sup>12</sup>. The port has the second highest number of short sea ferry crossings by total number of passengers in the UK.<sup>13</sup> The Port is owned and operated by Stena Line Ports Limited who are also the statutory Port Authority.

5.16 The Holyhead-Dublin route is the principal ferry link to the Republic of Ireland from the UK and serves primarily the North Wales and Central and Northern England markets and is currently operated by Stena Line and Irish Ferries. The ports usage by cruise ships has increased substantially over the past decade from 18 visits in 2013 to 51 in 2018<sup>14</sup>, in the same period passenger visits have increased from 15,000 to 50,000<sup>15</sup>.

5.17 The Holyhead Gateway scheme is a series of targeted investments to address life expired assets essential to the operation of the port and to increase capacity for both vehicle and ship movements for both passenger and freight traffic.

## Digital Connectivity

### **5.18 Enhancing digital connectivity is an important priority for unlocking economic growth.**

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<sup>11</sup> Source : JLL (2017) Priority Property Interventions for Economic Development Report.

<sup>12</sup> DfT Port Freight Stats 2019

<sup>13</sup> DfT Port Freight Stats 2019

<sup>14</sup> Stena Line Ports, 2018

<sup>15</sup> Stena Line Ports, 2018



- 5.19 Demand for high-speed broadband and mobile connectivity in North Wales has kept pace with supply. However, the infrastructure in the region has historically lagged behind the rest of the UK in terms of coverage and capacity.
- 5.20 With the emergence of commercially available fibre optic technology towards the end of the 20th century, the widening of the 'digital divide' now has the potential to increase exponentially. Especially as the difference in affordable bandwidth can now be typically 100s of Megabits per second compared to other regions (e.g. 4.9% premises in Denbighshire with availability of ultrafast at >100Mbps compared to 49% in North West England). All four counties in North West Wales rank in bottom 25% of UK areas for Superfast (>30Mbps) broadband coverage.

### **The economic impact of Covid-19**

- 5.21 Covid-19 has had an immense economic impact on North Wales as in other parts of the UK and globally. The Economic Ambition Board works closely with the six local authorities, UK and Welsh Governments and private sector representatives to co-ordinate the regional response to economic recovery. The longer term effects of Covid-19 on the regional economy at this stage is still unknown.
- 5.22 Work is underway to define a situational analysis to describe the state of the economy in North Wales during what has been a volatile and challenging period for businesses and employees across many sectors. This period of uncertainty caused by the pandemic is ongoing and with the transition period for leaving the EU ending on the 31 December the outlook for winter is bleak. In terms of strengthening the economy in the long term, the Growth Deal will be a welcomed source of hope and investment for the citizens of North Wales.
- 5.23 Interventions already undertaken and planned to create a reliable and evidence based approach to the situational analysis include a regional survey of businesses which attracted over 1,800 responses. A commissioned report on tourism to identify the strengths, weaknesses and opportunities to preserve and revive and develop the tourism economy sustainably. The appointment of an independent economic partner to co-develop the situational analysis and framework for recovery planning for North Wales. Looking initially at the near-term economic recovery post-Covid but also recognising the need to measure and evaluate the impact of the Growth Deal investment on the North Wales economy in the long term throughout the lifetime of the deal.
- 5.24 The Growth Deal is designed to address structural, long-term barriers to economic growth. However, the Board is fully aware that in the short-term a range of actions will be needed to facilitate recovery and alignment between those short term measures and the Growth Deal is key.
- 5.25 The Growth Deal on its own cannot address all the challenges facing the North Wales economy, particularly in light of Covid-19. However, such a significant injection of capital investment into the North Wales economy through the Growth Deal will be a significant boost to the construction and related sectors at a time when there is likely to be spare capacity in the economy.

## 6. The Growth Deal Programmes

6.1 The aim of the Growth Deal is to build a more vibrant, sustainable and resilient economy in North Wales, building on our strengths to boost productivity while tackling long-term challenges and economic barriers to delivering inclusive growth. Our approach is to promote growth in a scalable, inclusive and sustainable way in line with the Wellbeing of Future Generations (Wales) Act 2015. The Growth Deal is based on the delivery of 14 transformational projects across 5 programmes. The programmes have been defined as either high growth programmes or enabling programmes.

### High growth sectors to drive productivity in the region

6.2 The projects within the Growth Deal aimed at increasing the value and impact of high growth sectors will be focused on three key programmes:

- **Low carbon energy**
- **Innovation in high value manufacturing**
- **Agri-food and tourism**

### Addressing key barriers to enable and achieve economic growth

6.3 We have identified enabling sectors through the Growth Deal to tackle key economic barriers and address structural issues that have impacted on productivity and jobs. Delivery in these sectors will create the appropriate conditions for businesses to invest in the region and for the labour market to take advantage of new employment opportunities. A strategic approach will be taken with our investments, ensuring that they are well-targeted in order to enable economic and employment growth across the region. This will be done in partnership with key partners, especially the UK and Welsh Governments.

