

## Who we are

This submission is made on behalf of the North Wales Economic Ambition Board (NWEAB). The membership of the NWEAB comprises the six North Wales Councils, Bangor and Wrexham – Glyndwr Universities, Grwp Llandrillo Menai, Coleg Cambria, the North Wales Business Council, the Mersey Dee Alliance and the Snowdonia, Anglesey and Deeside Enterprise Zone Chairs. Ambition Board meetings are attended by Welsh Government Officials and a representative of the North Wales Voluntary County Associations.

The Ambition Board is the Learning and Skills Partnership for North Wales.

## Current Position

North Wales was invited to develop and submit a North Wales Growth Bid to the UK Government in April 2016. The Bid was to develop close links with the Northern Powerhouse and include proposals to devolve functions from the UK and Welsh Governments to North Wales Councils and their “partners”.

The UK Government’s invitation the North Wales Economic Ambition Board gave the impetus for the development of the North Wales Growth Vision. The Growth Vision was published in the autumn of 2016 and was agreed individually by all six Local Authorities and the North Wales Business Council.

The Vision work draws on: -

- The work of the North Wales Economic Ambition Board (NWEAB) and its partners, particularly, the North Wales Business Council and the Mersey Dee Alliance which has developed a cross border proposition for joint adoption by both the NWEAB and the Cheshire and Warrington Local Enterprise Partnership
- The priority sectors identified by the Northern Powerhouse Partnership and advice from UK Government Ministers including the Northern Powerhouse Minister
- Planned infrastructure investments identified by the Welsh Government in Ministerial Task Forces comprised of Council and Business Leaders in North Wales
- The work of Growth Tack 360 (the North Wales and Mersey Dee Rail Task Force)
- Preparations to maximise local employment from the region’s flagship UK investment - Wylfa Newydd

The UK Government responded positively to the North Wales Growth Vision and asked the six North Wales Councils to develop a prioritised programme of proposals as a North Wales Growth Bid. The 2016 Autumn Statement included a reference to the continued commitment of the UK Government to a North Wales Growth Bid.

In January 2017, the Wales Office facilitated a meeting of UK and Welsh Government officials with officers representing the six North Wales Councils. The meeting agreed that a formal North Wales Growth Outline Bid will be presented to the UK Government in June/July 2017. This submission will trigger formal negotiations with the aim of finalising and closing a deal by the end of 2017.

The North Wales Growth Bid has a cross-border dimension, with both the UK and Welsh Governments looking for the North Wales Growth Bid to be co-ordinated with: -

- The Devolution Deal of the Cheshire and Warrington Local Enterprise Partnership which includes a spatial proposition for the Mersey-Dee area
- The Liverpool City Region Devolution Deal given linkage with proposals for rail and a North Wales Metro requiring the participation of Merseytravel
- The Northern Powerhouse Partnership strategic planning function

The North Wales Growth Bid will incorporate the work of: -

- The cross-border North Wales and Mersey Dee Rail Task Force's (Growth Track 360) short term priorities
- The nascent North East Wales Metro Partnership which will support cross-border economic working, trade and worker movement

The North Wales Growth Bid timetable takes account of the 2017 Local Authority elections. The new Council Administrations will carry forward the bid. The Cheshire and Warrington Devolution Deal was agreed by the Cheshire and Warrington LEP in March this year and this will enable co-ordinated progress and integration of proposals as they are developed.

## Next Steps and Plans

The Region will submit an outline North Wales Growth Bid in June/July of 2017. The submission will trigger formal negotiations with the UK Government. It is intended to conclude a signed Growth Deal around the end of 2017 and the beginning of 2018.

