

# Pecyn Dogfennau Cyhoeddus

## Cabinet

---

Man Cyfarfod  
**Siambr y Cyngor - Neuadd y Sir,  
Llandrindod, Powys**

---

Dyddiad y Cyfarfod  
**Dydd Mawrth, 5 Hydref 2021**

---

Amser y Cyfarfod  
**2.00 pm**

---

I gael rhagor o wybodaeth cysylltwch â  
**Stephen Boyd**  
01597 826374  
steve.boyd@powys.gov.uk



Neuadd Y Sir  
Llandrindod  
Powys  
LD1 5LG

Dyddiad Cyhoeddi

---

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

---

## AGENDA

<b>1.</b>	<b>YMDDIHEURIADAU</b>
-----------	-----------------------

Derbyn ymddiheuriadau am absenoldeb.

<b>2.</b>	<b>COFNODION</b>
-----------	------------------

Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod a gynhaliwyd ar 21 Medi 2021 fel cofnod cywir.

(Tudalennau 1 - 4)

<b>3.</b>	<b>DATGANIADAU O FUDD</b>
-----------	---------------------------

Derbyn unrhyw ddatganiadau o fudd gan Aelodau mewn perthynas ag eitemau i'w trafod ar yr agenda.

<b>4.</b>	<b>CYMERADWYO'R ACHOS BUSNES PORTFFOLIO DRAFFT AR GYFER BARGEN TWF CANOLBARTH CYMRU.</b>
-----------	--

Ystyried adroddiad gan Bennaeth Gwasanaethau Cyfreithiol a Democrataidd.

(Tudalennau 5 - 564)



**MINUTES OF A MEETING OF THE CABINET HELD BY TEAMS ON TUESDAY, 21  
SEPTEMBER 2021**

**PRESENT**

County Councillor M R Harris (Chair)

County Councillors MC Alexander, B Baynham, A Davies, P Davies, H Hulme,  
I McIntosh and R Powell

In attendance: County Councillors P Roberts and E Vaughan

Cabinet paused to remember Garry Banks, the former Councillor for Presteigne and past Chair of Council and Cabinet member who had passed away. The Leader also expressed her condolences to Lee Evans in the Communications team on the death of his brother.

<b>1.</b>	<b>APOLOGIES</b>
-----------	------------------

Apologies were received from the Executive Director: People and Organisational Development.

<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
-----------	---------------------------------

There were no declarations of interest reported.

<b>3.</b>	<b>WELSH IN EDUCATION STRATEGIC PLAN (WESP) 2022-2032</b>
-----------	---

Cabinet was asked to give approval to carry out consultation on the authority's Welsh in Education Strategic Plan (WESP) for 2022-2032. The *Welsh in Education Strategic Plans (Wales) Regulations 2019* required local authorities to set a ten year target outlining the expected increase in Year 1 children taught through the medium of Welsh in the local authority's area during the lifespan of the Plan. Powys was expected to achieve an increase of 10-14+% in the percentage of Year 1 children taught through the medium of Welsh by 2030/31. This would require an increase from 22.2% of Year 1 pupils taught through the medium of Welsh in 2019/20 to between 32% and 36% pupils taught through the medium of Welsh in 2030/31. The WESP had been developed in order to contribute towards achieving this target and was based on 7 Outcomes which reflect a learner's education journey.

The consultation would commence before the end of September 2021 and continue for a period of 8 weeks. A post-consultation version of the WESP would be considered by the Cabinet in January 2022 before being submitted to Welsh Government by the end of January 2022.

Cabinet was advised that the consultation would seek to establish why there was a 20% drop off in the number of pupils in Welsh medium primary education going into Welsh medium secondary education.

County Councillor Elwyn Vaughan who had chaired the Welsh education partnership meetings, commended the commitment to ensuring there was access to Welsh-medium early years and primary provision in all parts of the county, to supporting dual-stream/English-medium primary schools to move along the language continuum so that they can provide Welsh-medium immersion education until the age of seven or eleven and establishing Welsh-medium secondary provision in at least 3 localities in Powys.

County Councillor Pete Roberts, the Chair of the Learning and Skills Committee advised that the Committee regarded the plan as appropriate for consultation. The Committee felt that there were a number of areas that could be improved upon which would come out in the consultation. The Committee would like to see the inclusion of some “stretch” targets in the later years of the programme in the final document which would help the authority achieve beyond Welsh Government targets. The Committee also wanted to see more evidence in the document supporting the change of location on the proposed Welsh Medium Secondary School in North Powys.

Cabinet welcomed the document which would form a key part of the schools transformation project. The Portfolio Holder for Adult Social Care and the Welsh Language noted that ensuring the Welsh language remained an integral part of life in Powys was a priority for the Cabinet. She also noted the important role played by organisations such as the Urdd, Mudiad Meithrin and the YFC in supporting the language. Support for early years was also very important. Cabinet noted that delivering the WESP would take significant resources to ensure equality of access in Welsh and English medium education. The Portfolio Holder for Education and Property thanked colleagues for their comments and their support for the WESP which would be a very critical part of the future of education in Powys.

**RESOLVED to approve the commencement of consultation on the Council’s draft Welsh in Education Strategic Plan for 2022-2032.**

<b>4. NEW WAYS OF WORKING FOR THE COUNCIL'S WORKFORCE</b>
---

Cabinet considered a report setting out New Ways of Working which best captured the learning from the past 18 months. Under the New Ways of Working (NWOW), it was proposed that all staff across the Council’s services will continue to work in one of three defined work styles:

**Place-based workers:** these are staff who are based at a particular location in order to fulfil their role, or because they are unable to work from any other locations for a variety of reasons.

**On-the-go workers:** these staff are mostly out and about in the community, directly delivering services, but need an office or building as a base.



**Flexible workers:** these are staff who can work flexibly from a variety of locations, including from home, various office buildings, partner locations, or community buildings which are near to where they live.

This would enable many staff to continue to work in agile ways, which better support future service delivery, whether this be to work regularly from home, from Council facilities, including corporate buildings, hubs, local facilities, or from agreed partner facilities.

Given that as part of NWOW, there would be no change to job titles, job roles or the day to day work of the workforce, there would be no consequential change to the terms and conditions of employment for staff, who would therefore be able to claim any expenses in the normal way in line with current conditions and guidance.

Members raised the issue of domestic violence which meant that home working may not be a safe option and the issue of stress. It was confirmed that no one would be forced to work from home. Every member of staff would have a discussion with their line manager about their future working arrangements and it was confirmed that both these issues would be included in the script provided to line managers. With regard to stress, three staff surveys conducted in the last 18 months indicated that staff were mostly very positive with their working arrangements.

The issue of elected members was also raised. Cabinet was advised that equipment had been purchased to enable hybrid meetings to take place in the Chamber in County Hall, however, such was the demand it could not be installed until early in January 2022. The Leader asked that consideration be given to enabling members to meet colleagues and officers earlier than that for informal meetings. She thanked all staff who had continued to deliver services during the pandemic whether working from home or on the front line.

**RESOLVED to approve the rollout of New Ways of Working and the steps to embed this in each service, as laid out in this report. In summary, from October 2021 onwards, each service will envision and shape how New Ways of Working can best support future service delivery and will transition at a timing and pace that best underpins their plans.**

**County Councillor M R Harris (Chair)**

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**CYNGOR SIR POWYS COUNTY COUNCIL.****CABINET EXECUTIVE****Date: 5<sup>th</sup> October 2021****REPORT AUTHOR: Head of Legal & Democratic services****SUBJECT: Approval of the Draft Portfolio Business Case for the Mid Wales Growth Deal**

---

**REPORT FOR: Decision**

---

**1. Summary**

- 1.1 For Cabinet to consider and approve the draft Portfolio Business Case for the Mid Wales Growth Deal for approval to submit to UK and Welsh Governments, as set out in the following appendices:
- Appendix 1: Portfolio Business Case (v1)
  - Appendix 2: Programme Outline Summary - Digital (v 1 draft)
  - Appendix 3: Programme Outline Summary – Land and Property (v1 draft)
  - Appendix 4: Integrated Assurance and Approvals Plan (v1 draft).
- 1.2 In the event that the draft Portfolio Business Case is approved, Cabinet is also asked for authority to submit the draft Portfolio Business Case to the UK and Welsh Governments:
- To be formally reviewed through the Accounting Officer Review (AOR), on behalf of the Welsh Cities and Growth Deals Implementation Board (WCGIB) – the Joint Board between UK and Welsh Governments that govern Welsh City and Growth Deals.
  - To be utilised as a basis for drafting the Final Deal Agreement – that will be negotiated with both Governments and brought back to the GMW Board and to the Cabinets of both Authorities for review and final approval.
- 1.3 To authorise the Chief Executive, in consultation with the Leader, the Monitoring Officer and Section 151 Officer (in conjunction with the equivalent officers in Ceredigion County Council) to make minor amendments to the Portfolio Business Case that may be required prior to submission to the UK and Welsh Governments.

## 2. Background

- 2.1 On 9<sup>th</sup> May 2019 the Cabinet approved the establishment of a Joint Committee with Ceredigion to develop a Mid Wales Growth Deal and agreed the terms of an Inter- Authority Agreement (“IAA1”) to provide for the early governance arrangements. On 13<sup>th</sup> July 2021 the Cabinet approved an amended Authority Agreement (“IAA2”) to extend the governance arrangements up to Final Deal Arrangement (“FDA”) and to include revisions to include Regional Skills Partnership.
- 2.2 The IAA2 provides for the Growing Mid Wales Board (“GMW Board”) to approve bids for Funding and to refer the bids for Funding to the Authorities for approval.
- 2.3 On 21<sup>st</sup> September 2021 the GMW Board considered the report set out in Appendix 5 and recommended to the Cabinets of Authorities that they should approve the draft Portfolio Business Case for the Mid Wales Growth Deal as set out in Appendices 1-4 of this report for to submit to UK and Welsh Governments.

## 3. Proposal

- 3.1 The Portfolio Business Case has been developed by the Portfolio Management Office (PoMO) with support from Hatch Ltd and officers from both Powys and Ceredigion County Councils.
- 3.2 The purpose of the Portfolio Business Case is to provide an overview of the scope, function and arrangements for the Mid Wales Growth Deal Portfolio – on the basis of an initial set of Programme and Project proposals. The detail of which will need to be developed and considered further at key decision points.
- 3.3 The Portfolio Business Case as currently drafted is the latest iteration – with known elements of detail still to be developed. This is because the programme and project level detail have not been fully developed yet. The Portfolio at this stage is therefore establishing the principles and broad objectives for the Deal – with an estimated range of benefits and costs.
- 3.4 The status of the shortlisted Programmes and Projects are initial options being considered, in advance of a formal review and decision by the GMW Board. **Agreeing the Portfolio Business Case today does not guarantee funding for these initial set of programmes/projects. It signifies that these options are to be developed further at the cost/risk of the proposers – and that the GMW Board will review the detail of the proposals as part of their business case development. Other projects can be added to the Portfolio at a later date.**
- 3.5 The GMW Board will be expected to review the Portfolio at regular intervals. If proposals on the shortlist do not develop to the satisfaction of the Board (e.g.

for reasons such as no capacity/capability to develop, timescale issues, deviation from the stated aims, failure in match funding etc) – then the Board will be able to reconsider and recommend actions to address and re-prioritise the Portfolio. This process will be led by the Portfolio Management Office (PoMO) through regular progress reporting to the GMW Board and its established sub-groups to consult for strategic advice (e.g. ESG/RSP).

- 3.6 The Portfolio Business Case is a live, and iterative document – that will need regular review. It is anticipated the Portfolio Business Case will need to be updated further after the Accounting Officer Review, to implement or plan for the realisation of its recommendations – to coincide with the FDA.
- 3.7 It is anticipated that post Final Deal Agreement, the Portfolio Business Case is updated on an annual basis – to coincide with the annual reporting and funding arrangements set out by the Joint UK and Welsh Government WCGIB. It may be updated more frequently initially by the PoMO, as detail is developed.
- 3.8 The Portfolio Business Case follows the structure of the Better Case Model (Five Case Model) and HM Treasury Green Book principles. The PoMO have consulted with UK and Welsh Government throughout the development of the business case – and has been advised throughout the process by Joe Flanagan, the author of the Green Book and guidance to HM Treasury on business case development. As a result, the development of the Mid Wales Growth Deal is consistent with the emerging HM Treasury Guide to developing the Strategic Portfolio Business Case.
- 3.9 The Portfolio Business Case consists of five cases:
- 3.9.1 **Strategic Case:** the rationale for the Growth Deal investments, their objectives and fit with wider policy
  - 3.9.2 **Economic Case:** the value for money provided by the Growth Deal
  - 3.9.3 **Commercial Case:** the contractual and procurement approach to be taken
  - 3.9.4 **Financial Case:** the costs and funding profile for the Growth Deal
  - 3.9.5 **Management Case:** the approach to managing the Growth Deal
- 3.10 The Portfolio Business Case is available in **Appendix 1**.
- 3.11 The Portfolio Business Case is supported by a set of documentation which provide further detail on the two early programme proposals, and the draft assurance and approvals process for the Portfolio:

Supporting Document	Description	Status	Appendix
Programme Outline Summary - Digital	Outline of the draft proposals being developed for the digital programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	2

Programme Outline Summary – Sites and Premises	Outline of the draft proposals being developed for the land and property programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	3
Integrated Assurance and Approvals Plan (IAAP)	Is defined as the planning, coordination and provision of assurance activities and approval points throughout the ‘policy to delivery’ lifecycle, proportionate to levels of project cost and risk.	V1 Draft	4

#### 4.1 MWGD – Programmes Under Consideration

4.2 There are two formal programmes being included for initial consideration within the Portfolio:

##### Digital

**4.2.1 Strategic Aim:** To capitalise on the economic opportunities that can be unlocked by investing in digital infrastructure and skills, in order to address deficits in digital connectivity, drive the uptake of new technologies amongst the regions businesses and to improve the services that already exist.

