

Report to	Cabinet
Date of meeting	24th November 2020
Lead Member / Officer	Councillor Hugh Evans, Leader/Graham Boase, Corporate Director: Economy and Public Realm
Report author	Gary Williams, Head of Legal, HR and Democratic Services
Title	Final Growth Deal

1. What is the report about?

1.1. The report is about the North Wales Growth Deal

2. What is the reason for making this report?

2.1. To present to Cabinet the key documents required to reach Final Deal Agreement for the North Wales Growth Deal with the UK Government and Welsh Government.

3. What are the Recommendations?

3.1. That Cabinet formally endorses and recommends that the Council approves the Overarching Business Plan as the document that sets out the arrangements to deliver the North Wales Growth Deal as the basis for entering into the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.

3.2. That Cabinet formally endorses the provisions in Governance Agreement 2 relating to executive functions, recommends that Council approves the provisions relating to non-executive functions, and that it specifically adopts the delegations and Terms of Reference in “*Governance Agreement 2: Appendix 1*” thereof as the basis for completing the Final Deal Agreement and acceptance of the Grant Funding Letter with the UK and Welsh Governments.

- 3.3. That Cabinet formally endorses and recommends that the Council authorise the accountable body, Gwynedd Council, to sign the Grant Funding Offer letter on behalf of the Partners.
- 3.4. That Cabinet formally endorses and recommends that the Council recommend approval of the method used to calculate the cost of borrowing notionally required to facilitate the negative cash flow for the Growth Deal, and to include a provision within the Council's budget to pay this contribution and the established core and supplementary contributions as set out in GA2 (and in paragraphs 5.5 - 5.7 of the template report attached as part of Appendix 1).
- 3.5. That the Chief Executive in consultation with the Leader, Monitoring Officer and Section 151 Officer be granted delegated authority to agree minor changes to the documents with the Partners as necessary to complete the agreement.
- 3.6. That Cabinet confirms that it has read, understood and taken account of the contents of the Denbighshire County Council Well-being Impact Assessment attached as Appendix 2 as part of its consideration.

4. Report details

- 4.1. In 2016 the North Wales Economic Ambition Board (NWEAB) adopted A Growth Vision for the Economy of North Wales. That Vision was subsequently adopted by all 6 North Wales Councils. Based on the Growth Vision Strategy, a Growth Deal bid was prepared and agreed by all the partners, including Denbighshire County Council, working with both the UK and Welsh Government and the private sector in October 2018. In November 2019 the NWEAB and the Welsh and UK Governments agreed the Heads of Terms, for a Final Deal Agreement to be completed towards the end of 2020.
- 4.2. The NWEAB are committed to achieving Final Deal Agreement with both Governments before the end of December 2020. The Portfolio Management Office, employed by Gwynedd County Council as lead Authority on behalf of the region, have developed the documentation required to submit to both Governments to reach Final Deal Agreement. The contents of these documents are outlined within the pack of papers attached to this report as Appendix 1. This pack includes a template report which has been circulated for consideration through the democratic processes of each of the local authorities,

together with a number of supporting documents to include the Overarching Business Plan, the Final Growth Deal Agreement and the Governance Agreement to be entered into by the relevant partners.

- 4.3. Members will see from Appendix 1 that Cabinet and Council, along with all partners, are asked to approve various documents which together will enable the Final Growth deal to be concluded by the NWEAB, UK Government and Welsh Government.

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

- 5.1. The Growth Deal is based on themes which are in line with the Council's corporate priorities.

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

- 6.1. The cost to the Council will consist of two headings. The first will be the Council's share of the running costs of the Joint Committee and the Portfolio Management office which is set out in paragraph 5.7 of the cover report which forms part of appendix 1. This will cost £90K per annum. We have been committed to these contributions over recent years as part of the work to get to this stage, and there is already budget approved as part of the annual budget cycle for these costs. The second head of expenditure will be the Council's share of the cost of borrowing to support the Growth Deal. These costs are set out in paragraph 5.5 and 5.6 of the cover report which forms part of Appendix 1. This cost to the Council will range from a minimum of £64K per annum for 15 years and £90,670 per annum for 15 years. These costs are additional to existing commitments and funding will need to form part of the budget proposals for 2021/22.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. 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.

