

<b>Report To:</b>	Cabinet
<b>Date of Meeting:</b>	28 <sup>th</sup> February 2017
<b>Lead Member / Officer:</b>	Cllr Hugh Evans, Leader/Lead Member for Economic Development
<b>Report Author:</b>	Rebecca Maxwell, Corporate Director – Economy & Public Realm
<b>Title:</b>	<b>Growth Vision and Strategy for the Economy of North Wales</b>

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### **1. What is the report about?**

This report sets out progress with development of the Growth Vision for the Economy of North Wales endorsed by Cabinet in September 2016 and outlines the proposed regional governance model

### **2. What is the reason for making this report?**

Following endorsement of the Growth Vision for the Economy of North Wales by all 6 North Wales councils in autumn 2016, North Wales has been formally invited to develop the strategy into a 'Growth Bid' for national investment and the conferment of powers to the region by the UK and Welsh Governments.

Work is ongoing to prioritise the content of the strategy for inclusion in a formal bid. The six councils have reached an outline agreement on a governance model for the regional economic strategy. The preferred regional governance model of a statutory joint committee is set out in the report.

### **3. What are the Recommendations?**

Cabinet is invited to:

- 3.1 To endorse the preferred regional governance model of a statutory joint committee for further development.
- 3.2 Instruct officers to work with colleagues in partner councils to develop a detailed constitution and inter-authority agreement for the proposed Joint Committee and to bring it back for consideration of the Council entering into a statutory joint committee model with the five partner councils, within the first three months of the new Council term.
- 3.3 That Cabinet confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 3) as part of its consideration.

## 4. Report details

### **DEVELOPING A GROWTH BID**

The Growth Vision for the Economy of North Wales was endorsed by all 6 North Wales Council in autumn 2016. A copy is re-attached for reference (Appendix 1). The vision sets out a clear ambition for North Wales for infrastructure development, skills and employment, and business growth. The strategy aspires to increasing the value of the regional economy from £12.8 billion to £20 billion by 2035 with the creation of 120,000 new employment opportunities.

Selected regions of England, and the Cardiff Capital City Region and the Swansea Bay City Region, have been invited by the UK Government to develop a 'Growth Bid' for approval. North Wales was invited to develop a bid by the UK Government in mid-2016. This Governmental commitment to support a regional bid was restated in the Chancellor's autumn statement in November 2016.

A Growth Bid is a formal proposal for Government investment and the conferment of devolved powers. Bidding regions are required to have a legal, resilient and accountable governance model for the planning and implementation of their strategy. Regions are expected to be prepared to invest in their own strategies, alongside Government(s), in capital allocations, sharing in capital borrowing, the use of land and assets, and in resourcing professional and project capacity. Each bid will have negotiated objectives and targets. For North Wales, the Cardiff Capital City Region and the Swansea Bay Region the bidding process involves both the UK and Welsh Governments.

For North Wales there is a Governmental expectation that there is close joint strategic planning with the immediate North West of England and with the wider Northern Powerhouse network. Our vision and strategy builds on the strong alliances and joint planning both within the region, through the work of the North Wales Economic Ambition Board, and cross-border through the Mersey Dee Alliance and joint work with the Cheshire and Warrington Local Enterprise Partnership. The North Wales and the Cheshire and Warrington growth bids are being developed together and there is a co-dependency for their success. North Wales is also making contributions to the wider strategy of the Northern Powerhouse network, for example the nomination of prime strategic sites for business growth and inward investment. Road and rail infrastructure and connectivity, and wider transport planning including bus routes, are central to the strategy. The Growth Track 360 plan which makes the case for cross-border rail investment is progressing through the Governmental case-making and decision-making stages.

North Wales is a united region with a strong sense of identity. The strategy is supported by the leaders and Chief Executives of all six unitary authorities within the region, the North Wales Business Council, Bangor University, Wrexham Glyndŵr University, Coleg Cambria and Coleg Grwp Llandrillo – Menai. The strategy is also supported by the North Wales Economic Ambition Board, which has a broad membership representing the public, private, education and third sectors. The Economic Ambition Board will remain an important stakeholder network.

Local government is expected to lead the planning and implementation of the strategy and the pivotal role of local government in Wales in regional planning has been reinforced by statements made by the Cabinet Secretary for Local Government and Finance, and latterly in the white paper for local government reform.

Alongside the Economic Ambition Board a legal, resilient accountable governance model is required for the critical stages of (1) developing a formal Growth Bid from the strategy (2) agreeing an investment plan and (3) setting and overseeing an implementation plan.

## **THE PREFERRED GOVERNANCE MODEL**

There are few governance models available to the partner six councils. Whilst a combined authority model, which has growing popularity in England may be possible in the future, there is currently no legislative capacity for this model in Wales. The preferred governance model recommended by the leaders and chief executives of the partner councils, and supported informally by civil servants from Welsh Government, the Wales Office and UK Government departments, is a statutory joint committee.