6.4 The projects within the Growth Deal to address key barriers to growth will be focused on two key programmes:

- **Land and Property**
- **Digital**

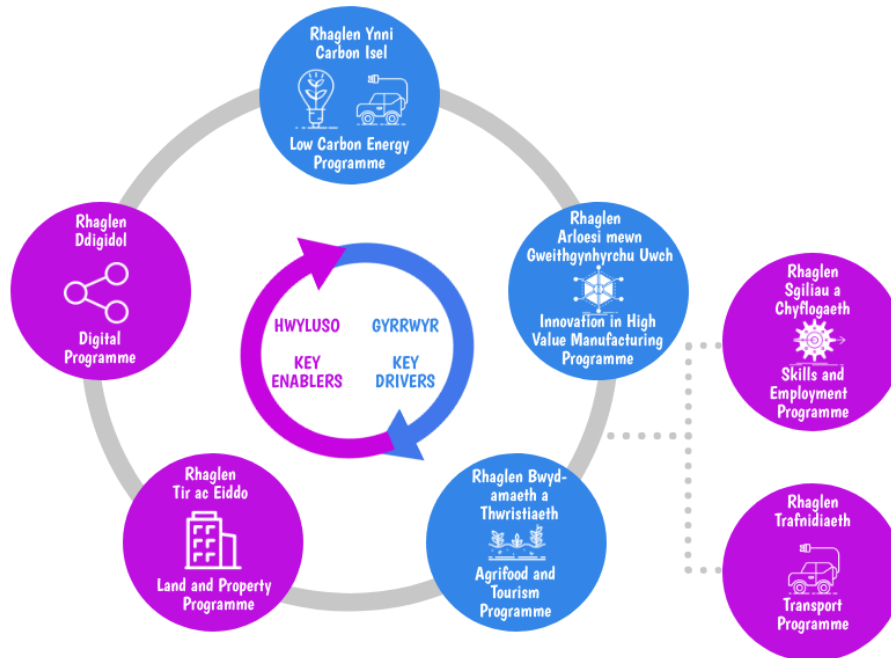
6.5 By focusing delivery on these programmes collectively, the Growth Deal will achieve a greater impact in terms of our ambition and use of resources rather than delivering them in isolation.

6.6 Two further enabling programmes sit outside the scope of the North Wales Growth Deal due to funding constraints:

- **Skills and Employment** - This programme aims to tackle economic inactivity and deliver a co-ordinated and integrated skills and employment approach in the region.
- **Strategic Transport** - This programme aims to enable improved accessibility and connectivity, to and within the region.

6.7 The programmes remain key to delivering the wider vision for North Wales and the Economic Ambition Board is working with the Regional Skills Partnership and through its Transport Sub-Board to identify and secure alternative funding sources to deliver these programmes.

Figure 6.1 The Growth Deal Programmes



Source: North Wales Economic Ambition Board

6.8 All programmes and projects within the Growth Deal will contribute to the achievement of the Growth Vision and the delivery of benefits for North Wales. The benefits from the Growth Deal will support sustainable and inclusive growth across the region – in accordance with the Growth Vision as well as the priorities of the Well-Being of Future Generations (Wales) Act 2015.

### Summary of the Programmes

6.9 The strategic aims to address in each programme, and the types of intervention they are intended to facilitate, are summarised below.

#### Low carbon energy

**Strategic aims:** To unlock the economic benefits of transformational low carbon energy projects and position North Wales as a leading UK location for low carbon energy generation, innovation and supply chain investment.

**Types of intervention:** Enabling works for new low carbon energy generation, enhancing research and innovation facilities for low carbon energy sectors, transport decarbonisation and support for local energy projects.

#### Innovation in high value manufacturing

**Strategic aims:** To consolidate North Wales' position as a powerful and innovative high value manufacturing cluster, building on existing specialisms and leading expertise to create a higher value, more diverse economic base that supports the transition to a low carbon economy

**Types of intervention:** Industry and research collaborations along with the establishment of centres of excellence in targeted technologies to help overcome barriers and market failures in the research commercialisation process.

### **Agri-food and tourism**

**Strategic aims:** To build a more sustainable, vibrant and resilient foundation economy within the region, optimising opportunities for employment and prosperity through our environment and landscape.

**Types of intervention:** Introducing new technologies & innovation, skills and practices to these sectors, via business support and upskilling.

### **Land and property**

**Strategic aims:** To address the shortage of suitable land and properties for business growth and to bring forward sites for housing development and to deliver improvements that stimulate investment in the Port of Holyhead and the wider region. These projects will play an enabling role for the other programmes by ensuring that serviced sites are available for investors and developers.

**Types of intervention:** The provision of primary services and enabling works to bring forward commercial and housing development sites, delivery of employment floor space and future proofing and capacity enhancement works to the port of Holyhead.

### **Digital**

**Strategic aims:** To deliver the step change in digital connectivity needed to ensure North Wales is able to satisfy user demand, maintain pace with the rest of UK, unlock the growth potential of priority sectors and sites and underpin a flourishing innovation ecosystem. Plays an enabling role for other programmes to deliver maximum benefit.

**Types of intervention:** The programme has identified a need to which balance investment in infrastructure and technology, through enhanced fixed broadband footprint at key sites in rural areas, unlocking applications through 5G access, and furthering digital innovation.

## 7. The Projects

7.1 The Growth Deal is based on 14 transformational projects to be delivered across 5 programmes. These projects have been identified by the Economic Ambition Board on the basis that they:

- deliver against the North Wales Growth Vision and are aligned with relevant Wales and UK strategies;
- are spatially targeted across the whole region;
- deliver benefits that will have a positive impact on as many communities as possible across the region;
- are enablers for economic growth;
- support growth and attract private sector investment;
- promote innovation.

Table 4: Summary of North Wales Growth Deal Projects

Programme	Project	Project Sponsor	Project Summary
Innovation in High value manufacturing	Centre for Environmental Biotechnology (CEB)	Bangor University	The Centre for Engineering Biotechnology will be a world-leading centre in the discovery and characterisation of novel extremophilic enzymes of industrial relevance. The Centre for Engineering Biotechnology will provide a strong foundation for attracting world-leading researchers, significant public and commercial research funding, and inward investment to Wales, building on an initial £5mERDF investment into research capacity. The project also aims to draw companies in the biocatalysis sector to North Wales to take advantage of clustering and agglomeration benefits the regions offers due to its well-established specialism in bioengineering.
	Enterprise Engineering & Optics Centre	Glyndwr University	The Enterprise Engineering & Optics Centre will provide facilities (in Wrexham and St. Asaph) targeted to boost high level skills development for the region and enable SME's and large businesses to work in partnership with Wrexham Glyndwr University on commercially driven research and development.
Agri-food and tourism	Tourism TALENT Network	Grŵp Llandrillo Menai	The Tourism Talent Network sets out ambitious plans to future-proof skills provision and increase commercial benefits from one of the most established and fastest growing sectors in the region. The North Wales Tourism Talent Network aims to stimulate public-