## Governance

The six North Wales Councils have agreed in principle to establish a Joint Committee to own and implement the North Wales Growth Bid. The Joint Committee may include non-voting representatives of key partners: -

- The Cheshire and Warrington LEP
- North Wales Higher Education Institutions (Bangor and Wrexham – Glyndwr Universities)
- North Wales Further Education Institutions (Grwp Llandrillo Menai and Coleg Cambria)
- The North Wales Business Council

Governance is also likely to include: -

- The North Wales Economic Ambition Board as a stakeholder advisory group. The Ambition Board will have a formal role in the delivery of skills proposals as the Regional Learning and Skills Partnership.
- A high-level government led (UK and WG) Cross Border Forum
- A local authority joint transport body as a sub-committee of the Joint Committee (which has been agreed “in principle”)

### Themes of the North Wales Growth Deal

Officers of the six councils and partners are working closely together to develop detailed proposals for the North Wales growth Bid: -

- Transport Infrastructure and Services including the North-East Wales Metro Concept
- Business Growth and Innovation
- Skills, Employability and Reducing Worklessness
- Delivering Developed Sites and Premises for Employment and Housing

There will be cross cutting themes informing all the work-streams: -

- Maximising the benefit of investments in Wylfa Newydd and the nuclear sector
- Sustainable and Inclusive Growth which aims at improving pay levels across the working population and reducing poverty
- The geographic dispersal of the benefits of growth

The work-streams will enable the production of a growth bid prospectus which will be supported by action plans.

The region will establish a dedicated Programme Office for planning and delivery.

### The Benefits of a Growth Deal: A Prosperous, Secure and Productive North Wales

North Wales has many assets and strengths, such as exemplary advanced manufacturing facilities, a high growth, renewable energy sector, a diverse and unique heritage that supports a world class tourist sector, and an appealing quality of life offer. The region sits on the main trade route from and into Ireland, one of the UK’s biggest export markets.

There are exciting opportunities for growth: -

- Building on the region’s energy and advanced manufacturing assets
- Unlocking the potential of the cross-border economy
- Connecting to the Northern Powerhouse
- Developing the research and innovation base, supported by the region’s Universities and Further Education Colleges to drive a vibrant, growing SME economy that will produce wage growth and reduce poverty in the region.

A regionally sensitive and revitalised business support framework based on a 'Team North Wales' concept will be essential for high growth SMEs in the growth sectors identified in the North Wales Growth Strategy: -

- Advanced Manufacturing
- Renewable, Non-Carbon Energy
- Creative and Digital

A Growth Deal will enable the Region to take forward its ambitions to transform the economy, build on its strengths and become more prosperous and productive. It will enable a sustained effort to resolve entrenched challenges that have not been fully addressed in the past: -

#### North Wales

- North Wales has one of the lowest relative rates of GVA per head in the UK at around 73% of the UK average. This has led to most of the region qualifying for European Convergence Funding for over three decades.

#### North West Wales

- The North West of the region is challenged by geographic peripherality, leading to a heavy reliance on tourism, agriculture and the public sector. Tourism tends to be seasonal and has a history of low pay and low value employment
- There is a strong tradition of people retiring from England to the centre and north west of the region and choosing not to work, which reduces the percentage of the population engaged in the workforce and depresses GVA per head
- The relative scarcity of high value, well remunerated private sector work in the North West of Wales has led to a form of "brain drain" with many young people leaving the area. Coupled with incoming retirees this weakens the vigour of the economy and the Welsh Language and culture.

#### North East Wales

- North East Wales faced a long, hard road back from "de-industrialisation" in the 1970s and 1980s following the closure of steelmaking, textiles and coal mining enterprises. These closures created substantial unemployment and deprivation for over a decade
- Wrexham and Flintshire have rebuilt their industrial base around the Deeside Industrial Park and Wrexham Industrial Estate. North-East Wales now has the largest percentage of manufacturing output of any economy in the UK. The sub region faces challenges around skills, wage levels and the nature of its manufacturing base. Major employment sites assemble components (e.g. airbus wings, Toyota engines) and are potentially "branch" plants vulnerable to future consolidation elsewhere by multi-national firms
- North East Wales faces a challenge of "political" peripherality on a par with the North West's challenges of geographical peripherality.

The economies of Flintshire and Wrexham are integrated into a "Mersey-Dee", cross border, functional economy which is dissected by a political and administrative border. This has led to both UK and Welsh Government planning for "parts" of that cross border functional economy to the detriment of the whole. Sometimes "the parts" are

overlooked by their respective governments because they lack the critical mass of the whole required to justify investment in a competitive environment with the urban conurbations of the UK.