The statutory joint committee model is a known and dependable model. It is a model with limitations, however. To support the joint committee a host authority will need to be nominated to provide legal, secretarial and administrative support, and one or more host authorities will need to be nominated to host the professional officers who will manage the programmes and projects within strategy implementation. Having several host authorities might be a more workable model as there will be several functions to oversee - specifically economic development, transport, and skills. Joint committees are a familiar model in the region with recent examples being the GWE School Improvement Consortium and the North Wales Residual Waste Treatment Project. A relevant past example is Taith as the former transport consortium and joint committee.

An outline of the suggested terms of reference is set out in Appendix 2. The joint committee will require a constitution, which will include the terms of reference for its functions, and will be underpinned by an Inter Authority Agreement (IAA). An IAA is a joint agreement which sets out how the joint committee will be governed, the limitations of decision-making and the matters which are reserved for individual council approvals, the roles of host authorities, how financial contributions to the joint committee and the host authorities are to be apportioned, and how risks and benefits will be shared.

The recommended membership of the joint committee is the leaders of each of the six councils. Each leader would have a nominated deputy. The committee would be advised by lead professionals and the chief executives. There is the option to co-opt representative from key partner organisations including the North Wales Business Council, higher education and further education. Close working relationships with the Cheshire and Warrington Local Enterprise Partnership will be important and a form of cross-border joint co-ordinating group, without decision-making powers, is proposed.

A detailed constitution and Inter Authority Agreement will be developed in readiness for the new council term. This work will involve Chief Executives and the respective professional leads for economic development, the Monitoring Officers and the Finance Managers/Section 151 Officers.

## NEXT STAGES OF DEVELOPMENT

In the interim period prior to the local elections work will be completed on a draft constitution and Inter Authority Agreement.

Work continues in preparing for a formal Growth Bid with civil servants with the expectation that formal negotiations over a bid will begin by July once the joint committee is in being.

**5. How does the decision contribute to the Corporate Priorities?**

Developing the Local Economy is a priority within the Council's current Corporate Plan. While much work can be undertaken on this at a local level, there is no doubt that strengthening the regional economy is also essential. The work to implement the agreed shared Vision for Economic Growth for North Wales is a core component and it is anticipated that developing a formal Growth Deal Bid may be one route to achieving the regional growth vision.

**6. What will it cost and how will it affect other services?**

There are no immediate additional costs as a result of this report. The Council currently contributes £30K to the projects being undertaken by the North Wales Economic Ambition Board. This funding is topped up by contributions from Welsh Government and North Wales Business Council. As the negotiations on a potential Growth Deal Bid develop, the need for additional funding may emerge but are unknown as yet. The terms of any Growth Deal Bid itself will determine any further contributions the Council may be asked to make. These will be subject to further debate and formal decision by the appropriate governance structures of the Council before any firm commitments are made.

**7. What are the main conclusions of the Well-being Impact Assessment? The completed Well-being Impact Assessment report can be downloaded from the website and should be attached as an appendix to the report**

On balance, the Growth Bid for North Wales is assessed as having a positive impact on North Wales generally and Denbighshire specifically. Its main benefits come from the increased employment opportunities, economic activity, personal and business wealth and wellbeing its activities will create, leading to more vibrant and sustainable communities with reduced deprivation and worklessness, and a reduction in the inequalities arising from deprivation.

There are risks, however - both in terms of how inclusive the growth will be and the impact that growth could have on the region generally and Denbighshire specifically. Managing these risks will require deliberate actions by the North Wales Councils and their partners. Some mitigation measures are already in progress, others need to be developed.

More details are contained in the Well Being Impact Assessment attached at Appendix 3

**8. What consultations have been carried out with Scrutiny and others?**

As noted in the report, extensive consultation has been carried out at regional level. Locally, Councillors were provided with a briefing on the original Growth Vision.

**9. Chief Finance Officer Statement**

There are no funding decisions required as a result of this report. The terms of a future growth bid may require financial commitment from the council but this would be subject to existing internal approval and governance arrangements before commitments are made. It is important that the governance model to support a joint committee is properly considered and consulted upon before implementation.

**10. What risks are there and is there anything we can do to reduce them?**

The endorsement of further work to develop a statutory Joint committee does not present any particular risks to the Council at this stage. Development of the detailed terms of reference and Inter Authority Agreement will address issues of risk and these will be reported to Council after the election when the invitation to join is brought back for consideration.

The Growth Vision does not present any particular risks in itself. As it develops into an implementation plan, including negotiations for any formal Growth Deal Bid, financial, operational and reputational risks will emerge. These will be considered as part of the regional work to deliver against the Vision Document and will be reported to Council in due course when any formal commitment from Denbighshire County Council is required.

As with any economic development activity, there is an inherent risk that the market does not respond and economic growth does not materialise. As mitigation, the Growth Vision is based on detailed discussions and a professional assessment of the North Wales economy, and its strengths, weaknesses and potential to grow.

**11. Power to make the Decision**

*S101(5) Local Government Act 1972*