Programme	Project	Project Sponsor	Project Summary
			private collaboration to coordinate action on skills and product development to transform and accelerate the growth of the tourism and hospitality sector in the region.
	<b>Glynllifon Rural Economy Hub</b>	Grŵp Llandrillo Menai	The vision is to create a distinctive, world-class Rural Economy Hub at Glynllifon, offering a range of facilities and services to strengthen and enhance the regional economy, specifically through growing the food and drink sector.
	<b>The Llysfasi Carbon Neutral Centre</b>	Coleg Cambria	Llysfasi Carbon Neutral Centre aims to lead North Wales to a resilient future where carbon neutral land management is at the centre of a developing renewable energy sector supporting a sustainable, thriving and healthy community covering the rural/urban mix of the region.
<b>Land and property</b>	<b>Holyhead Gateway</b>	Stena Line	Future proof the Holyhead Port by providing new deep-water heavy loading and cruise facilities, improved vehicular access, guaranteeing the future of the breakwater and providing for the demands of regional energy projects.
	<b>Regional Land and Property</b>	North Wales Economic Ambition Board	<p>Comprised initially of five development sites:</p> <p><b>Denbigh Hospital Site</b>-A planning application has been submitted to bring forward a mixed use commercial and residential development. The Growth Deal funding will assist in the delivery of a cleared and remediated site with primary services.</p> <p><b>Bodelwyddan Strategic Site</b>-A mixed use commercial and residential development site of 137 hectares. The Growth Deal funding will provide the primary services to enable the site to be bought to the market for development.</p> <p><b>Parc Bryn Cegin Strategic Site</b>-Provide industrial floor space to meet known demand for units.</p> <p><b>Wrexham Gateway</b>- Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the site to be bought to the market for sale and development.</p> <p><b>Warren Hall Strategic Site</b>- Growth Deal funding will provide the necessary statutory consents and deliver primary services to enable the 65-hectare mixed use site to be bought to the market for sale and then development by the private sector.</p>
<b>Digital</b>	<b>Digital Connectivity Project</b>	North Wales Economic Ambition Board	<p>Comprises of four elements:</p> <p><b>Full fibre</b> - This project seeks to deliver full fibre connectivity (gigabit capable) to 28 key business sites across NWEAB. The focus of the project is to provide access to full fibre services that are more affordable, scalable and able to service the needs of SMEs, in lieu</p>



Programme	Project	Project Sponsor	Project Summary
			<p>of and complementing more expensive leased line circuits. Some 4,100 business premises and 450 residential premises able to access gigabit capable full fibre broadband once complete.</p> <p><b>Connected Campus</b> This project aims to accelerate the development of Connected Campuses at 19 key regional economic sites. It will target key sites which present uses cases for 5G and low power Wi-Fi networks in the context of heavy industry, light industry, research sites, commercial sites and across a much larger rural campus (encompassing thousands of farms and agricultural clusters). It is estimated some 2,600 business premises will have access to high bandwidth 5G and low power Wi-Fi services once complete.</p> <p><b>Connected Corridor</b> - This project aims seeks to respond to industry demand and technology drivers by supporting the more efficient operation of supply chains, and major transport operations (such as ports). In total, 156km of road and rail corridor will be connected to 5G/Low Power Wireless Access Networks, along the A55 corridor and adjacent mainline rail route. It is estimated that up to 1.57 million rail journeys and 1.3 million road journeys will benefit from enhanced 5G connectivity once complete.</p> <p><b>Connecting the last few %</b> - This project targets universal superfast coverage across North Wales, which have yet to be served by other means and cannot obtain speeds of at least 30Mbps (download).</p> <p>A lack of reliable and in some cases basic broadband (Ofcom defines as 10Mbps download) is an established and growing challenge facing rural businesses and communities. A widely acknowledged 'digital divide' is affecting residents' access to online services and preventing SMEs from developing and sustaining trade. The growing trend of working from home is also restricted by poor connectivity.</p> <p>Up to 10,100 residential and 4,300 business premises with will access to superfast broadband once complete.</p>

<b>Programme</b>	<b>Project</b>	<b>Project Sponsor</b>	<b>Project Summary</b>
	<b>Digital Signal Processing Centre Project (DSP)</b>	Bangor University	The project will bring together Bangor University researchers to work alongside high-profile international companies and Welsh SMEs enabling them to work together to explore disruptive solutions for 5G. The project will allow the DSP Centre to expand its presence and remit, integrating fully with the National Strategy Project (NSP) and enable the scaling of key assets including a 5G testbed, research capacity and state-of-the-art equipment. The project is expected to create 160 jobs in total.
<b>Low carbon energy</b>	<b>Morlais</b>	Menter Môn	Constructing the infrastructure that connects the Morlais Zone with the electricity grid system, readying the site for private sector developers investing to lease parts of the zone for deploying tidal energy technologies. This would position the zone as the first consented, expandable and technology-agnostic site in the world with up to 180 MW of potential.
	<b>Trawsfynydd Power Station</b>	Cwmni Eginio	The Trawsfynydd site is uniquely placed for a 'First of A Kind' deployment of a Small Modular Reactor (SMR) or Advanced Modular Reactor (AMR) due to its status as a publicly owned asset, its highly skilled workforce, and the supportive community. In combination with the public and private sector, the Growth Deal will contribute funding towards enabling infrastructure for this development, helping to secure jobs as well as position North Wales at the cutting edge of innovation and R&D in a technology that has significant potential for deployment across the UK.
	<b>Low Carbon Energy Centre of Excellence</b>	Bangor University	Developing infrastructure at Bangor University and Menai Science Park, enhancing the North Wales and UK capabilities for innovation in low carbon energy and related areas, helping to create the conditions for new inward investment and business growth in the low carbon energy supply chain in North Wales
	<b>Smart Local Energy</b>	North Wales Economic Ambition Board	To help achieve renewable energy, decarbonisation and local ownership targets, the project will support innovative enabling projects and demonstrators that overcome market failures and unlock private and community sector investments in smart local energy solutions.
	<b>Transport Decarbonisation</b>	North Wales Economic Ambition Board	Support delivery of a demonstrator project involving the production of green hydrogen from low carbon energy sources and its use within regional transport networks.