**4.2.2 Types of Intervention:** A diverse range of fixed and wireless infrastructure deployments, complimented with innovative platforms, business support and policy reforms that directly provide or facilitate greater investment, stimulate demand, and accelerate digital build and exploitation across the Mid Wales region.

##### Land and Property

**4.2.3 Strategic Aims:** Fostering the environment for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.

**4.2.4 Types of Intervention:** Enabling business growth through targeted investment/initiative development for sites and premises.

**4.3** Both areas have evolved into early programme proposals following work ongoing in the region that have been identified as strategic priorities, and further to detailed work being undertaken on behalf of GMW board by officers and regional stakeholders.

**4.4** Whilst the GMW Board has not formally received the programme proposals to date – the programme-level scoping work has been underway prior to the development of the Portfolio – and were initiated early in the development work. The GMW Board will be able to consider the Programme Briefs and further

detailed information at a future meeting to determine the scope and objectives of both Programmes, to consider and mandate their further development.

## **5 MWGD – Projects Under Consideration**

- 5.2** No detail for project proposals are provided at this stage of the process in support of the Portfolio. Early outline proposals have been considered and fed into the process led by Joe Flanagan (advisor on behalf of Government on Business Cases) with support from the PoMO, Hatch Ltd and officers from Powys and Ceredigion Councils. This forms the technical assessment as part of the workshop structure that is required as part of the Better Business Case guidance.
- 5.3** The detail of the assessment process, the projects considered – and the outcome is set out in the Economic Case of the Portfolio Business Case (section 2.2 of the Economic Case).
- 5.4** The relationship between Strategy, Portfolio, Programmes and Projects has been set out consistently to the GMW Board and its governance. The following image has been adapted from Government guidance<sup>1</sup>:

---

<sup>1</sup> [Guide to developing the programme business case | GOV.WALES](#)



- 5.5** A portfolio is a collection. The strategic portfolio is the collection of programmes, projects and other activities that the organisation requires to deliver its mission, vision, goals and strategic objectives over the short, medium and long terms.
- 5.6** The programmes within these strategic portfolios, in turn, initiate, align and monitor the projects and activities required to deliver the necessary outputs.
- 5.7** Projects can exist within a Programme, or directly within the Portfolio.
- 5.8** Programmes are only developed for a larger series of planned measures, related events and co-ordinated activities in pursuit of an organisation's long-term goals. A series of loose thematically-related projects – does not constitute a programme.
- 5.9** A continual process of alignment is required to ensure that the programmes and projects within the strategic portfolio remains linked to strategic objectives, because even as strategies are delivering changes and improvements to



business operations, they may need to respond to internal and external changes and to accommodate new initiatives and policies.

**5.10** This underlines the Portfolio approach – and why the Growth Deal is implemented via this approach. The GMW Board will have challenging choices to make about the combination and delivery of their enabling programmes and projects, which must be properly scoped and planned, and cost justified from the outset.

**5.11** That is why Programmes and Projects at this stage are therefore early proposals – assessed against the Critical Success Factors and Aims/Objectives of the Portfolio as part of the Discovery phase.<sup>2</sup> It provides a framework for the PoMO and the GMW Board for “structured thinking” and assurance that the programmes and projects within the strategic portfolio:

5.11.4 Provide strategic fit and are supported by a compelling case for change.

5.11.5 Will maximise public value to society through the selection of the optimal combination of programme and projects and related activities.

5.11.6 Is commercially viable and attractive to the supply side.

5.11.7 Is affordable and is fundable over time.

5.11.8 Can be delivered successfully by the organisation and its partners.

**5.12** The Growth Deal Portfolio, and its constituent Programmes and Projects will be delivered over a lifespan of 10-15 years. The Portfolio Business Case is therefore a tool for making structured progress on the basis of regular review and decision-making.

---

<sup>2</sup> Defined in the Strategic Portfolio Business Case, agreed by the GMW Board at their meeting on 11th March 2021 – advice from the ESG at their meeting on the 3<sup>rd</sup> March 2021.

## 6 MWGD – Portfolio Shortlist (Programmes and Projects currently being considered)

6.2 With Section 7 in mind, the current shortlist for the Portfolio consists of the following Programme and Project options:

Strategic Growth Priority	Project Programme /	Summary	Business Case Maturity Index
Applied Research & Innovation	Innovation Park	Lead by Aberystwyth University, the Innovation Park will enable industry and academia to build on the work of AberInnovation, with the aim of identifying, developing and demonstrating the enabling processes and technologies necessary to secure, broaden and maximise the value gained for the region. The £30 million project is seeking to deliver circa 10,000m <sup>2</sup> of fully serviced office space, shared facilities and R&D space.	SOC
	National Spectrum Centre	Lead by Aberystwyth University, the National Spectrum Centre seeks to establish a key asset operated through a hub and spoke model that will benefit from the region's varied environments (coastal, uplands, rural etc) and bring high quality jobs and increased growth to the region. The SOC seeks approval to invest an estimated £17 million in Phase 2 of the National Spectrum Centre development.	SOC
	Mid Wales Advanced Manufacturing Campus	Identified through a recent SQW Applied Research and Innovation Report, this project was a recommended intervention to deliver an Innovation/Advanced Manufacturing Campus for Mid Wales, with the aim of improving the supply of skills into industry and provide a hub for collaboration/R&I activity. A project lead is yet to be identified. Total capital costs are unknown.	Concept
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	Lead by Food Centre Wales (part of Ceredigion County Council), the Food Manufacturing Innovation Centre is a £4.4 million project to deliver a state of the art food manufacturing innovation centre at Horeb, Llandysul, Ceredigion. The project would provide a facility to enable companies to take the next steps from small scale, research-based product testing and analysis to scaling-up of the production to enable full market and commercial viability testing.	SOC
	Canolfan Tir Glas / University of Gastronomy	Trinity St David's University is seeking to establish a Centre for Rural Enterprise (Canolfan Tir Glas), an entity that will promote the local food industry, sustainability, resilience and rural entrepreneurship. The Centre will aim to	SOC

Strategic Growth Priority	Project Programme /	Summary	Business Case Maturity Index
		play its part in strengthening the economic infrastructure of the wider agri-food economy in Mid Wales from the centre and its outreach work, particularly by focusing on skills and career development in the hospitality sector and other rural diversification sectors. Total capital costs are estimated to be £8 million.	
<b>Strengthened Tourism Offer</b>	Cynefin – The Green Heart of Wales	Lead by the Centre for Alternative Technology, seeks to create a powerful and immersive learning experience, bringing huge practical benefits to the delivery of Skills for the future in renewable energy, sustainable construction and retrofit, food, land use and sustainable tourism. The tourism element of the project comprises of: An Arrival and Welcome Hub, Green Street, Elemental and Site Accommodation. Total capital costs are estimated to be £24.2 million.	SOC
	Dwr Cymru Elan Valley	Lead by Dwr Cymru, the Elan Valley Lakes Project seeks to achieve economic growth and sustainability through adding appropriate high experience level adventure, sport and nature activities and improve provision of overnight accommodation. It is hoped this will increase visitor spend and enhance income streams. Total capital costs are estimated to be £12.7 million.	SOC
	Montgomery Canal Wales - Restoration to Navigation	Lead by the Canal and River Trust / Glandwr Cymru, the restoration of the Montgomery Canal in Wales seeks to facilitate linkage to the wider 2000-mile Canal network, and boater access through Powys to beyond Welshpool. So enhancing opportunities for a range of non-boater visitor activities, all with associated spend and opportunities for tourism and leisure businesses. Total capital costs are estimated to be £24.4 million.	SOC
	Ceredigion Harbours	Lead Ceredigion County Council, Ceredigion Harbours is an outline proposal for two major marina/harbour developments (Aberystwyth and Aberaeron). In both instances, the assets are to remain publicly-owned and will combine currently planned investment in sea defences/costal flooding, adding further economic value through the reconfiguration and development of the assets to generate new economic opportunities in retail, leisure and tourism. In Aberystwyth, the proposals also incorporate strengthened faculties to support the fisheries sector. Total capital costs are estimated to be between £20 and £30 million.	Concept
<b>Digital</b>	Strategic	Lead jointly by Ceredigion County Council	Programme

Strategic Growth Priority	Project Programme /	Summary	Business Case Maturity Index
	Employment Site Connectivity.	and Powys County Council, this project seeks to accelerate the provision of connectivity services to strategic employment sites within the Mid Wales region, and in doing so provide better services to businesses to facilitate greater economic growth. Total capital costs are estimated to be £3.6 million.	Business Case
Supporting Enterprise	Mid Wales Sites and Premises.	Lead jointly by Ceredigion County Council and Powys County Council, this intervention will deliver a strategic programme of prioritised, direct public sector investment in employment sites and premises and related infrastructure across Mid Wales to help meet current need and stimulate future economic growth in the region. This would be delivered through a Mid Wales Property Infrastructure Investment Fund. The proposal would be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises, and targeted investments in strategic employment sites.	Programme Business Case

**6.3** When it comes to the shortlist – and what it means in practice, it is important to be clear on a number of key principles:

6.3.4 The shortlisted options constitute the best available options at this point in time. The Portfolio Business Case sets out that we have a number of options on the long-list for the Portfolio – not all options are ready/have not come forward yet. Skills is one key example where there are no projects at present – however, is very likely that following the work of the Regional Skills Partnership, capital proposals may begin to appear.

6.3.5 The shortlist is never set in stone. The next steps are for the GMW Board to consider the early detail of the Programmes proposed, and then the Projects in turn against the strategic aims and objectives of the Growth Deal – as defined in the Portfolio Business Case.

6.3.6 Today’s decision therefore does not bind the GMW Board to the shortlist permanently. The current shortlist has been drawn together to illustrate the current strongest options for delivering the Deal – which now need further detailed development.

6.3.7 Funding is not agreed or guaranteed to any of the projects at this point. Funding is being secured for the Portfolio as a whole. Decision on funding for programmes/projects will only come after the GMW Board has considered their business cases, and subsequently submitted to Government for approval.

- 6.3.8 Once the GMW Board has approved the Programme/Project Business Cases, it is solely the responsibility and risk of the proposing organisations to develop the detail of their schemes to follow through with their initial proposals. The role of the PoMO is clearly set out in the documentation – as co-ordinating and managing the Deal only. It is the responsibility of the lead/sponsor organisation to resource the project development/delivery.
- 6.3.9 Proposals that were considered recently, but did not make the shortlist have been put on the longlist. This means that they are still in contention for a future opportunity through future reviews. The onus is on those proposing organisations to take account of the detailed technical feedback and consider further developing their proposals as a potential pipeline proposal that could be considered in future.

## **7. Options Considered / Available**

- 7.1 Option 1 - To approve the draft Portfolio Business Case for the Mid Wales Growth Deal for approval to submit to UK and Welsh Governments.
- 7.2 Option 2 – To reject the draft Portfolio Business Case for the Mid Wales Growth Deal and to require officers to undertake further work with a view to revising the draft Portfolio Business Case.

## **8. Preferred Choice and Reasons**

- 8.1 Option 1 is the preferred option as this is the only option that could result in a Final Deal Agreement being achieved within the 2021 calendar year - a timescale stipulated by the GMW Board and its regional partners – and now expected by UK/Welsh Governments.

## **9. Impact Assessment**

- 9.1 Is an impact assessment required? No- as a final decision is not being made  
If yes attach as an appendix.

## **7. What consultations have been carried out with Scrutiny and others**

- 7.1 Scrutiny – A Joint Scrutiny Committee will be held in October and November
- 7.2 Finance – 6.3.7 above states that funding is not agreed or guaranteed to any of the projects at this point. Funding is being secured for the Portfolio as a whole. Decision on funding for programmes/projects will only come after the GMW Board has considered their business cases, and subsequently submitted to Government for approval.

Section 3.4 of the report confirms “Agreeing the Portfolio Business Case today does not guarantee funding for these initial set of programmes/projects. It signifies that these options are to be developed further at the cost/risk of the proposers – and that the GMW Board will review the detail of the proposals as part of their business case development.

7.3 Legal : The recommendation can be supported from a legal point of view

**9. Statutory Officers**

9.1 The Head of Legal and Democratic Services ( Monitoring Officer ) has commented as follows: “ I note the legal comment and have nothing to add to the report”.

9.2 The Head of Finance (Section 151 Officer) notes the content of the report and, as set out in sections 3.4 and 6.3.7, that approval of the draft Portfolio Business Case does not at this stage commit any funding to any of the projects.