This cross border functional economy was identified by Elizabeth Haywood in her report for the Welsh Government, “The Dee Region Cross Border Economy – Next Steps” in March 2013. This review focussed on strengthening cross border relationships in the Dee Region, the role of the Mersey Dee Alliance and potential economic benefits.

- Across the region there is a need for intervention to support the Housing Market. Without market support it is unlikely that the housing growth planned in Local Development Plans will be achieved. There are similar issues regarding employment land in North Wales, much of which, has remained undeveloped for two decades.

The aspiration to increase employment opportunities in the region requires both the development of employment sites and housing growth to house an expanding workforce.

The North Wales Growth Vision and its supporting Growth Bids seeks to address these challenges by: -

- Improving Infrastructure – rail, road and bus, enabling an agglomeration effect throughout the region and the cross-border area
- Integrating proposals for employment growth and development of employment land with housing growth and infrastructure investment; with proposals for pump priming investment to enable development of key employment and housing sites
- Improving skills and business support to move employees and the firms based in North Wales up the value chain wherever possible. This will improve productivity and GVA per head
- Supporting world class assets located in the region in the high growth sectors of advanced manufacturing (aerospace, automotive, life sciences and food), renewable/non-carbon energy, tourism, creative industries and professional services
- Dispersing the benefits of growth; seeking to develop distributed growth hubs (e.g. Wylfa, Mon a Menai, Deeside Industrial Park, Wrexham Town and Industrial Estate) connected by excellent transport services enabling people to access employment. There will also be a need for measures to move tourism employment in North Wales “up the value chain” to support the concept of inclusive growth. A new high value tourism sector is developing in North Wales demonstrated by the recent investments in Surf Snowdonia, Zip World and Adventure Tourism

As well as investment, the Growth Bid offers the opportunity to do economic development, transport planning and delivery, housing strategy and delivery and strategic land use planning differently and more collaboratively. This aspiration aligns with the Welsh Government agenda for renewed and resilient local government articulated by the Cabinet Secretary for Local Government and Finance. Most importantly a more co-ordinated and collaborative approach which is more 'place sensitive' can deliver better and more impactful results.

The Growth Bid is set in the context of the Growth Vision - the Bid will have its own targets based on the priorities identified. The Bid's starting point, from the Growth Vision, is to grow the North Wales Economy by 58% from a £12.8bn economy to a £20bn economy by 2035 with the creation of a substantial number of new jobs in that period. It will aim to reduce the relative gap in GVA per head between North Wales and the UK average.

## Impact on Equalities – Within and Between Regions

The bid will explicitly seek to reduce inequality and low pay within North Wales. Improving skills and increasing pressure on the jobs market will help push up wages. Proposals for 'inclusive growth' will seek to expand the workforce by bringing people currently marginalised by poor health, low level skills and poor transport access to employment into the working population. This will require close working with the DWP in North Wales.

The Bid will put forward targets for increasing workforce participation and reducing poverty.

Improving transport and specific measures to improve access to work will enable more people to travel to work conveniently, increasing the agglomeration effect across North Wales and the Mersey Dee cross border economy.

The region is particularly concerned to enable young people to stay in the region and travel to good jobs in the region. This will require better quality transport and regionally developed pathways into employment, including graduate level employment.

There are two key developments to enabling North Wales to enjoy comparative rates of development with Cardiff and Swansea in the future: -

- Unlocking the potential of the cross-border economy and embedding the need to work on a cross border basis on a long-term basis. This will require that North Wales is connected to the investments made in the Northern Powerhouse
- Developing a more place based approach to economic development with more of the resources and services to support the North Wales economy based in North Wales and advised and supported by North Wales voices. This is at the heart of the "Team North Wales" concept.

There is a pressing need to consider the comparative competitiveness of North Wales with the North West of England than Cardiff and Swansea. Wales as a polity needs to ensure that North Wales can both compete with the North West of England and participate effectively in the planning for growth in the North of England via the Northern Powerhouse.

Devolution of functions to North Wales that matches that of neighbouring English regions is a defensive necessity and a desirable enabler of growth.

## Co-ordination with Welsh Government Strategy

The North Wales Growth Bid is aligned with Welsh Government Strategy.