## 8. Economic Impact

### Spending Objectives

**8.1** The Heads of Terms agreement set out that the Government investment would be used to create up to 4,000 new jobs, support 5% GVA uplift and secure £500million in private sector investment over the 15-year period. In the development of a portfolio and five programme business cases to secure the Final Deal agreement with Welsh and UK Government these have been refined into the following spending objectives for the North Wales Growth Deal. All the programmes and projects within the Growth Deal contribute to these overall objectives.

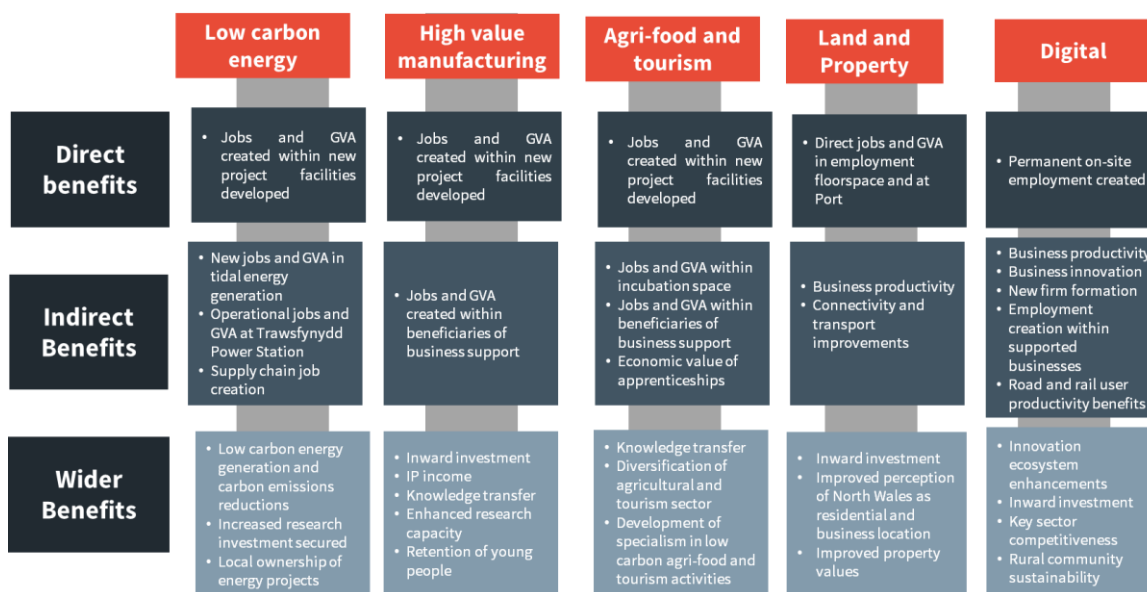
Spending Objective 1 - Jobs	To create between 3,400 and 4,200 net new jobs in North Wales through the Growth Deal by 2036.
Spending Objective 2 - GVA	To support a net additional GVA uplift of between £2.0 billion and £2.4 billion for the North Wales Economy through the Growth Deal by 2036.
Spending Objective 3 - Investment	To deliver a total investment of up to £1.1 billion in the North Wales Economy through the Growth Deal by 2036.

### Benefits Summary

8.2 In developing each of the five programmes for the Final Deal, a high-level assessment of the relevant economic benefits has been produced. Each of the programmes will generate a set of benefits that have been classed as direct, indirect and wider benefits. The precise nature of these vary between the programmes. The key types are summarised below, by programme.

8.3 The core measures across all programmes and projects are jobs and Gross Value Added (GVA) created, reflecting the core spending objectives of the Growth Deal. Growth in GVA is a function of both sectoral growth (with accompanying growth in jobs) and productivity enhancements (e.g. generated by investments in digital infrastructure).

Figure 1.2 Benefits Framework



Source: Hatch

## Net additional benefits

8.4 After taking account of likely levels of additionality within the projects and programmes, the Growth Deal programmes are expected to generate a total of **£1.97 to £2.41 billion** in net additional GVA, and **3,400 to 4,200 net additional FTE jobs** per annum at steady state.

8.5 A breakdown across all of the projects is provided in Appendix B.

Table 5: Net Additional Economic Benefits (GVA is cumulative to 2036 and expressed in 2020/21 prices, undiscounted; jobs are annual at steady state)

	GVA (£m)	Jobs Created (FTEs)
Low carbon energy	430 - 530	800 – 980
Innovation in high value manufacturing	90 – 110	150 – 180
Agri-food and tourism	230 – 280	310 – 380
Land and property	1,060 – 1,290	1,870 – 2,280
Digital	150 – 190	310 – 380
<b>Total, North Wales Growth Deal</b>	<b>1,970 – 2,410</b>	<b>3,440 – 4,210</b>

Source: Hatch calculations based on project level data. Rounded to the nearest £10m/10 FTEs. Ranges apply a ± 10% margin of error.

## Benefit-cost ratio

- 8.6 Drawing the analysis together, the Growth Deal Programme has an estimated benefit-cost ratio of between **2.8:1 and 3.4:1**, i.e. for every £1 in public sector investment (after Optimism Bias\*) the Growth Deal is expected to return net additional economic benefits of between £2.80 and £3.40. This rises to between £4.90 and £6.00 for every £1 of Growth Deal investment only.
- 8.7 This places the overall Growth Deal into the category of “high” value for money, as defined by Central Government.<sup>16</sup>

	Based on Total Public Sector Cost	Based on Growth Deal cost only
Discounted net additional benefits	£1,370m - £1,670m	
Discounted costs, after optimism bias	£488m	£273m
Net Present Social Value	<b>£930 – £1,140</b>	<b>£1,120 - £1,370</b>
BCR	<b>2.8:1 - 3.5:1</b>	<b>5.0:1 - 6.1:1</b>

Source: Hatch calculations based on project level data

Optimum Bias Note: Prior to calculating the final Benefit Cost Ratio (BCR), we have discounted all costs and benefits at 3.5%, in line with HM Treasury Green Book Guidance