Recommendation:	Reason for Recommendation:
<p>1. For Cabinet to consider and approve the draft Portfolio Business Case for the Mid Wales Growth Deal for approval to submit to UK and Welsh Governments, as set out in the following appendices:</p> <ul style="list-style-type: none"> <li>• Appendix 1: Portfolio Business Case (v1)</li> <li>• Appendix 2: Programme Outline Summary - Digital (v 1 draft)</li> <li>• Appendix 3: Programme Outline Summary – Land and Property (v1 draft)</li> <li>• Appendix 4: Integrated Assurance and Approvals Plan (v1 draft).</li> </ul> <p>2. In the event that the draft Portfolio Business Case is approved, Cabinet is also asked for authority to submit the draft Portfolio Business Case to the UK and Welsh Governments:</p> <ul style="list-style-type: none"> <li>• To be formally reviewed through the Accounting Officer Review (AOR), on</li> </ul>	

<p>behalf of the Welsh Cities and Growth Deals Implementation Board (WCGIB) – the Joint Board between UK and Welsh Governments that govern Welsh City and Growth Deals.</p> <ul style="list-style-type: none"> <li>To be utilised as a basis for drafting the Final Deal Agreement – that will be negotiated with both Governments and brought back to the GMW Board and to the Cabinets of both Authorities for review and final approval.</li> </ul> <p>3. To authorise the Chief Executive, in consultation with the Leader, the Monitoring Officer and Section 151 Officer (in conjunction with the equivalent officers in Ceredigion County Council) to make minor amendments to the Portfolio Business Case that may be required prior to submission to the UK and Welsh Governments.</p>	
---	--

<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>Y</b>
-----------------------	----------	-----------------------	----------

<b>Relevant Local Member(s):</b>	<b>All Members</b>
----------------------------------	--------------------

<b>Person(s) To Implement Decision:</b>	Corporate Director (Economy and Environment)
<b>Date By When Decision To Be Implemented:</b>	<b>As Soon as possible</b>

Contact Officer:	Clive Pinney
Tel:	01597 826746
Email:	clive.pinney@powys.gov.uk

**Background Papers used to prepare Report:**

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol





**Tyfu**  
**Canolbarth Cymru**  
**Growing**  
**Mid Wales**

# MID WALES GROWTH DEAL

## Portfolio Business Case

**Version: 1.0**

**Status: Public – for GMW Board approval**

[www.growingmid.wales](http://www.growingmid.wales)

## VERSION CONTROL

Version	Date	Details of changes or comments (Author)
v0.1	30/10/20 - 09/12/20	First draft – Completed Strategic Case following workshops 1a-1d (CJE)
v0.2	16/12-?	Second draft – First pass of Economic Case following Workshop 2 16/12
v0.3	18/02/21	Third draft – following officer consultation. Draft for early consultation with Senior Officers and Joint Cabinets.
V0.4	05/03/21	No changes since last draft – prepared for GMW Board 11/03/21 – comments from ESG/Board will be fed into next draft.
V0.5-0.9	31/07-14/09	Updated Strategic Case after review of baseline data. Developed Economic Case after Workshops 2/3. Developed Commercial, Financial and Management Cases after Workshops 4,5,6.
V1.0	15/09/21	Public version for GMW Board approval

 [twitter.com/GrowingMidWales](https://twitter.com/GrowingMidWales)

 [www.growingmid.wales](http://www.growingmid.wales)

# CONTENTS

VERSION CONTROL .....	2
Executive Summary .....	4
1 THE STRATEGIC CASE.....	11
1.1 Strategic Context .....	12
The Case for Change .....	22
1.2 Investment Objectives.....	22
1.3 Existing Arrangements.....	24
1.4 Business Needs.....	31
1.5 Potential Scope: Mid Wales Growth Deal.....	33
1.6 Main benefits .....	35
1.7 Main risks .....	37
1.8 Constraints .....	38
1.9 Dependencies.....	38
2 THE ECONOMIC CASE.....	40
2.1 Critical Success Factors (CSF) .....	40
2.2 Options Assessment .....	42
2.3 Economic Appraisal .....	51
2.4 Risk and Sensitivity Assessment.....	61
2.5 Wider Benefits .....	63
3 THE COMMERCIAL CASE .....	64
3.1 Commercial Strategy .....	64
3.2 Procurement Strategy .....	66
3.3 Contractual Relationships .....	69
3.4 Service Requirements, Outputs and Risk Allocation .....	70
3.5 Charging Mechanism .....	70
3.6 Asset Ownership, Management and Accountancy Treatment .....	70
3.7 Subsidy Control .....	71
3.8 Managing Conflicts of Interest.....	71
3.9 Personnel Implications.....	71
4 THE FINANCIAL CASE.....	72
4.1 Capital Requirements .....	72
4.2 Revenue Requirements .....	72
4.3 Income and Expenditure Summary.....	73
4.4 Private Sector Funding .....	76
Statement here on private sector funding sources – i.e. targets at this stage.....	76
4.5 Monitoring and Evaluation.....	76
4.6 Financial Risk Management and Audit Arrangements.....	76
5 THE MANAGEMENT CASE.....	78
5.1 Management, Governance and Co-Ordination.....	78
Appendix A – PROJECT / PROGRAMME PROFORMA .....	99
Appendix B – SUMMARY OF OPTIONS APPRAISAL WORKSHOP .....	101
Appendix C – SUMMARY OF PORTFOLIO BUSINESS CASE WORKSHOPS .....	104
Appendix D – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY PROFILE .....	106
Appendix E – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS	108
Appendix F – BUSINESS CASE DEVELOPMENT PHASE FLOWCHARTS .....	116
Appendix G – DELIVERY PHASE FLOWCHARTS .....	119
Appendix H – EXAMPLE PROJECT MONITORING PROFORMA .....	122

## Executive Summary

The purpose of the Portfolio Business Case (PBC) is to set out the optimal choice of programmes/projects for the delivery of the Mid Wales Growth Deal. It is a key input into the Final Deal Agreement (FDA) process with the UK and Welsh Governments and is a further iteration of the Strategic Portfolio Business Case (SPBC) produced for the GMW Board on 11<sup>th</sup> March 2021, which in turn was developed from the Heads of Terms agreement December 2020.

The Portfolio Business Case is a live document, and is iterative. The guidance from both Governments has been to develop our Strategy first (Vision for Growing Mid Wales) before then developing the Portfolio Business Case, before we initiate formal Programme and Project development.

This document has been developed with input from officials from both Governments and with the external advice and support of Joe Flanagan (author of the Green Book and HM Treasury guidance), and with the support of Hatch Consulting Ltd.

This document sets out the **current** shape of the Growth Deal portfolio, which has emerged from the business case development process to date for the Portfolio following the agreement of Heads of Terms in December 2020. The PBC will be regularly updated over the Growth Deal term to reflect the evolution of its constituent programmes and projects, and changes in the policy and economic context. Initially, this is expected to be on a more frequent basis as programme and project information is developed – before settling into an anticipated annual review cycle.

A total of £110m grant contribution to the Mid Wales Growth Deal is to be provided by the UK and Welsh Government as per the agreed Heads of Terms in December 2020 over a 15 year period. However, the UK Government communicated its intention to accelerate the Growth Deal to a 10 year profile as part of Spending Review 2020. The Welsh Government's position has not been confirmed, therefore potentially remains 15 years as set out in the Heads of Terms agreement.

It is our preference that the funding profile from Government can be discussed and negotiated when greater detail is planned for the delivery profile of the Portfolio, when its constituent Programmes and Projects have been adequately planned. For the purposes of Portfolio submission, in its current iteration – a 10 year appraisal period has been used for economic cost/benefit calculations.

## Strategic Case

### Strategic Context

The Mid Wales region comprises the local authority areas of Ceredigion and Powys. Mid Wales has a strong track record of driving regional economic growth in Partnership. Ever since the creation of the Growing Mid Wales Partnership in 2015; public, private and voluntary partners across the region have developed the leadership and voice to influence and strengthen the focus on growing the Mid Wales economy.

In 2017, the region was invited to bring forward a Growth Deal. Partners have since agreed formal governance structures and developed their Strategic Economic Plan for the region: the Vision for Growing Mid Wales. Following the development of a Strategic Portfolio Business Case, Heads of Terms were agreed with both Governments in December 2020.

The Growth Deal is a key catalyst to transform the regional economy as part of a broader funding mix, and will contribute towards the delivery of the eight strategic priorities for the region articulated within the Vision for Growing Mid Wales.<sup>1</sup> It has strong strategic alignment at the wider Welsh and UK levels, including with the Welsh Government's Programme for Government and Economic Resilience and Reconstruction Mission, and the UK Government's Plan for Growth (Build Back Better) and Innovation Strategy.

### **Investment Objectives**

The Mid-Wales Growth Deal aims to deliver the following for Mid-Wales over the Growth Deal term:

- **Total capital investment of £280-400 million<sup>2</sup>**
- **1,100 to 1,400 net additional FTE jobs**
- **£570-700 million in net additional Gross Value Added.<sup>3</sup>**

### **Business Needs**

Mid Wales has distinctive assets and opportunities, but also significant structural weaknesses holding it back from achieving its full potential. The Growth Deal will address these, in particular:

- Lagging productivity
- Changing demographics
- The region's narrow and vulnerable economic base
- Projected employment decline
- Static and weakening labour market
- Market failure
- The hidden nature of a rural economy

### **Potential Scope**

As a starting point, all eight Strategic Growth Priorities (sectors) were considered within scope and identified as the "maximum scope" of the Growth Deal. These are subsequently filtered down within the Economic Case.

### **Main Benefits**

The key headline direct and indirect benefits that the Growth Deal is expected to contribute towards are:

- Growth in regional prosperity
- Creation of better-quality jobs for the local labour market
- A more skilled workforce within the region
- Improvements in standards of living across the region

### **Risks**

The key risks to the successful delivery of the portfolio include resources; delivery; cost; COVID-19; Brexit; Private sector investment; End user company involvement; political change and Statutory Consents and Planning. The approach to managing these risks is considered in the Management Case.

### **Constraints and Dependencies**

---

<sup>1</sup> Namely: Agriculture, Food & Drink; Applied Research & Innovation; Strengthened Tourism Offer; Energy; Supporting Enterprise; Digital; Transport; and Skills & Employment.

<sup>2</sup> Note: nominal prices, undiscounted.

<sup>3</sup> Note that this is the cumulative total increase in GVA over the period (nominal prices, undiscounted).

The Growth Deal is subject to a number of constraints and dependencies including the total funding package of £110m, the 10/15-year term of the Growth Deal, the requirement for solely capital funding and the stipulations within the Subsidy Control Framework.

## ***Economic Case***

### **Options Assessment**

Since the agreement of Heads of Terms, significant feasibility work has been undertaken on potential interventions in order to refine the scope against the eight Strategic Priority Areas, and define the initial Growth Deal portfolio.

The GMW Partnership has considered a longlist of 18 potential programmes and projects for the Growth Deal, drawing on this feasibility work and a set of Strategic Outline Cases for proposals. This was done with reference to the investment objectives and a set of Critical Success Factors including strategic fit, business needs, social welfare, supply side capacity, affordability, and achievability. This assessment was tested in detail through a stakeholder workshop in July 2021 under the guidance of experienced practitioners.

The assessment resulted in the potential interventions being split into two tranches. Eleven interventions were shortlisted for Tranche 1 and for further development, with conditions. The remainder remain on the longlist in reserve. Two programmes have been taken forward in Tranche 1 (Digital and Supporting Enterprise) and nine projects have been shortlisted under three other strategic priority areas (Applied Research and Innovation; Agriculture, Food and Drink; and Strengthened Tourism Offer).

It is important to note that the shortlisted programmes and projects are now subject to a detailed business case development process, which will determine whether they are approved for investment. Further, the Portfolio will be reviewed annually throughout its delivery lifecycle. Therefore, the make up of the portfolio will evolve over time. Tranche 1 represents the interventions judged at this stage to have the strongest strategic fit and potential to deliver on the strategic objectives of the Growth Deal in a timely fashion. Projects remaining on the longlist at this stage may still develop into investable propositions for the Growth Deal over time.

### **Economic Appraisal**

An economic appraisal has been produced for the portfolio, but it should be noted that this can only be **indicative** given the early stage of development of the proposals and hence the robustness of the information available. Shortlisted programmes and projects will need to conduct their own economic appraisals as part of their own business case development, and this process is outlined in the Management Case.

The Economic Case therefore establishes **indicative orders of magnitude** for benefits and value for money, expressed as ranges. This has been done using the principles contained in the HM Treasury Green Book Appendix A on Place-based analysis.

The Growth Deal is expected to deliver between £570 million and £700 million in cumulative net additional Gross Value Added (GVA)<sup>4</sup> and 1,100 to 1,400 net additional FTE jobs for Mid Wales, with an associated NPSV of £215-305 million. It will deliver a benefit-cost ratio (BCR) of 2.2-2.7 (or 3.7-4.5 based on Growth Deal investment only). This does not include important benefits that are not quantifiable or monetisable at this stage, such as the development of key sectors, retention of young people and rural sustainability. Full details are provided in the Economic Case.

---

<sup>4</sup> Note: Values undiscounted.

## Commercial Case

The commercial arrangements for the Growth Deal were considered then considered at a stakeholder workshop on 1<sup>st</sup> September 2021. The commercial strategy is based on the Government's Commercial Operating Standards and the PoMO will put in place the necessary procedures to ensure that these are met. This includes planning the commercial pipeline, understanding the supply chain and engaging with it early on, ensuring projects and programmes consider commercial options in their business cases, and using model Terms for contracts with flexibility.

All procurement will be undertaken in compliance with WTO rules and UK Government agreements. The procurement strategy responds to Welsh and UK Government policy and procedures.