Our Growth Bid will seek to: -

- Accelerate and build on Welsh Government infrastructure investments
- Co-ordinate the work of local authority transport and economic development teams both within local government and with the relevant Welsh Government teams to create a “Team North Wales” approach to economic development and business support
- Build on Welsh Government Sector Plans.

The Growth Bid will also align with the UK Industrial Strategy and connect with the proposed “Sector Deals” being promoted for key sectors like nuclear, steel and automotive on a UK basis. The region will work closely with the Welsh and UK Governments to ensure that the sector and place based growth deals are connected.

The Welsh Government is supportive of our cross-border ambitions. The Welsh Government is a member of the Mersey Dee Alliance and the Minister for Economy and Infrastructure attends MDA Board Meetings.

There is a high degree of joint working between local government and the Welsh Government in North Wales including: -

- EU Structural Funds
- Preparation for Wylfa Newydd
- Growth Track 360
- Skills development through the Regional Learning and Skills Partnership

Many of the proposed infrastructure investments were developed jointly through the work of Ministerial Task Forces led by the Welsh Government, advised and supported by Local Government and Business Leaders in North Wales. They are jointly owned by the Welsh Government and the Region.

Key requests of the Welsh Government going forward will include: -

- Devolution of Business Rates Growth for investment in sites identified for development
- A recognition of the need for a far more 'place sensitive' and dedicated management of Welsh Government Services – Business Support, Skills Development, Finance Wales/SME Support, Marketing and Inward Investment, Sector Support etc.

## Our Comparative Regional Position

The North Wales Deal is unique in that it requires the Welsh and UK Governments to work together to enable cross border working and reduce the separation of the natural partners within the functional cross border Mersey Dee economy.

A significant outcome of a North Wales Growth Deal will be an investment plan for North Wales that is agreed by both the UK and Welsh Governments.

In broad terms the city deals and the North Wales Growth Bid offer an opportunity to develop a Welsh system for economic development, transport planning and land use planning that is more place-based and promotes greater and more explicit collaboration between local authorities, between local authorities collectively and the Welsh Government and between the Welsh Government, the UK Government and the regional/city region entities.

Such a system would have the potential to be more effective, strategic and co-ordinated. It would also align well with the current Welsh Government agenda for Local Government Reform and have the advantage of being deliverable by consent and negotiation without contentious legislation.

## Conclusions

A North Wales Growth Deal is a significant opportunity to enable the region to work collectively with the Welsh Government and the UK Government to build on its assets and address significant, historic and stubborn issues of low productivity.

A North Wales Growth Bid will need to be funded and supported appropriately by both governments to be effective.

The deal will specifically address the twin peripheralities that challenge the North Wales economy: -

- Geographic peripherality and rurality in the North West
- Political peripherality affecting both sides of the border in the Mersey Dee Functional Economy

These two challenges make a more place based approach to economic development support, transport planning and delivery, marketing and promotion of the region and land use planning essential. The Regional Governance arrangements and the proposed "Team



North Wales” approach will underpin the move to a more placed approach to developing the North Wales economy.

The Bid will enable a transformation in support for business growth, innovation and research that will target the development of high growth SMEs in the supply chains of the region’s key sectors.

The region recognises that the Ministers and the Welsh Government are the primary providers of economic development services. Therefore, the aspiration of the region is for closer and more collaborative working. There is no intent to see local government takeover Welsh Government Services, challenge the authority of Ministers or revise the devolution settlement in Wales.

There is a need to change the way we work collectively to improve the performance of the economic development function. This involves delivering closer working with economic development partners including businesses in a regional setting. The outcome of this cultural change should be the development of regional leadership and strategic direction for economic development, transport and land use planning.

Local Authorities will be challenged by the need to deliver greater collaboration and the pooling of resources and service delivery.

Local Authorities in North Wales are relatively small and will require support to reduce the risk of borrowing. This is why we discuss the potential delegation of more than business rate growth, with a proportion of total business rate revenue delegation necessary to make development proposals stack up and to fund borrowing.

The North Wales Growth Bid is an important catalyst to change the way we do economic development and face the future positively.