## 9. Growth Deal Funding Profile

- 9.1 The Growth Deal is based on the delivery of fourteen projects across five programmes with an anticipated total capital expenditure of £1.1billion of which £240million is derived from the Growth Deal with the remainder provided by public and private sector partners.
- 9.2 A breakdown of capital expenditure per project is provided in the table below:

Project	Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
<b>Digital Programme</b>					
Digital Signal Processing Centre Project	Bangor University	3.0	3.1	1.1	<b>7.3</b>
Digital Connectivity Project	Full Fibre at key sites	6.8	-	0.411	<b>7.2</b>
	Connected Corridor	2.2	-	-	<b>2.2</b>

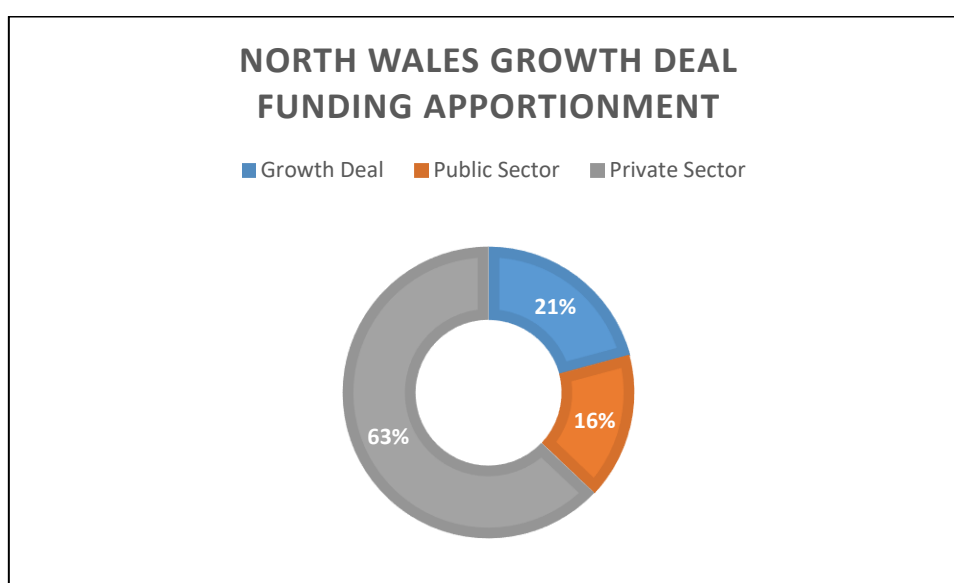
<sup>16</sup> See, for example, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/918481/valuing-for-money-supplementary-guidance-on-categories.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918481/valuing-for-money-supplementary-guidance-on-categories.pdf)

Project		Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
	Advanced Connectivity ('Connected Campus')	Economic Ambition Board	21.0	-	-	<b>21.0</b>
	Last few %	Economic Ambition Board	4.0	-	-	<b>4.0</b>
<b>Low Carbon Energy Programme</b>						
Morlais		Menter Môn	9.0	27.0	-	<b>36.0</b>
Low Carbon Energy Centre of Excellence		Bangor University	21.0	75.7	1.0	<b>97.7</b>
Trawsfynydd Power Station		Welsh Government	20.0	20.0	360.0	<b>400.0</b>
Transport Decarbonisation		Economic Ambition Board	11.4	11.45	5.7	<b>28.6</b>
Smart Local Energy		Economic Ambition Board	25.0	6.2	75	<b>106.2</b>
<b>Land and Property Programme</b>						
Holyhead Gateway		Stena Line	35.0	-	45.0	<b>80.0</b>
Land and Property Project	Warren Hall	Economic Ambition Board	15.0	-	55.0	<b>70.0</b>
	Former North Wales Hospital, Denbigh	Economic Ambition Board	4.0	-	70.0	<b>74.0</b>
	KSS, Bodelwyddan	Economic Ambition Board	10.0	-	72.0	<b>82.0</b>
	Parc Bryn Cegin	Economic Ambition Board	6.0	-	-	<b>6.0</b>
	Western Gateway, Wrexham	Economic Ambition Board	9.1	1.9	32.4	<b>43.4</b>
<b>Innovation in High Value Manufacturing</b>						
Centre of Environmental Botechnology		Bangor University	3.0	6.6	-	<b>9.6</b>
Enterprise Engineering & Optics Centre		Glyndwr University	10	19.9	-	<b>29.9</b>
<b>Agrifood and Tourism Programme</b>						
Glynllifon Rural Economy Hub		Grŵp Llandrillo Menai	10.0	3.0		<b>13.0</b>



Project	Project Sponsor	Growth Deal Investment (£m)	Other Public Sector Investment (£)	Private Sector Investment (£)	Total Capital Investment (£)
The Llysfasi Carbon Neutral Centre	Coleg Cambira	10.0	2.7	2.7	<b>15.4</b>
Tourism TALENT Network	Grŵp Llandrillo Menai	4.5	6.7	1.7	<b>13.0</b>

<b>GROWTH DEAL TOTAL</b>	<b>240</b>	<b>184.3</b>	<b>722.1</b>	<b>1146.4</b>
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## 10. North Wales Economic Ambition Board Partner Contributions

### Annual Partner Contributions

- 10.1 No revenue funding is provided through the Growth Deal for the delivery of the projects or the operational running costs of the project once completed.
- 10.2 Revenue funding to support the Portfolio Management Office is provided through Economic Ambition Board partner contributions (including supplementary local authority contributions) and additional ESF funding has also been secured for the first three years of operation (from May 2020). An amount equivalent to the 'top slice' of the annual government grant at 1.5% can also be used to fund this, subject to Welsh Government flexibility to manage funding. Any additional Portfolio Management

Office costs directly attributable to the delivery of the projects will be accounted for within project business cases.