## Financial Case

### Revenue and Capital Requirements

The Mid Wales Growth Deal has an anticipated total capital expenditure of approximately **£280-400 million**,<sup>5</sup> based on the latest available estimates. £110 million of funding is to be provided for these interventions from the Growth Deal itself, with the residual costs to be funded by a mix of other public and private sector investment. The Project Sponsor for each programme or project will be liable for any cost overruns. The Growth Deal contribution will be capped at the £110 million requested.

Given the stage of development of the shortlisted investments for Tranche 1 of the portfolio, the capital expenditure requirements are best estimates based on the project and programme level material that is available. The wide range in the overall total costs reflects the fact the costs are outline in nature. In order to generate a reasonable range for the costs, an Optimism Bias factor has been applied to the costs provided by project sponsors, to generate an upper bound costing.

Indicative Total Capital Costs, by Strategic Priority Area (£m, nominal prices, undiscounted)		
Strategic Growth Priorities	Lower End	Upper End
Applied Research & Innovation	£66	£95
Agriculture, Food & Drink	£12	£18
Strengthened Tourism Offer	£92	£133
Digital	£50	£72
Supporting Enterprise	£56	£81
<b>Total</b>	<b>£280</b>	<b>£400</b>

Source: Hatch calculations based on available project and programme level detail.

Note: Upper End is calculated by applying an Optimism Bias factor of 44% to the costs put forward by sponsors at this stage, to reflect their outline nature. Numbers may not sum to total due to rounding.

<sup>5</sup> Note: All values expressed in the Financial Case are inclusive of VAT and inflation, and are not discounted over time.



No revenue funding is provided through the Growth Deal for the delivery of the programmes and projects or the operational running costs of the project once completed. Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project. Revenue costs will be set out in programme and project business cases.

Revenue funding for the Portfolio Management Office (PoMO) is currently provided through a combination of partner (Local Authority) match funding and ESF grant up to July 2023. The PoMO is currently reviewing its resource allocation and capacity requirements.

### **Income and Expenditure**

Funding for programmes/projects will only be released by the Accountable Body upon the successful approval of programme/project business cases by the Growing Mid Wales Board.

Due to the nature of the annual Growth Deal grant payments from Government, which are to be paid in equal instalments over the 10/15-year period, there could be a medium-term temporary funding gap between the expected expenditure profile of the Portfolio and the funding received. Conversely, there could be a scenario where there is surplus funding available due to Programme/Project underspend.

The Accountable Body will work closely with the PoMO to monitor the planning and delivery of the Portfolio; and will advise the Growing Mid Wales Board on the implications and subsequent options when the detail of the expenditure profile of the Portfolio is known. **NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail, and agreed by the GMW Board.

### ***Management Case***

The Management Case sets out how the Growing Mid Wales Board, through the PoMO, will manage and deliver the Mid Wales Growth Deal programmes and projects in line with best practice, including *Managing Successful Programmes (MSP)* – the Cabinet Office’s recommended methodology for the delivery of programmes – and *PRINCE2* – the Cabinet Office’s recommended methodology for the delivery of projects.

### **Governance Structure**

The key roles within the Mid Wales Growth Deal governance structure are set out below:

- Joint Committee / Growing Mid Wales Board
- Growing Mid Wales Partnership
- Regional Skills Partnership
- Private Sector Advisory Group<sup>6</sup>
- Senior Responsible Officers (SROs)
- Management Group
- Operations (Portfolio) Manager

---

<sup>6</sup> *The Private Sector Advisory Group currently has existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review is being undertaken to reflect the Growth Deal moving from development to delivery. Detail of the governance arrangements will be captured in the upcoming new governance agreement (IAA3). However, for the purposes of the Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal. We therefore continue to recognise the role and function of a private sector advisory group within this document – subject to detailed ToR that will be captured as part of IAA3.*



The Operations (Portfolio) Manager will oversee the delivery of the Growth Deal portfolio and is accountable to the Growing Mid Wales Management Group. SROs will be appointed and will report to the Operations (Portfolio) Manager.

The formation of the Portfolio Management Office (PoMO) is a major step towards the delivery phase of the Portfolio and subsequent Programmes and Projects. Sitting alongside regional governance the PoMO plays a key role in governance support, operational management, programme/project development, communication and stakeholder engagement, and coordination across wider regional activity.

All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. Project Boards will comply with the methodology set out in PRINCE2. Projects will report through to the relevant Programme/Thematic Board.

### **Risk Management**

The Mid Wales Growth Deal Board will consider the adoption of a Risk Management Framework for the delivery of the Mid Wales Growth Deal. The framework will clearly set out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place.

The Portfolio's approach to risk management will be considered in a Growth Deal Risk Management Strategy and User Guide. The Strategy will set out the three levels of risk associated with the delivery of the Growth Deal:

- Portfolio Level Risks
- Programme/Thematic Level Risks
- Project Level Risks

The Portfolio Risk Register captures the portfolio-level risks and indicates how they will be managed and mitigated. The Risk Register will be continuously reviewed and updated as the Growth Deal is developed and delivered.

### **Timeline and Milestones**

The Mid Wales Growth Deal Board is seeking approval of the Mid Wales Growth Deal before the end of 2021. Following Final Deal, it is anticipated that programme and project business cases will be brought forward for the Mid Wales Growth Deal Board to consider from January 2022 onwards.

### **Approvals and Assurance**

The PoMO, in consultation with the Welsh Government Assurance Hub, developed an Integrated Assurance and Approval Plan (IAAP) that sets out the approvals and assurance activities that will be undertaken at portfolio, programme and project level for the Mid Wales Growth Deal. As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The Mid Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. All projects and programmes will also be subject to a "health check" from local assurers and approval through a Project Gateway 1 review.

The region will consider its own approvals and assurance within this framework – and set out a pathway within the region by which Programmes/Projects are brought forward for development and delivery.

## ***Structure of Portfolio Business Case***

The remainder of the document is structured as follows:

- The Strategic Case: the strategic context and case for change, investment objectives and potential scope for the Deal.
- The Economic Case: the value for money provided by the Growth Deal.
- The Commercial Case: the contractual and procurement approach to be taken
- The Financial Case: the costs and funding profile for the Growth Deal
- The Management Case: the approach to managing the Growth Deal.

# 1 THE STRATEGIC CASE

The purpose of the Strategic Case is to set out the alignment with national, regional and local strategies and policies, other current or planned programmes, and to make a compelling case for change for the investments identified within the Portfolio.

It is in two parts as follows:

- **Strategic Context:** Explains the background to Growth Deals, setting out the Growing Mid Wales Board and its members, and a review of the relevant strategies and policies to demonstrate strategic fit.
- **Case for change:** Outlines the rationale for the Mid Wales Growth Deal and its identified investment priorities for the Portfolio. This includes details on the relevant socio-economic issues and market failures, existing arrangements and business needs; and the consequent spending objectives and potential for the Growth Deal and the main benefits, risks, constraints and dependencies.

This section has been drafted following the completion of a number of key steps and actions, as outlined in guidance and supported by officials from both Governments:

- **May 2020:** Publication of the Vision for Growing Mid Wales document<sup>Error! Bookmark not defined.</sup>, which outlined the strategic context, evidence base, policy fit and scoped the mandate and brief for the Portfolio.
- **July 2020:** Workshop with SROs, both Governments and senior officers from the Local Authorities to review the strategic context, led by the Welsh Government's Office for Project Delivery. RPA commissioned.
- **July 2020:** Cabinet Office Risk Profile Assessment (RPA) commissioned by the Welsh Government's Office for Project Delivery.
- **October-November 2020:** Project Validation Review commissioned and undertaken following the Infrastructure and Projects Authority guidance (review team appointed by the Welsh Government's Office for Project Delivery). Report completed and action plan developed by SROs.
- **October-December 2020:** Technical workshops held under the guidance of Joe Flanagan on key steps and actions on the Strategic and Economic Cases (Affirming scope, developing a long-list, CSFs, Investment Objectives and mechanism for shortlisting).
- **July-August 2021:** An update in which the policy and economic context was revisited and updated for key policy and economic developments since the agreement of Heads of Terms, and the spending objectives revisited in light of the finalisation of the Economic Case.

The Vision for Growing Mid Wales document contained a lot of the information that this document builds on – and for the purposes of the above steps, contained the required information to establish the mandate, brief and scope for the subsequent structured Portfolio development. Key economic data and policies have since been updated to take account of important developments since the Vision was produced.

## 1.1 Strategic Context

### *Organisational Overview*

The Mid Wales region comprises the local authority areas of Ceredigion and Powys. The region has long been working towards driving forward regional economic growth in partnership. Ever since the creation of the Growing Mid Wales Partnership in 2015; public, private and voluntary partners across the Mid Wales region have developed the necessary leadership and voice to influence and strengthen the focus on growing Mid Wales.

Since the invitation for the region to develop a Growth Deal in 2017, it became apparent there needed to be further formal, robust and clear partnership structures that established good and clear governance and management arrangements to bring forward the development of, and the delivery of the Deal.

As is the case with other Welsh City & Growth Deals, this is set out in the form of governance agreements between the relevant Local Authorities, to establish new joint decision-making forums and engagement with wider stakeholders.

In Mid Wales, the governance of the Mid Wales Growth Deal is covered in two distinct phases with underpinning legal agreements::

#### **Development Phase (pre-Final Deal Agreement)**

- **Inter-Authority Agreement 1:** sets out the initial formal arrangements to bring forward the development of the Deal – signed December 2019. Accommodated development of the Deal up to Heads of Terms (December 2020).
- **Inter-Authority Agreement 2:** evolved arrangements to redefine the scope of the agreement to accommodate stipulated expectations and requirements for achieving FDA (expected within 2021).
- **Inter-Authority Agreement 3:** sets out the formal arrangement that will underpin the delivery of the Deal – development underway, to coincide with Final Deal Agreement.

The governance arrangements for the delivery phase of the Deal (post FDA are currently being reviewed at the time of the development of this draft of the Portfolio Business Case.

The governance arrangements for the delivery phase of the Deal will be set out in the development of IAA3 – which will take into account formal feedback from Government Assurance (PVR, AOR) as part of the Deal's development process.

Detail of the governance and management arrangements are set out in the Management Case of this document.

*It should be noted therefore that the governance and management arrangements set out in this current draft iteration of the Portfolio Business Case may be evolved in line with the above.*

### ***Business Strategy and Aims***

#### **Growth Deal – Policy context and fit**

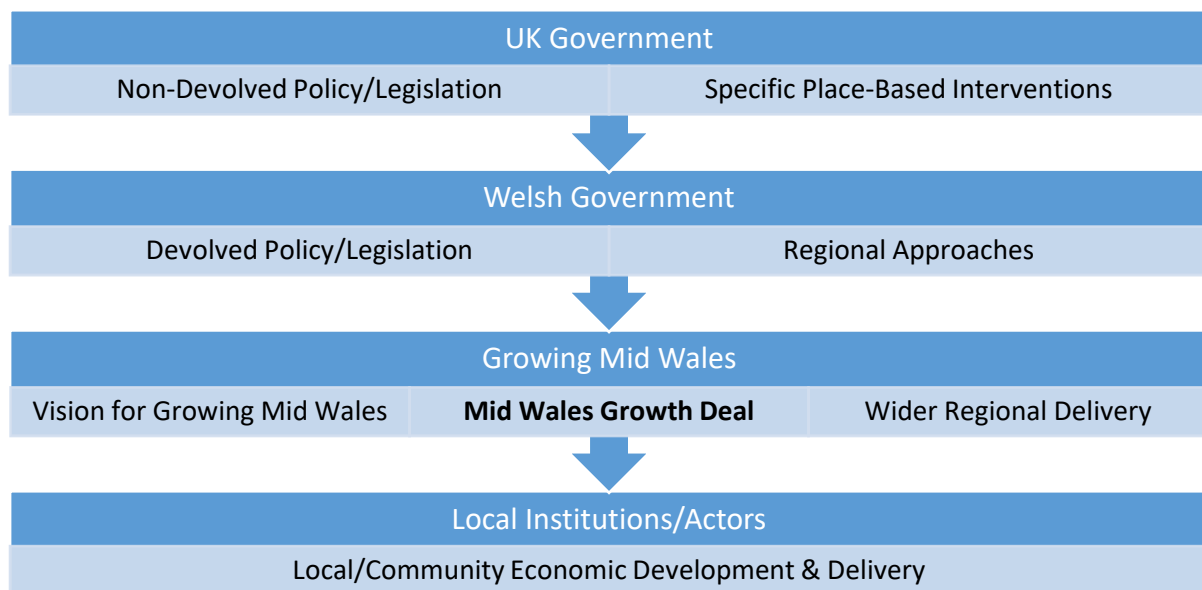
The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are now commonplace in both the UK and devolved governments, with over 36 deals in place to promote decentralisation across the country. These deals give more power and flexibility to regions and cities in terms of employment and skills, infrastructure, business engagement and support, housing, transport and other investments. Regions and cities have used these powers to achieve a number of investment

objectives, such as providing support to the unemployed, providing training relevant to local needs and supporting a low carbon economy.

Growth Deal funding across the UK has specific key characteristics:

- is Capital only (no revenue);
- is long-term (average 10-15 year profile);
- is deal-driven – it has to align and be agreed by the UK and Welsh Government;
- has to demonstrate a strong case for investment and additionality above ‘business as usual’ (has to be transformational);
- leverages additional match funding from a range of sources (including private sector); and
- has strong public-private partnership and clear, robust and accountable governance, management and assurance processes.