Attention is already being paid to measures needed to ensure inclusive growth. Skills and Employment are a key feature of the work of the NWEAB, the adopted Growth Vision and the Growth Bid proposal, with a specific focus on both skills for young people and also employability improvement for working age adults currently furthest from the workplace. Initiatives are also planned to ensure local supply chain and local businesses benefit from inward investment propositions and transformational projects.

Potential adverse impacts on the natural environment, sustainability and Welsh Language and culture can all have associated mitigation measures and will be carefully monitored through the regional partnership, and our own processes (e.g. Internal Audit, Corporate Governance, Cabinet, Scrutiny etc.). This assessment has identified a number of positive mitigating factors in this regard. Further work is needed on these to ensure potential adverse impacts are minimised and positive opportunities are captured.

The region's individual planning systems will have a strong role to play in ensuring growth does not overwhelm what makes the region a good place to live currently, so for example the Land & Property Programme seeks only to bring forward stalled sites that already have planning permission and are included within Adopted LDPs. There is a recent requirement by Welsh Government for regions to produce their own regional development plan which should ensure consistency of approach of a region and strengthen the strategic planning aspect of the Growth Deal. No work has yet commenced on such a regional development plan, and there is no agreement on how this might be progressed.

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

8.1. The development of the content of the Growth Deal has been an inclusive process with considerable participation across the public and business sectors. Councillors have been provided with briefings on the strategic intentions of the Growth Vision & Strategy and the development of the Growth Deal, the latest of which took place at a workshop on 7th October 2020.

8.2. Partnerships Scrutiny Committee at its meeting on 5th November 2020 considered the North Wales Growth Deal and the other documentation attached to this report.

Whilst Committee members had concerns about the potential impact the COVID-19 pandemic, along with the uncertainties surrounding BREXIT and any future trade deals would have on the projects which formed part of the proposed Deal as well as the area's future economic prosperity and resilience, they acknowledged that NWEAB had recognised these risks and were monitoring them. Members were assured that the governance arrangements outlined in the GA2 document and the Overarching Business Case capped each authority's annual financial contribution towards the Growth Deal, with safeguards in place that if any additional funding was required it would only be provided following approval via each authority's democratic processes.

Having considered the documentation and information provided the Committee was satisfied and assured that the GA2 agreement would provide a robust framework for governance and accountability, risk management, performance and quality monitoring, and scrutiny arrangements, supporting the delivery of the Deal's objectives for Denbighshire and the region. Members were of the view that the Growth Deal provided an excellent opportunity for the region to realise its economic potential, but emphasised the need, once the Growth Deal Agreement had been approved and secured, for the NEWAB to link its work into that of other high profile programmes, such as the Northern Powerhouse, in order to try and maximise the benefit to the region from the projects and the investment made.

8.3. The Committee resolved to support and recommend the proposals contained within the documents for submission to Cabinet and Council for formal endorsement and approval.

9. Chief Finance Officer Statement

9.1. Section 6 of this report clearly sets out the financial implications of approving the Growth Bid for Wales. There is base budget provision already for the £90k contribution for the Programme management costs. Additional base budget for the borrowing costs element will form part of budget proposals for 2021/22. However it should be noted that once the agreement is approved Denbighshire will be committed to those contributions. A great deal of work has been undertaken with finance colleagues across the region over the last few months to develop a funding scheme. The proposed scheme ensures a balance between affordability and the duration of contributions while also ensuring a fair and equitable split of the costs between the partners.

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

10.1. Risk analysis is built into the business case modelling for the programmes and projects which make-up the Growth Deal. An analysis of risk will be an integral part of the project approval process.

10.2. If the Growth Deal is not agreed by the partners then the £240 million of government money will not be committed to the economy of North Wales and the associated Programmes/Projects and their outcomes will not be delivered.

11. Power to make the decision

11.1. s2 Local Government Act 2000