- 10.3 The annual partner contributions toward Portfolio Management Office costs are set out in the table below:

	Local Authority Contribution	HE/FE Annual Contributions	Total Annual Contribution
<b>Annual Core Contributions</b>	£50k per LA	£25k per partner	£400k
<b>Annual Supplementary Contribution*</b>	£40k per LA	0	£240k

\* this contribution is a supplementary contribution agreed by the Councils only

## Growth Deal Cash-flow Financing Contributions

- 10.4 A total of £240m grant contribution to the North Wales Growth Deal is provided by the UK and Welsh Government in annual instalments over a 15 year period.
- 10.5 Due to the nature of the annual Growth Deal grant payments from government, there is a medium term temporary funding gap between the expected expenditure profile of the Growth Deal and the funding received.
- 10.6 The Economic Ambition Board, through Gwynedd Council as the host authority, will be responsible for managing this negative cash flow. This will be met by the local authorities (proportional to population) for regional NWEAB projects, and with project lead partners responsible for the cost in relation to their projects (which create assets).
- 10.7 The total (15 years) contributions that will be required from the North Wales Economic Ambition Board partners, to enable the delivery of the Growth Deal, are set as a range for each partner. Version 1 is modelled as the best case scenario and Version 2 as a worst case scenario, to reflect the timing of finalising the Growth Deal and consequent timing of government grant funding. Any proposed increase in agreed contributions would need to be approved as a reserved matter.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	1.40	0.51	0.75	0.52	2.29	1.17	0.96	1.56	1.24	0.70	1.36	12.46
2	1.99	0.73	1.07	0.74	3.24	1.67	1.36	2.22	1.77	1.00	1.94	17.73

- 10.8 The table below shows the annual partner contributions to cover the cost of 'borrowing' notionally required to facilitate the negative cash flow.

Version	Bangor University	Glyndwr University	Grŵp Llandrillo Menai	Coleg Cambria	Other Commerical Partners	Conwy	Denbighshire	Flintshire	Gwynedd	Isle of Anglesey	Wrexham	Total
	£	£	£	£	£	£	£	£	£	£	£	£
1	93,330	34,000	50,000	34,670	152,660	78,010	64,000	104,000	82,670	46,670	90,670	830,680
2	132,670	48,670	71,330	49,330	216,000	111,340	90,670	148,000	118,000	66,670	129,340	1,182,020

## 11. Commercial Strategy

- 11.1 The Economic Ambition Board is committed to maximising the impact of the North Wales Growth Deal.
- 11.2 The primary driver for all projects within the Growth Deal is to deliver economic and social benefits to North Wales in line with the strategic outcomes set out in the portfolio business case. The Growth Deal aims to maximise private sector direct investment and leverage across the portfolio.
- 11.3 There is significant potential across the portfolio to generate a commercial return on investment that could be reinvested in the region. Each project business case will be expected to explore commercial investment opportunities. These opportunities may include provision of Growth Deal funding as a loan, investment or profit share arrangement subject to relevant project state aid advice.
- 11.4 The Economic Ambition Board expects to generate a return on investment across the overall portfolio, with a particular focus on opportunities within the Land and Property and Low Carbon Energy programmes that would subject to UK and Welsh Government agreement be reinvested in the region.
- 11.5 Procurement represents a significant commercial opportunity for the North Wales Growth Deal. Collaborative procurement opportunities will be explored where appropriate across the Growth Deal in line with the procurement strategy outlined below.

## 12. Procurement Approach

- 12.1 The Economic Ambition Board is committed to securing value for money and maximising benefits to the region through the North Wales Growth Deal. Procurement will play a key role in the delivery of the Growth Deal projects but also in the realisation of benefits to the region. This section sets out the approach that the Board will take to procurement, with a particular focus on maximising social and community benefits to be delivered through procurement activity.
- 12.2 The following procurement principles will underpin all Growth Deal procurement activity:
  - **Regional Leadership and strategic approach**

The Economic Ambition Board will:

    - *have a clear strategy and principles for achieving innovative and sustainable procurement practices with clients, contractors and communities working together*
    - *engage with contractors and supply chain in an open and transparent manner with a two way exchange*
    - *promote and champion collaborative procurement opportunities, supporting innovation and growth*

- *will work with the PSB's and directly support the local wellbeing plans and evolving community resilience plans for the region to recover and build back fairer and better*
- *promote and champion the delivery of social value and community benefits through procurement activity align with and test key policies such as the socio economic duty and the social partnerships bill.*
- *embed 'The Wellbeing of Future Generations (Wales) Act 2015' lens into all procurement activity contributing where relevant to the 46 national wellbeing indicators for Wales.*
  
- **Engagement and supply chain support, and the Foundational economy**
  - *Engage in two way exchange with partners, contractors and communities and ensure local and regional needs and priorities are part of the social value clauses*
  - *Support and improve access for SMEs and support collaboration between SMEs within the region.*
  - *Open and fairness support local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects.*
  - *Ensure fair and ethical working practices, including prompt payment to contractors and within the supply chain*
  - *Supporting the foundational economy in the region with skills and innovation mapped across the Regional Skills and employment plan.*
  
- **Skills, Jobs & Growth**
  - *Focus on innovative targeted recruitment and training working with our partners to ensure we support people to retrain, develop new skills through volunteering or contribute to education/apprenticeships.*
  - *Target opportunities and engage with existing mechanisms to support this and target specific groups such as young people or those in areas of deprivation to engage in education and learning/development.*
  
- **Contribution to education and supporting young people**
  - *Work with evolving projects such as the Children's University to support contractors engage and deliver learning and skills development for young people.*
  - *Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion.*
  
- **Community resilience and well being**
  - *Work directly with the PSB to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities*

- *Engage with new partnership such as museums, theatres and arts to support developing our cultural and Welsh language considerations in contract opportunities.*
  - *Work with procurement partners and third sector organisations to maximise community wealth building opportunities.*
  - *Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain.*
- **Environmental Sustainability and Green Recovery**
    - *Ensure we have environmental considerations in contract opportunities, minimising our impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy*
    - *Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by welsh government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.*
  - **Innovation and new practices**
    - *Test and explore new ways of working with all partners to seek to maximise value from regional collaboration*
    - *Establish effective arrangements for monitoring impact, exploring the most appropriate tool to do this*
    - *Work collaboratively across the partnership to effectively resource procurement activity and focus on developing and delivering new forums to support capacity and capability to use procurement as an effective tool such as community of practices etc.*