A Growth Deal also has to fit within a broader strategic policy and delivery context:



All sectors within the Mid Wales economy have a role to play to deliver economic growth.

We will, however, have to determine the appropriate strategic investments for achieving our growth objectives that build on the track record of success of our existing industrial, research and labour market strengths – it has to relate to, and address the needs of, Mid Wales.

Mid Wales has distinctive opportunities, but also has significant challenges it needs to overcome. How the region can structure its Growth Deal will be dependent on the level of support available from both Welsh and UK Government to address both opportunity and challenges. A twin-pronged approach will be required to both support opportunity but also tackle inequalities and disparities across Mid Wales if we are to truly develop and deliver sustainable, inclusive growth.

Because the Growth Deal is capital-only, some of this will mean re-positioning and re-aligning existing delivery in terms of business support and skills to better address and respond to our challenges – aligned with our Growth Deal. Doing so in tandem will be crucial to the success of our delivery. Doing so in isolation will continue to fail our economy.

### Strategic Context for the Portfolio

The main reference strategy for the Mid Wales Growth Deal is the Strategic Economic Plan – outlined in the Vision for Growing Mid Wales document (May 2020).

The strategy set out the ambition for the region by 2035, and eight Strategic Growth Priorities (identified in the illustration below):



The document outlines in detail the evidence, analysis, potential interventions and areas to explore further underneath the eight Strategic Growth Priorities noted above.

The eight Strategic Growth Priorities identified as part of the Strategy:

- **Agriculture, Food & Drink:** a strong and vibrant agricultural sector generating significant employment and produce to a nationally and internationally recognised standard, coupled with industrial and innovation strengths offers the opportunity to grow the economic base significantly and lead on new high-value food development.
- **Applied Research & Innovation:** home to internationally-significant industries and internationally-recognised research & development assets and expertise that offer opportunities to catapult regional productivity growth.

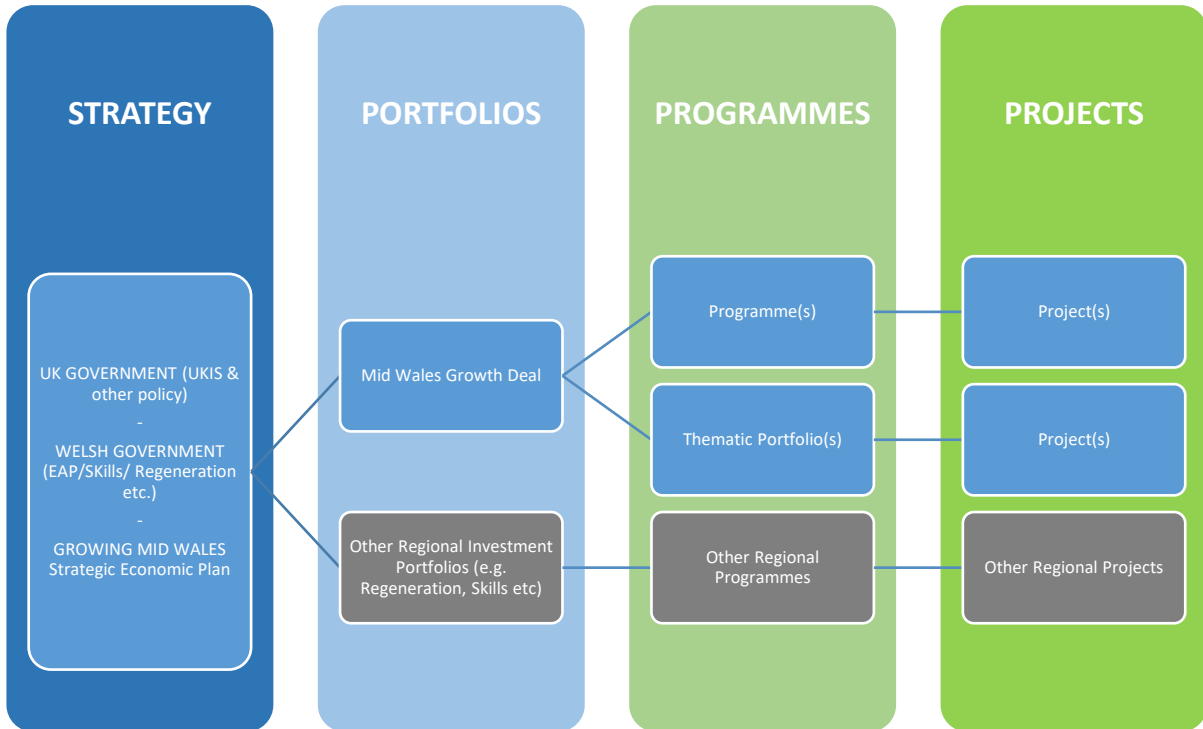


- **Strengthened Tourism Offer:** rich heritage, culture and outstanding natural assets underpin a vibrant tourism sector – offering a strong platform to drive new growth.
- **Energy:** the region is well-placed to lead Welsh and UK efforts in developing and generating solutions to address the challenges of a future energy system, and to contribute towards NetZero goals. The region has developed a comprehensive Energy strategy with the vision “To achieve a net zero carbon energy system that delivers social and economic benefits, eliminates fuel poverty, better connects Mid Wales to the rest of the UK, and contributes to wider UK decarbonisation”.
- **Supporting Enterprise:** a vision for a strong, resilient and diverse Mid Wales economy requires enterprises to start, grow and prosper with the right support and infrastructure.
- **Digital:** connectivity is an essential part of modern life, influencing how individuals work, communicate and access services. Significant economic opportunities can be unlocked through investing in regional digital infrastructure.
- **Transport:** connectivity improvements will also be required to catalyse and further grow investment in the region, building on existing linkages to help deliver the transport network required to meet social and labour mobility demands of a growing economy.
- **Skills & Employment:** An effective, functioning labour market with the appropriate supply of skills and a capable workforce to meet business and industry demands will be essential if Mid Wales economy is to grow and prosper.

**Mid Wales Growth Deal Portfolio – strategic context, relationships and dependencies**

The Mid Wales Growth Deal has been brought forward and to be structured with the principles of Portfolio, Programme and Project Management (P3M3) at its heart from the outset. Not all programmes/projects will deliver all outcomes at the same time or through the same activity.

Managing the Growth Deal as a Portfolio will ensure there is an appropriate balance of investments that meet the investment objectives set out, and there is clear relationship between its investments and the strategic context within which it operates.



***Other relevant strategies***

Strong consideration has been given throughout the development of this document to ensure full alignment with both the UK and Welsh Government’s ambitions. It demonstrates a clear offer around how we will work together regionally to capitalise on our strength of assets and opportunities to make a significant and impactful contribution to the Welsh and UK economy.



Policy	Detail	Relevance and alignment to Growth Deal
<b>UK Policy</b>		
<b>UK Industrial Strategy, 2017</b>	Outlines the five foundations of productivity: ideas, people, infrastructure, business environment and places and 4 Grand Challenges, responding to global changes: Artificial Intelligence and data; ageing society; clean growth; & future of mobility	Clear and recognized role for Local Authorities, working individually and in partnership across sectors and Government to drive regional economic growth and productivity enhancements. Commitment given to build on the work ongoing in developing and delivering Growth Deals across the UK
<b>Build Back Better, HM Treasury, 2021</b>	<p>The plan builds on the Industrial Strategy and targets infrastructure, skills and innovation to: Level up the UK; Support the transition to net zero; and Support the vision for Global Britain.</p> <p>Details the high-level strategy and priorities of the UK government in the economic recovery from the COVID-19 pandemic and four 'Grand Challenges' the UK will face: data &amp; AI; shift to clean growth; future of mobility; and ageing society.</p>	Commitments support the 8 Strategic Priorities of this Growth Deal, including the commitment to 'level up' through infrastructure spending, aligning with Strategic Priorities 6 and 7 (Digital and Transport). The plan also outlines support to be given high growth and innovative sectors, which are a core aspect of this Growth Deal's 8 Strategic Priorities, and addresses geographical disparities in economic performance and deprivation, such as those experienced by Mid-Wales.
<b>Ten Point Plan for a Green Industrial Revolution, 2020</b>	Details the UK's approach to meeting its commitment for net-zero (carbon emissions) by 2050 and general response to the 'Climate Challenge'. Plan is organised around ten points: Offshore Wind; Low Carbon Hydrogen; Advanced Nuclear Power; Zero Emission Vehicles; Green Public Transport, Cycling and Walking; Jet Zero and Green Ships; Greener Buildings; Carbon Capture, Usage and Storage; Protecting Our Natural Environment; and Green Finance and Innovation.	Whilst green/environmental issues intersect each of the eight Strategic Priorities of the Mid-Wales Growth Deal, priority 4 'Energy', which focusses on the area's contribution towards the future energy system and drive towards net-zero, relates to several points of the UK Government's plan. Including the potential for wind, nuclear, hydrogen, and carbon capture which all form part of Mid-Wales' potential for energy going forward. Furthermore, the predominantly rural character of the area makes the provisions to protect the natural environment

Policy	Detail	Relevance and alignment to Growth Deal
		outlined in the UK Government's plan especially salient, and there is scope for the area to lead in this regard.
<b>UK Innovation Strategy, 2020</b>	<p>Identifies four Pillars that will underpin the vision to make the UK a global hub for innovation by 2035: Unleashing Business; People; Institutions &amp; Places; and Mission &amp; Technologies.</p> <p>Initial actions are set out to drive up R&amp;D and translation activity, to ensure the UK has the pipeline of talent that it needs, to contribute to levelling up through innovation and to drive a strategic, mission-driven approach to innovation.</p>	The strategy provides clear support for the role of Place in R&D and innovation, and recognition of the opportunity for innovation to help the levelling up agenda. The Applied Research and Innovation strand of the Growth Deal will make targeted investments in R&D and innovation facilities, capitalising on the region's innovation assets and focusing on the areas of strategic opportunity for the future.

***Wales Policy***

<b>Programme for Government – Wales National Strategy, 2021</b>	<p>The Welsh Government's aim over the next five-year cabinet period is to focus on the recovery and bolstering of the NHS following COVID-19; 'protect, re-build and develop' services for vulnerable people; build an economy based on the principles of fair work, sustainability and embedding response to the climate and nature emergency in all of the government's actions.</p> <p>It will also focus on improving educational outcomes in Wales, tackling inequality 'in all its forms' including racism and homophobia, as well as promote the Welsh language, Welsh towns, and the country's tourism sector.</p>	<p>This document sets out the Welsh Government's well-being objectives and plans to maximise contributions to the well-being goals that are set for the period of the 6th Senedd, as required by the Well-being of Future Generations Act. Of particular relevance to this Growth Deal's Strategic Priorities are:</p> <ul style="list-style-type: none"> <li>• 3 – Tourism (the Programme for Government sets out the action plan for supporting Welsh tourism as well as Welsh nature, culture and language);</li> <li>• 4 – Energy (the Programme explicitly states decarbonisation as an economic goal); and</li> <li>• 5 – Supporting Enterprise (the Programme will address underperforming aspects of the Welsh economy, for example by supporting the creation of 125,000 high quality apprenticeships and support businesses to co-</li> </ul>
---	---	---

Policy	Detail	Relevance and alignment to Growth Deal
		operative and embrace digital innovations and support local supply chains).
<b>Our Economic Resilience &amp; Reconstruction Mission</b>	<p>The pathway to Welsh economic resilience takes forward the priorities in <i>COVID-19 Reconstruction: Challenges and Priorities (October 2020)</i>. It builds on the foundations of <i>Prosperity for All: The Economic Action Plan</i>.</p>	<p>The document sets out a structure to create a Wales in which enhancing social, economic, environmental and cultural well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and places. This structure is based around one, vision, three outcomes and five beacons. The five beacons are most aligned with Strategic Priority 1 – Applied Research &amp; Innovation and strategic Priority 8 – Skills &amp; Employment.</p>
<b>Prosperity for All: economic action plan, Welsh Government 2019</b>	<p>The Welsh Government's long-term aim is to build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected. It recognises four key themes as part of Prosperity for All: Prosperous and Secure; Healthy and Active; Ambitious and Learning; and United and Connected.</p> <p>The economic action plan also outlines a new Economic Contract between Government and businesses; Calls to Action; Support for Thematic Sectors and the Foundational Economy, alongside a new approach to supporting regional economic development.</p>	<p>Highlights the ambition of the Welsh Government to deliver economic growth and reduced inequality – two outcomes that the Growth Deal also aims to deliver.</p> <p>Covers a number of 'Calls to Action' as well as a focus on Thematic and Foundational sectors which directly overlap with this Growth Deal's strategic priorities, notably: Call to decarbonise (relates most strongly with strategic priority 4 – Energy); Call for innovation and entrepreneurship (relates most strongly with strategic priority 5 – Supporting Enterprise) in addition to a focus on the sectors of tourism and food, which also form their own strategic priorities in this Growth Deal.</p> <p>Details the need for integration and collaboration between services to enable early intervention and prevention to deliver better outcomes for the long-term. Also includes Low Carbon Wales economic vision that embraces decarbonisation and a low carbon economy, tying in directly with the aims of</p>