## 13. Governance Arrangements

### Governance Agreement 2

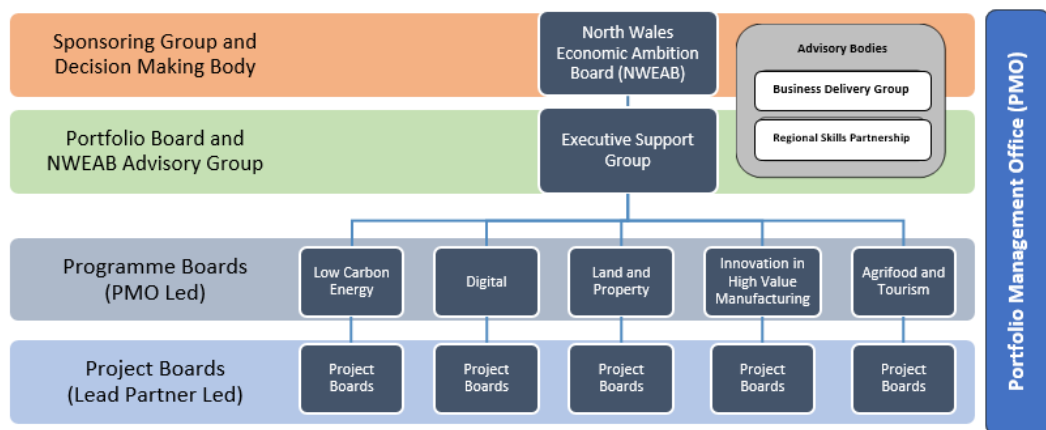
- 13.1 Having Secured the Growth Deal the Partners have agreed to enter into a second Governance Agreement (GA2) which will support the partnership into the next phase of implementation of the Growth Deal and further development of the Growth Vision.
- 13.2 The agreement, which is a legally binding document defines the role and function of the Board and its delegated powers. It also provides for its decision making structures and democratic accountability. Provision is made for the commitments of the Partners to the project and how these are managed and apportioned. GA2 provides assurance for the Host Authority (Gwynedd Council) in assuming that role. The underlying arrangements providing for legal and compliance matters within the partnership and the governance of the Programme Office are also addressed.

- 13.3 It is a key document providing a clear structure and foundation for taking the implementation of the Growth Deal forward.

### Portfolio, Programme and Project Management Arrangements (PPM)

- 13.4 The Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in 'Government Functional Standard GovS 002: Project Delivery'. Portfolio, programme and project management is an integrated way of meeting an organisation's ambitions, driving better decisions and increasing the likelihood of successful outcomes.
- 13.5 The diagram below sets the PPM governance delivery structure for the Growth Deal:

Figure 1.3 Growth Deal Delivery Structure



Source: North Wales Economic Ambition Board

### Strategic and Portfolio Level

- 13.6 **North Wales Economic Ambition Board (Sponsoring Group)** - The Economic Ambition Board acts as the Sponsoring Group (Organisation) and the Decision-Making Body. All authority below this level is delegated to relevant parties as required through a formal decision by the Board. A member of the Economic Ambition Board will take on a Lead Member role for each of the programmes and sit on the relevant Programme Board. The Board will be responsible for the consideration and approval of project business cases within the portfolio and with responsibility for delivery delegated to the relevant programme and project boards.
- 13.7 **Executive Support Group (Portfolio Board)** - This group is the advisory body to the Economic Ambition Board but also acts as the Portfolio Board for the Growth Deal to support and challenge the Growth Deal Programme Director to ensure delivery. The group is made up of senior officers from each of the Economic Ambition Board partner organisations. A member of the Executive Support Group will act as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

- 13.8 **Programme Director** - The Programme Director is accountable to the Economic Ambition Board for the delivery of the Growth Deal portfolio.

### **Programme and Project Level**

- 13.9 **Portfolio Management Office (PMO)** – The PMO supports and co-ordinates activity across the programmes acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PMO.
- 13.10 **Programme Boards** - Each programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Programme Director.
- 13.11 **Project Boards** - All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Project Sponsor and clear arrangements for the delivery of projects in line with best practice will be set out in each project business case. Projects will report through to the relevant Programme Board. Terms of Reference for Project Boards will be agreed between the Project Sponsor and the Portfolio Management Office to ensure the appropriate links and reporting arrangements between the project and the Programme Board are understood by both parties.

### **Project Approval Process**

- 13.12 The Growth Deal is to be signed on the basis of a portfolio business case and five programme business cases. Once the final deal has been agreed, project business cases can be brought forward for the NWEAB to consider.
- 13.13 Full (5 Case Model) business cases will be developed for each project within the North Wales Growth Deal in line with the 'Better Business Case' guidance developed by Welsh Government and HM Treasury.
- 13.14 Preparing a Project Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured 'thinking' and assurance that the project provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.
- 13.15 Project business cases will be required to demonstrate how they deliver against the objectives and aspirations of the North Wales Growth Deal and specifically the relevant programme business case.
- 13.16 It is recognised that through the development and agreement of portfolio and programme business cases between the Economic Ambition Board and UK/Welsh Government that the strategic case for projects will have been established.
- 13.17 Each project business case will be subject to independent gateway reviews at agreed points as agreed with the Welsh Government Assurance Hub.



13.18 Project business cases will first be considered by the relevant Programme Board. Business cases will only be presented to the Economic Ambition Board following endorsement by the Portfolio Board and the Programme Board and the completion of required gateway reviews. The PMO retains the right to commission external reviews of project business cases where required.



### Process for Considering New Projects

- 13.19 The Growth Deal is a portfolio spanning 15 years and there is potential that not all the current 14 projects will be delivered if the economic benefits of certain projects cannot be demonstrated through project business cases or if new priorities emerge for the region. It is also possible that further funding sources may be identified or income generated through the Growth Deal for reinvestment in new projects.
- 13.20 Any new or replacement projects will be a matter for the Economic Ambition Board to decide upon within the agreed affordability envelope for the partnership and where the projects deliver against the objectives of the Growth Deal and its programmes. Project proposals that sit outside the agreed funding envelope for the partnership and outside the parameters agreed with UK and Welsh Government would need the approval of individual partners and/or both governments.
- 13.21 New or replacement project proposals would be assessed at the relevant programme board before consideration by the portfolio board and the Economic Ambition Board. Should the Economic Ambition Board endorse a new project for development, a project business case would be developed in accordance with the process set out above.