Policy	Detail	Relevance and alignment to Growth Deal
		Strategic Priority 4 – ‘Energy’ as well as the cross-cutting priorities of innovation and productivity improvements to underpin prosperous communities.
<b>Prosperity for all: A low carbon Wales, 2019</b>	Details the Welsh Government’s roadmap toward decarbonisation, aligned with the Paris Agreement. Sets out the foundations of this transition, namely cutting emissions and moving towards a low carbon economy ensuring a fair and health society.	Embodies commitment of Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% for the year 2050. Call to decarbonise relates most strongly with Strategic Priority 4 – ‘Energy’.
<b>Wellbeing of Future Generations (Wales) Act 2015</b>	Sets out the long-term commitment of Welsh Government, across cabinets, towards supporting the wellbeing of Welsh people. It is focused around the following themes: <ul style="list-style-type: none"> <li>• Prosperity: innovation, productivity, low carbon, skills and economic opportunity;</li> <li>• Resilience: social, economic &amp; ecological resilience;</li> <li>• Health: physical &amp; mental wellbeing - Equality: enabling people to fulfil potential regardless of background/circumstance;</li> <li>• Cohesive communities: attractive, viable, safe and well-connected communities;</li> <li>• Vibrant culture: culture, heritage, arts, sports, recreation; and</li> <li>• Globally responsible: economic, social, environmental wellbeing.</li> </ul>	This Growth Deal aligns with the Wellbeing of Future Generations Act across its themes: <ul style="list-style-type: none"> <li>• Prosperity: delivering across each of these areas through investment in R&amp;D, as well as sectoral specific support (e.g. agriculture and tourism) – bolstering productivity;</li> <li>• Resilience: supporting keystone sectors, with built-in commitment to environmental sustainability, also resilience through reducing the carbon dependence of the Welsh economy (i.e. increasing share of renewable energy production);</li> <li>• Equality: enterprise support to take into account social; and</li> <li>• Cohesive communities: supports the establishment of attractive, viable, safe and well-connected communities.</li> </ul>
<b>The Environment Act (Wales), 2016</b>	The Act commits to reduce emissions by 95% by 2050 and practice sustainable management of natural resources.	Delivery of low carbon energy generation and decarbonisation projects will make a direct contribution to emissions reduction targets to a future with sustainable low carbon energy in Wales, including both Powys and Ceredigion.

### Alignment to Existing Initiatives

The Growth Deal portfolio has been designed to complement and add value to the range of existing initiatives in place in the region and nearby. There are too great a number of initiatives to list them all, however we have highlighted a selection of the most prominent examples

below. Our local and regional teams interface with all relevant initiatives in the region, to ensure continual alignment and co-operation.

### ***SLC Rail – Marches, Mid Wales and Cheshire Connectivity***

West Midlands Rail Executive is undertaking a 30-Year Rail Investment Strategy for the West Midlands Network which takes account of the Marches, Mid Wales and Cheshire region, which includes four key agendas relating to rail infrastructure and service in this region:

1. **HS2** - despite the significant investment involved, the published plans for HS2 in actuality present a mixture of advantages and disadvantages, the latter being potential loss in connectivity for Mid-Wales residents to the north of England and Scotland. As such, it is important that Mid-Wales makes its voice heard in the early 2022 HS2 consultation round.
2. **Transport for Wales** – plans to deliver service improvements have been affected by the pandemic, and not all improvements may be deliverable in a reliable way on the existing network without enhancement. As such, close collaboration with TfW, Network Rail and DfT will be essential to secure a clear pathway to delivery. As part of the Keolis Amey bid for the Wales and Borders franchise, plans are included for the introduction of an hourly Aberystwyth - Birmingham service, for which there is already the infrastructure, and the fifth train on the Heart of Wales Line.
3. **Midlands Connect** – funding for a second train per hour between Birmingham and Hereford, which will better connect Mid-Wales with England's second largest city. Proposal for improvements to the Shrewsbury line and an hourly service between Shrewsbury and London are in hand, bringing the capital within closer reach to Ceredigion and Powys.
4. **Locally Promoted** – not a distinct agenda or scheme as such but an acknowledgment that “there are tangible schemes that local partners can work on to deliver and achieve a mix of funding”.

The strategy highlights a number of ‘quick wins’ which should be prioritised for delivery in the short term (before 2026), including one train per hour from Aberystwyth to Birmingham (Cambrian Line) and the fifth train on the Heart of Wales Line, with connections to an hourly service between Shrewsbury and London a longer-term priority for delivery by 2031. These ‘wins’ are depending on addressing capacity and modernisation issues at Shrewsbury.

### ***Business Wales***

A Welsh Government business support programme providing a free service that provides impartial, independent support and advice to people starting, running and growing a business in Wales. With regional centres across Wales, they offer a mixture of online and face-to-face support, as well as training workshops and individual advice.

### ***Farming Connect***

A Welsh Government business support programme focussed on supporting businesses within the agriculture and forestry sectors with advice, business planning, innovation and diversification, skills and training, mentoring and other forms of business support.

### ***Transforming Towns***

A £90million programme launched in 2020 by the Welsh Government, which is focused around measures to increase footfall by making sure the public sector locates services in town centre locations, tackle empty buildings and land to help bring them back into use, and green town centres.

### ***Superfast Cymru***

A national broadband project, that has been extending superfast connectivity across Wales for a number of years, with BT. This has been topped up with additional funding via change control and is in the process of reaching further premises, now focusing on gigabit capability.

### **UK F20 Programme**

A flagship programme that has been announced by Westminster, tying into a £5bn commitment to deliver gigabit connectivity across the UK. This is intended to be a nationally led procurement (instead of local) with a gap funded element complemented by a demand-led voucher scheme.

### **Skills**

A number of skills and employability operate in the region through various initiatives from both Governments and EU funding. The developing work of the Regional Skills Partnership and its relevant sub-groups will ensure a continual alignment of strategic priorities and help advise the Growth Deal.

### **Other Local Priorities**

The development of Growing Mid Wales builds on the work that Local Authorities, Universities and partner organisations already do, continuing to support the Mid Wales economy.

Collaborating regionally to support the Mid Wales economy does not detract from, or replace what local organisations will continue to do to support local economic growth and support our local communities. It is clear that addressing the challenges and unlocking the opportunities of the Mid Wales economy requires significant, sustained efforts at local, regional and national levels – all working in tandem and for the long-term.

## **The Case for Change**

This section summarises:

- What we are seeking to achieve (SMART Spending Objectives);
- What is currently happening (existing arrangements or Business As Usual (BAU)); and
- What is required to close the gap (business needs).

## **1.2 Investment Objectives**

Investment objectives have been set for both the Portfolio and strategic aims have been set of the eight Strategic Growth Priorities.

These have been determined from the context set out in the strategy document (Vision for Growing Mid Wales), subsequent workshops in October-November 2020 and have then been informed by the indicative cost-benefit modelling within the Economic Case.

These investment objectives have been established to help provide clarity and refinement of what the Growth Deal Portfolio will be seeking to achieve in terms of measurable social, economic and environmental outcomes.

### **INVESTMENT OBJECTIVES - PORTFOLIO:**

1. To create between 1,100 and 1,400 net new jobs in Mid Wales through the Growth Deal by 2032
2. To support a net additional GVA uplift of between £570 million and £700 million for the Mid Wales Economy through the Growth Deal by 2032
3. To deliver a total investment of up to £400 million in the Mid Wales Economy through the Growth Deal by 2032.



**INVESTMENT OBJECTIVES – STRATEGIC GROWTH PRIORITIES**

	<b>STRATEGIC AIMS<sup>vii</sup></b>
<b>Applied Research &amp; Innovation</b>	<ul style="list-style-type: none"> <li>• Investment in Regional Infrastructure and Assets</li> <li>• Strengthened Networks and Ways of Working</li> <li>• Labour Market Development</li> </ul>
<b>Agriculture, Food &amp; Drink</b>	<ul style="list-style-type: none"> <li>• Enabling and Supporting Market Growth</li> <li>• Fostering Innovation</li> <li>• Developing the Right Business Environment</li> <li>• Labour Market Development</li> </ul>
<b>Strengthened Tourism Offer</b>	<ul style="list-style-type: none"> <li>• Investment in Strategic Regional Infrastructure and Assets</li> <li>• Investment in Supporting Infrastructure</li> <li>• Labour Market Development</li> <li>• Strengthened Awareness of the Mid Wales Offer</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Addressing Network Capacity &amp; Grid Constraints</li> <li>• Decarbonisation of our Energy Supply and Use</li> <li>• Developing the potential of Agriculture</li> <li>• Harnessing Regional Innovation</li> <li>• Reducing Fuel Poverty</li> <li>• Decarbonising Transport</li> </ul>
<b>Digital</b>	<ul style="list-style-type: none"> <li>• Broadband</li> <li>• Mobile Technology</li> <li>• Innovation</li> <li>• Infrastructure</li> <li>• Business Support</li> <li>• Policy</li> </ul>
<b>Supporting Enterprise</b>	<ul style="list-style-type: none"> <li>• Enabling Business Growth</li> <li>• Strengthening the Support Offer</li> <li>• Procurement</li> <li>• Policy</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>• Road</li> <li>• Public transport</li> <li>• Behaviour Change</li> <li>• Decarbonisation</li> <li>• Integration</li> </ul>
<b>Skills &amp; Employment</b>	<ul style="list-style-type: none"> <li>• Better strategic alignment of provision with industry</li> <li>• Strengthened industry intelligence</li> <li>• Tailoring regional skills &amp; employment support</li> <li>• Targeted support</li> <li>• Capital investment in skills infrastructure</li> </ul>

The setting of clear, concise and meaningful SMART spending objectives is an iterative exercise and will be driven by the nature and focus of the Portfolio, as it develops. These will be refined over time.

<sup>vii</sup> As set out in the Vision for Growing Mid Wales document

## 1.3 Existing Arrangements

The content in this section has been developed using the Vision for Growing Mid Wales<sup>Error! Bookmark not defined.</sup> – which contained significant analysis, baseline work and engagement supporting these statements and figures. This evidence has subsequently been revisited and updated where possible in Summer 2021.

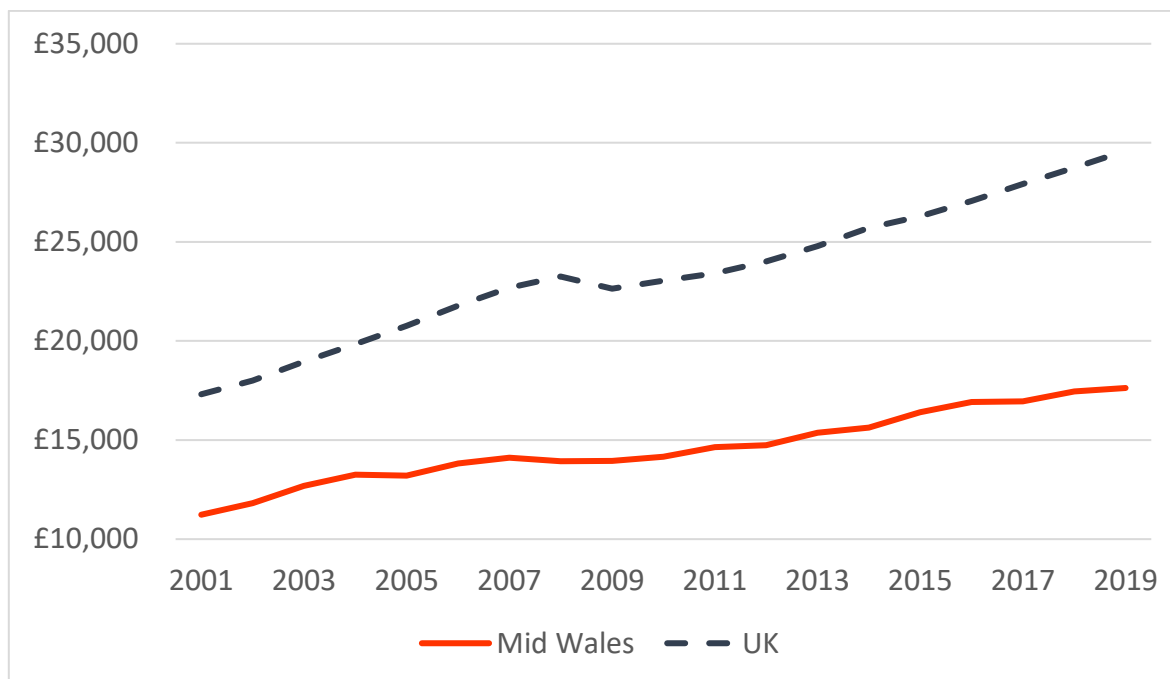
### *The Economy & Society*

The Mid Wales economy is often characterised as a large and predominantly rural region, comprising of 34% of the land mass of Wales. It is known for its natural beauty, strong cultural identities and heritage. It is less well-known as a land of untapped economic opportunity - where business survival rates outclass the Welsh average; where our natural and academic assets offer an obvious choice for cutting-edge research providing strong opportunities to create new industrial clusters; where there is a strong yet diverse labour market – with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

### **Productivity**

Mid Wales contributes £3.6bn in annual Gross Value Added (GVA) to the UK economy (equating to £17,509 per head or £34,438 per job).<sup>viii</sup>

**GVA Per Head**



Source: ONS, *Regional GVA* and ONS, *Mid-year population estimates*

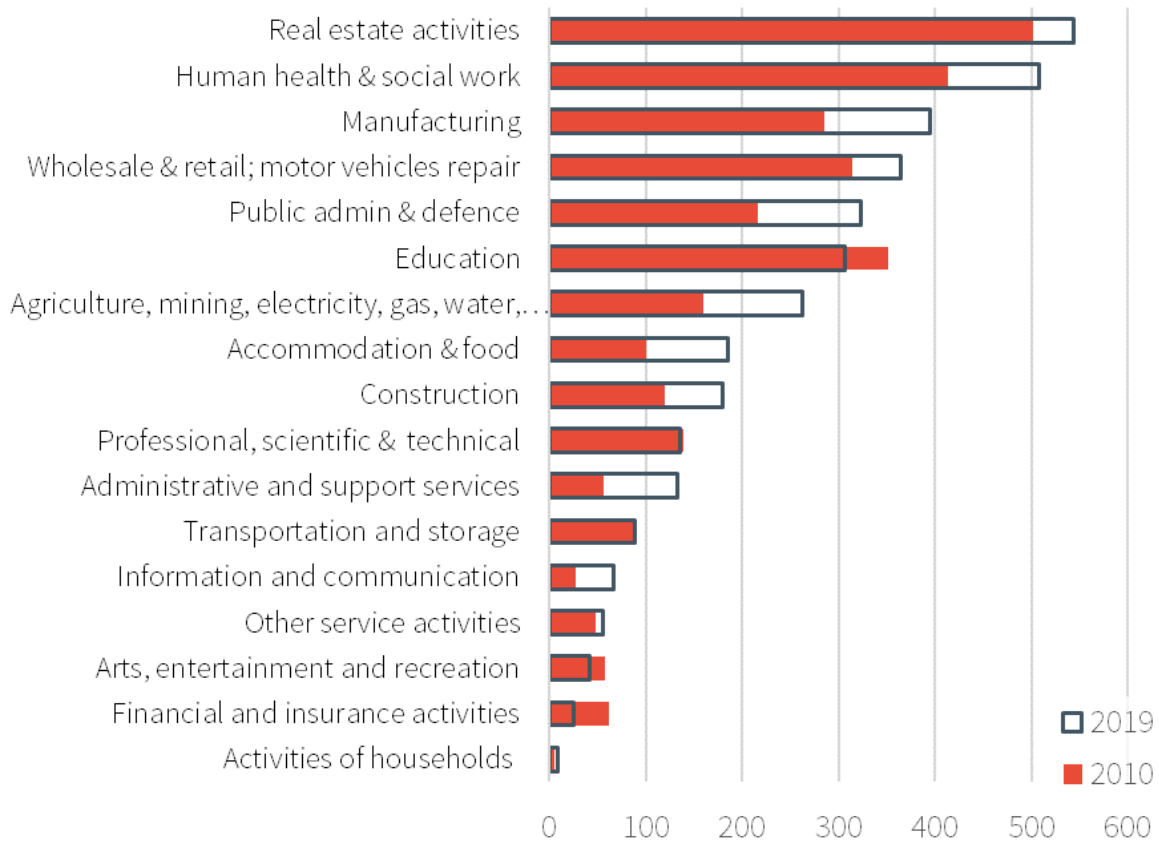
This is amongst the lowest in the UK and compares to £65.1 billion (£20,738 per head) for Wales; with Mid Wales contributing approximately 5.5% of the Gross Value Added (GVA) generated by the Welsh economy, a proportion that has remained constant over almost the last twenty years. Powys records the lowest performance for GVA per hour worked of all areas across the UK, lagging significantly behind the rest of Wales (82% of Welsh average) and the UK (65% of the UK average).

<sup>viii</sup> StatsWales, December 2019



The drivers of these trends are complex and mainly due to employment structure including seasonal employment and the presence of low value-added sectors across the region. The largest contributors by sector to the region’s GVA are real estate, health, manufacturing, and wholesale and retail. This contrasts markedly with the employment breakdown in the region which shows the dominance of agriculture which is high in employment terms but delivers low GVA to the Mid Wales economy.

**GVA (£million) by sector, Mid Wales**

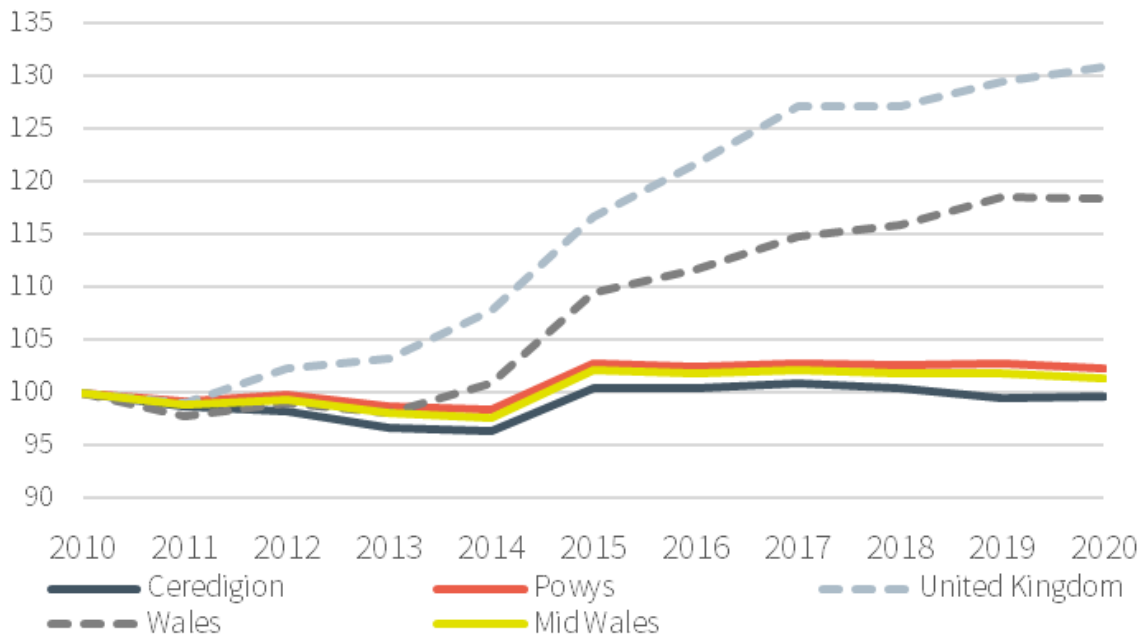


Source: ONS, Regional gross value added (balanced) by industry

**Business**

Mid Wales contains 12,625 VAT registered businesses as of 2020. The business base has a very high proportion (>95%) of micro businesses (<10 employees). Just 0.8% of businesses across Mid Wales are classed as medium or large (50+ employees). Over the past ten years, growth in the number of businesses in the region has remained relatively static at 3% and has lagged significantly behind Wales (21%) and the UK (32%).

## Business Counts Growth Index, 2010 = 100



Source: ONS, UK Business Count

Survival rates for new businesses after 5 years are however significantly better in Mid Wales than for England & Wales<sup>ix</sup>.

The large proportion of micro businesses across Mid Wales is in part driven by the high number of farms and agricultural enterprises, which represent 37% of all businesses. Medium sized enterprises are seen predominantly in the health and manufacturing sectors, representing 6% and 5% of the total business stock respectively. The large geographic area and rural nature of Mid Wales means that business density is also significantly lower than in Wales and the UK.

Construction, Accommodation and Food Services, Professional, Scientific and Technical Services, and Business Administration Services are other significant sectors in terms of business counts.

Reflecting the sectoral composition of businesses, employment is heavily based in agriculture, with accommodation and food services also being significant, illustrating the importance of the tourism industry to the region. Education and health also contribute significantly to employment in Mid Wales demonstrating the key role of the public sector as a source of jobs in the region, with military bases in other areas offering significant local employment.

## People

The demographic profile of the region presents both challenges and opportunities. At an overall population of 205,000, Mid Wales is characterised by an ageing population and a net out-migration of young people. Since 2008, the region has seen an overall decline in its population of around 1.2%.

The working age population is less than the Welsh and UK average and is predominantly characterised by higher proportions of 50-64 and 65+ year olds. There is a relatively small share of working age people due to the higher proportions of 50-64 and 65+ year olds.

<sup>ix</sup> Growing Mid Wales Baseline Report, AECOM, 2019

Comparatively, Mid Wales has proportionally fewer people below the working age – though the figures are partly skewed due to the student population in key locations in Ceredigion.

Population projections for Mid Wales currently estimate a 16% decline in the working age population and 37% increase in the 65+ age group to 2039. Unless addressed this predicted trend is likely to reduce the region's workforce over the next 15 years.

### Labour Market

There are some 95,400 people in employment in Mid Wales, with economic activity rates in line with Welsh and UK averages, driven by high levels of self-employment. Levels of unemployment in the region are comparatively low at 2.6% in January 2020<sup>x</sup>, almost half that of Wales and the UK, and the region has seen a bigger improvement in unemployment numbers compared to Wales since 2001. Despite this, underemployment, low earnings and seasonal employment remain key challenges. Average full-time weekly earnings for example were 93%% of the UK average in 2016 and 94 %% of the Wales average<sup>xi</sup>.

Over the past five years (2014-2019), employment in Mid Wales has increased by around 7%. Jobs are particularly concentrated in Wholesale and Retail, Accommodation & Food Services and Health and Social Work. The largest increases in employment growth over this period were in Accommodation and Food, as well as Professional Services. Sectors including business administration and support services, and professional, scientific and technical services, are currently less concentrated in Mid Wales compared to the UK, but are growing strongly. This combination of under-representation and dynamic growth illustrates the potential for further expansion of these sectors.

### Learning & Skills

Mid Wales performs well in educational attainment with levels of achievement at GCSE level exceeding the Welsh average. The proportion of young people Not in Employment, Education and Training is low while the qualifications profile of Mid Wales performs better than the Welsh average – but with lower rates of older people upskilling.

Despite these strengths, skills gaps and recruitment difficulties are commonplace amongst Mid Wales employers. Apprenticeships and further education delivery are challenged by the rural nature of the region. Employer investment in training is currently relatively low, possibly reflecting the high proportion of small and medium sized enterprises (SMEs).

### Existing Arrangements - Strategic Growth Priorities

#### Applied Research and Innovation

- Region is home to internationally-significant industries and internationally-recognised research & development assets and expertise that offer opportunities to catapult regional productivity growth.
- Agri-tech, Food and Bioscience: leading R&D expertise in these sectors and home to world leading research centres such as the Institute of Biological, Environmental and Rural Sciences (IBERS), and new dedicated facilities to support commercial development (AberInnovation).
- Environmental leadership: home to the Centre for Alternative Technology, a globally renowned educational charity dedicated to researching and communicating positive solutions for environmental change driving academic and tourism potential.

<sup>x</sup> StatsWales, January 2020

<sup>xi</sup> ONS, Average Weekly Wage Data, October 2019

- Animal Health: existing strengths in veterinary science via the Wales Veterinary Science Centre and the £4.2m Vet Hub development aligned to a research Centre of Excellence in Bovine TB.
- Advanced Manufacturing: home to a significant number of advanced manufacturing industries supporting the employment of 6,625 people (8% of regional employment) across a number of sub-sectors (fabricated metal products-31.7%; machinery and equipment-22.3%; basic metals-12.4%)<sup>xii</sup> with niche areas of expertise such as automation, motion engineering and biotechnology/life sciences. Overall manufacturing employment here has increased by 8.2% from 2010 levels, representing a positive trend to build on as we seek to improve productivity and generate economic growth<sup>xiii</sup>.
- Emerging potential developments in Radio Spectrum, Rail Testing and Hydrogen.

### Agriculture, Food and Drink

- 935 food-related enterprises
- Distributed, but notable concentrations in Welshpool, Newtown, Llanymynech, Knighton, Aberystwyth and Felinfach.
- Future Food @ AberInnovation: dedicated resources and expertise to research and develop future food (TRLs 2-5).
- Food Centre Wales, Horeb: supply chain development, process and product innovation to add value (TRLs 5-8).
- Royal Welsh Agricultural Society & Show: showcase of regional agriculture, and food and drink.
- Region home to key strategic support organisations head quartered within its boundaries, including Menter a Busnes, Hybu Cig Cymru, Lantra, Cambrian Training as well as the two main farming unions (FUW and NFU).
- 10,275 people employed in the food industry in Mid Wales – exceeds national averages, despite total business stock being lower than national averages.
- Sector currently generates significant employment share (6.6%) in food and drink wholesaling, above national averages.
- Mid Wales employment in sector has grown in the past 7 years at 11.5%, again higher than national averages.
- High rate of inclusivity – broad demographic range of employees and owners – offering sustainable career pathways.
- Sector and region are recognised in national policy to offer further growth potential.
- Sector vulnerable to changes in external policy & trading environments (e.g. Brexit) – but also opportunities to develop new markets/processes.

### Strengthened Tourism Offer

- Employs over 23,200 people in the region.
- Outstanding natural assets in the Brecon Beacons National Park, the Wales Coastal Path and other renowned destinations such as the Cambrian Mountains. Mid Wales is also home to five blue flag beaches.
- During the period 2014 to 2016 Mid Wales accounted for 18% of overnight domestic (GB) trips, 10% of international visits, and 12% of day visits to Wales.
- Tourism sector estimated to be worth an estimated £1.08 billion to the Mid Wales economy in 2016.