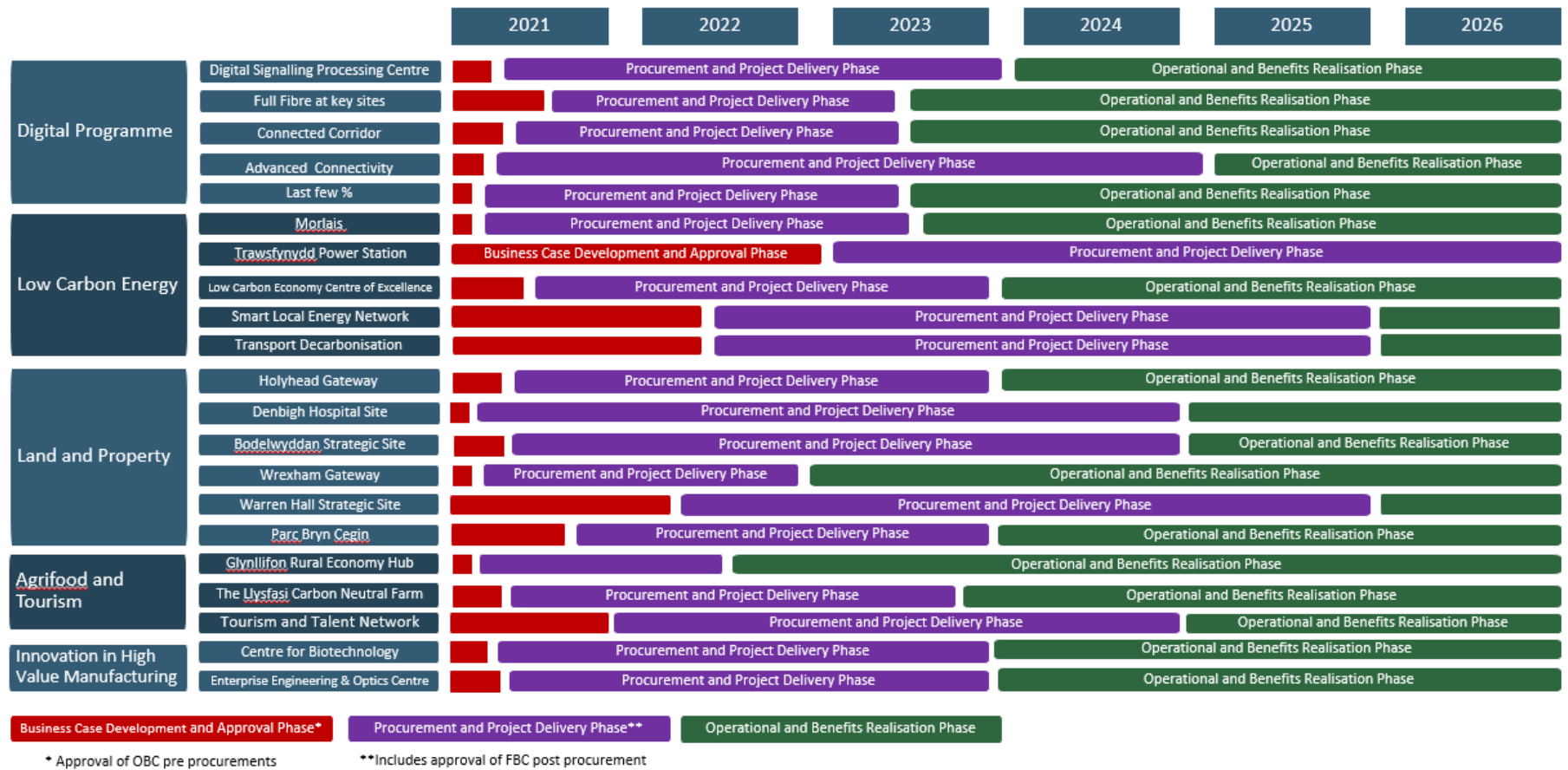
### Monitoring and Evaluation

- 13.22 Programme and project performance will be monitored on a monthly basis through the relevant programme and project boards with formal quarterly reports submitted to the Portfolio Board and the North Wales Economic Ambition Board.
- 13.23 A Monitoring and Evaluation Plan has been developed for the North Wales Growth Deal. The key components of the Monitoring and Evaluation Plan are set out below:
- 13.24 Monthly Highlight Reports for all programmes and projects;
- 13.25 Formal Quarterly Reports to the Economic Ambition Board, UK Government and Welsh Government;

- 13.26 Formal Annual Report to Economic Ambition Board, its partners, UK Government and Welsh Government;
- 13.27 Independent economic impact evaluation to be undertaken every 3-5 years against suite of indicators agreed with UK Government and Welsh Government.
- 13.28 Wider benefits to be achieved through procurement, particularly social and community value will be monitored and evaluated to ensure maximum benefit is derived to the region from such activity.
- 13.29 The Economic Ambition Board will work with the Welsh Government to ensure that evaluation against the Wellbeing of Future Generations (Wales) Act 2015 is a key component of all monitoring and evaluation activities.
- 13.30 The Economic Ambition Board is committed to developing an appropriate feedback mechanism for the North Wales Growth Deal with both governments to ensure lessons learned during the delivery of the Growth Deal are captured and shared.

# 14. Growth Deal Project Delivery Timescales

Figure A.1 Growth Deal Delivery Timescale



Source: NWEAB

Explanatory Note on Private Delivery in the Land and Property Programme

Due to the scale of the proposed development, the following projects will have delivery timescales extending beyond 2026 - Western Gateway, Warren Hall, Bodelwyddan, Former North Wales Hospital. The timetable above refers to the Growth Deal funded elements of these projects. The full indicative delivery timeline for these projects is shown in Table 5.4 of the Financial Case of the Land and Property Programme Business Case