<sup>xii</sup> ONS Business Register and Employment Survey 2017; ONS UK Business Counts

<sup>xiii</sup> AECOM (2019) Evidence Based Programme of Interventions Baseline Report

- The tourism trade is further bolstered by a diverse range of annual events including internationally recognised brands such as Green Man Festival, Royal Welsh Agricultural Show, Wales Rally GB, and Hay Festival.

### Energy

- The region generates 97% of the electricity that it consumes from local renewable sources, predominantly supplied by onshore wind (270MW) making up 72% of generation and 66% of capacity, while solar PV (51MW) supplies around 6% of renewable generation.
- The region has the highest deployment of renewable heat installations in Wales with nearly 2% of homes having a heat pump or biomass boiler – reflecting the ‘off-grid’ nature of many rural properties.
- Presence of renowned academic/research institutions: CAT, Aber Uni/IBERS, and companies specialising in Hydrogen and Alternative Fuel.
- Natural resources in Mid Wales are well placed to produce green and renewable forms of energy.
- Due to its abundant natural resources the region is well to help both Welsh and UK governments reach their 2050 target for reducing carbon emissions.

### Digital

- Although there have been significant improvements in recent years digital connectivity in the region significantly behind the rest of Wales and the UK.
- Approximately 81% of premises in region have Superfast Broadband connection capability (compared to 95% across England).
- There are over 20,000 ‘white premises’ in the region who cannot access speeds of 30Mbps Mobile coverage lags behind rest of Wales and UK.
- Topography and low-density populations are the biggest challenge to accessing better coverage.
- 20% less 4G coverage than rest of Wales, 28% less than UK.
- Digital connectivity vital to region to support a thriving economy.
- Improving digital infrastructure and exploiting next generation technologies will be critical to improving productivity, innovation and competitiveness.
- Supporting the development of digital skills will help bridge the digital divide allowing people to live and work more freely.

### Supporting Enterprise

- The business base has a very high proportion (>95%) of micro businesses (<10 employees), providing a large number of businesses with the potential for growth.
- The number of businesses in Mid Wales is steadily growing – In 2020, Mid Wales was home to 12,625 businesses, a growth of 2.5% since 2010.
- Survival rates for new businesses in Mid Wales after 5 years are significantly better in Mid Wales than for England & Wales, indicating resilient businesses.
- Farms and agricultural enterprises represent 37% of all businesses.
- Medium sized enterprises are seen predominantly in the health and manufacturing sectors, representing 6% and 5% of the total business stock respectively.
- There are significant opportunities in terms of shaping business support and aligning infrastructure availability (digital, physical, land and premises) to better support businesses across Mid Wales.

## Transport

- Transport connectivity both inside and outside of Mid Wales is crucial to economic flows and future growth.
- The region has 945 km (587 miles) of Trunk and A roads connecting the region with North and South Wales and east to the West Midlands, which is crucial for cross-border connectivity
- There are also two railway corridors (Cambrian Main line/Coast and the Heart of Wales line) which run north-south and east-west.
- Rail services in Mid Wales are too infrequent with slow journey times and limited direct connectivity to major UK cities.
- Low Carbon Economy can be supported by improving safety and resilience of the network which will lead to reduced journey times and increase capacity.
- Investment required in improving strategic networks to keep goods and labour services moving freely.
- Less than 1% of bus use in region.
- Low take up of electric vehicles due to lack of infrastructure.

## Skills & Employment

- School-age attainment in Mid Wales exceeds the Welsh average.
- A higher proportion of the working age population are qualified to degree level compared to the national average while unemployment is at historically low levels
- The region's universities provide a pipeline of talented and skilled young people but there are opportunities to increase the number of graduates finding employment in Mid Wales.
- Notable presence of HE, limited FE presence.
- Emerging Regional Skills Partnership – offers opportunity to identify and co-ordinate a plan to align skills supply and demand in Mid Wales.



## 1.4 Business Needs

As with the previous section, the content has been developed from the Vision for Growing Mid Wales document – which contained significant analysis and baseline work behind these statements and figures.

Mid Wales comprises the two local authority areas of Ceredigion to the West and Powys to the East and combined, the largely rural region accounts for 34% of the total land mass of Wales. It is home to a population of just over 200,000 people and is well-known for its natural beauty, research and industrial expertise, strong cultural identities and heritage. The Mid Wales economy is a critical component in driving and supporting intra-regional growth across Wales and the UK, contributing ~£3.6bn GVA annually.

Mid Wales is less well-known as a land of untapped economic opportunity. Where business survival rates outclass the Welsh average; where its natural and academic assets offer an obvious choice for cutting-edge research combined with notable business strengths in key sectors providing strong opportunities to strengthen industry clusters. A region with a strong supply of talented and skilled labour; with strategic commuter links within and outside the region to other parts of Wales and cross-border into England.

The region's economy has its challenges in addressing the structural weaknesses that currently hinder its residents and businesses. Poor connectivity, lagging productivity, limited skills infrastructure, grid constraints and lack of supporting business infrastructure. Proposals developed in the region designed to address these challenges and harness the assets and opportunities will be brought forward as a Portfolio to secure capital investment. Playing a pivotal role in a broader investment strategy to realise the full extent of the ambition articulated in the Vision for Growing Mid Wales.

The Vision for Mid Wales by 2035 is:

***“an enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities”***

With the role of the Growth Deal clearly identified to:

***“take full advantage of the opportunities available to create and support economic and social growth by overcoming its challenges to become a fairer, smarter region that contributes to its full potential to address its productivity challenge.”***

Despite a succession of efforts to improve the regional economy over the years, Mid Wales continues to lag behind other Welsh and UK regions in a number of areas:

- **Lagging productivity:** Mid Wales continues to lag behind other Welsh and UK regions in real and per head terms due to the seasonality and structure of its employment base. Mid Wales contributes £3.6bn in annual Gross Value Added (GVA) to the UK economy. This is amongst the lowest in the UK and compares to £65.1 billion for Wales; with Mid Wales contributing approximately 5.5% of the Gross Value Added (GVA) generated by the Welsh economy, a proportion that has remained constant over almost the last twenty years. Notably, Powys records the lowest performance for GVA per hour worked of all areas across the UK.
- **Changing demographics:** reducing population figures and changing demographics, leading to a 'pinched middle' due to a relatively larger older population and a proportionately smaller working age population. Population

projections for Mid Wales currently estimate a 16% decline in the working age population and 37% increase in the 65+ age group to 2039. Unless addressed this predicted trend is likely to reduce the region's workforce over the next 15 years.

- **Narrow and vulnerable economic base:** leading to employment and productivity imbalances. The largest GVA contributors are manufacturing, real estate and wholesale and retail – whilst agriculture employs the most – representing 37% of all businesses - it contributes comparatively less GVA. Seasonality also exacerbates vulnerability – the tourism sector employs over 23,200 people in Mid Wales.
- **Projected employment decline:** Over the past five years, employment in Mid Wales has decreased by around 4%. Pre-covid, the employment forecasts for Mid Wales were projecting significant reduction – which will now be in even sharper focus due to the lasting impacts of the pandemic on livelihoods.
- **Static and weakening labour market:** gaps in skills provision and infrastructure to meet industry demands – leading to reduced accessibility and equality of opportunity for young people, reinforcing out-migration. Powys' commuting outflows of ~3,495 especially highlight the need to improve employment opportunities in the region.
- **Market failure:** Underlying structural economic weaknesses mutually reinforce market failure; evidenced by weak and relatively static commercial and residential build rates, declining and narrowing business base and the lagging development of digital, transport and energy grid infrastructure. For example, approximately 81% of premises in Mid Wales have the capability to connect to Superfast Broadband (30Mbps+), lower than that for Wales (95%) and the UK (96%). Only 19% of the region currently has access to Ultrafast Broadband (100mbps+) compared to Wales (39.5%) and the UK (60%).
- **The hidden nature of a rural economy:** relatively strong employment and low unemployment data masking issues of low pay and underemployment. Average full-time weekly earnings for example were 93% of the UK average in 2016 and 94 % of the Wales average in 2019.

There are clear opportunities to exploit from existing drivers and assets in research, industrial and human capital to:

- **Attract and develop industries that drive regional productivity, earnings and employment growth** – capitalising on the strengths of our research, industrial and skilled assets.
- **Attract and unlock private sector investment** within the Region by ensuring the right environment for growth.
- **Position Mid Wales as a rural powerhouse** that develops existing industrial strengths to generate new industrial and employment opportunity.
- **Reduce outward migration and retaining a skilled workforce** through industry-led employment and skills support combined with clear employment pathways.
- **Utilise Growth Deal investments to influence and catalyse further investments** and policy changes to ensure equitable, inclusive growth across the whole region, positioning the Growth Deal as a core component within wider regional economic recovery efforts.



## 1.5 Potential Scope: Mid Wales Growth Deal

The Vision for Growing Mid Wales sets out the broader strategy for investment in the Mid Wales region.

It identified 8 Strategic Growth Priorities (sectors), that had strong rationale and a robust evidence base for investment.

The Growth Deal, managed on a Portfolio basis over the next 10-15 years, will have to determine the appropriate strategic investments for achieving the growth objectives identified as its overarching Organisational Strategy. Building on the track record of success of our existing industrial, research and labour market strengths – it has to relate and address the needs of Mid Wales.

Over the 10-15-year lifecycle of the Growth Deal Portfolio, a number of elements can (and will) change:

- Macro/Micro Economic Changes – affecting private investment opportunities, confidence, sector composition, industry capability etc.
- Revisions to Governments contribution to the Deal (Future Increases, Further Funding Opportunities)
- Uncertain Fiscal Climate – will impact public finances (implications for borrowing capacity, revenue, capacity).
- New economic drivers/capabilities: New investments/developments by the public/private sector may create new opportunities/reduce impact of current.
- Demographics/Labour Market: Supply of labour and market composition will change over time – requiring flexible and adaptive responses.
- Policy: Government policy priorities (& funding) will change over 15 years. The Portfolio will have to keep abreast and aligned to emerging opportunities to maximise leverage potential of existing funds.

As a starting point, all 8 Strategic Growth Priorities (sectors) are considered within scope and identified as the “maximum scope” of the Growth Deal.

Not all interventions identified within the maximum scope can be delivered through a Growth Deal (within the existing dependencies and constraints). However, for the Portfolio to be continually aligned and maximising public investment – the entire 8 sectors of the Strategy are identified in scope, from which the initial options long-list is drawn (see the Economic Case for the options assessment)

The strategic aims and types of interventions in each of the 8 Strategic Growth Priorities (sectors), are identified below. Should the reader wish to query these in greater detail, please refer to the Vision for Growing Mid Wales document<sup>Error! Bookmark not defined.</sup>.

### Applied Research and Innovation

**Strategic Aim:** Capitalising on internationally-significant research and industrial strengths, harnessing emerging specialisms, alongside strengthened industry engagement and development to catapult regional productivity growth.

**Types of Intervention:** Investment in Regional Infrastructure and Assets; Strengthening Networks and Ways of Working; Labour Market Development

### Agriculture, Food and Drink

**Strategic Aim:** Significantly grow the economic and employment base through new high-value food development and produce development to a nationally and internationally recognised standard.

**Types of Intervention:** Enabling and Supporting Market Growth; Fostering Innovation; Developing the Right Business Environment; Labour Market Development

### Strengthened Tourism Offer

**Strategic Aim:** To capitalise on the strength of our natural, heritage and cultural assets and offer to drive sustainable and resilient tourism growth focusing on quality and value, not volume.

**Types of Intervention:** Investment in Strategic Regional Infrastructure and Assets; Investment in Supporting Infrastructure; Labour Market Development; Strengthened Awareness of the Mid Wales Offer

### Energy

**Strategic Aim:** Establishing Mid Wales' role in supporting, and potentially leading Welsh and UK efforts in developing and generating solutions to address the challenges of a future energy system.

**Types of Intervention:** Addressing Network Capacity & Grid Constraints; Decarbonisation of our Energy Supply & Use; Developing the potential of Agriculture; Harnessing Regional Innovation; Reducing Fuel poverty; Decarbonising transport

### Digital

**Strategic Aim:** Capitalising on the economic opportunities that can be unlocked by investing in our digital infrastructure

**Types of Intervention:** Broadband investment; Mobile Coverage; Innovation Platforms; Physical Infrastructure; Business Support; Policy

### Supporting Enterprise

**Strategic Aims:** Fostering the environment for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.

**Types of Intervention:** Enabling Business Growth; Strengthening the Support Offer; Procurement; Policy

### Transport

**Strategic Aims:** Build on existing linkages to help deliver the transport network required to help grow the economy and raise productivity.

**Types of Intervention:** Road; Rail; Public Transport; Behaviour change; Decarbonisation; Integration

## Skills & Employment

**Strategic Aims:** Ensuring the appropriate supply of skills and a capable workforce to meet business and industry demands and needs as part of a functioning labour market to underpin future economic growth.









**Types of Intervention:** Better strategic alignment of provision with industry; Strengthened industry intelligence; Tailoring regional skills & employment support; Targeted support; Capital Investment in Skills Infrastructure

### 1.6 Main benefits

The key benefits the Portfolio will be delivering will evolve as the detail of the Programmes/Projects evolve.

However, the key headline direct and indirect benefits that the Growth Deal is expected to contribute towards are:

- Growth in regional prosperity – through improved productivity, inward investment and the creation of new jobs.
- Creation of better-quality jobs for the local labour market – through targeted interventions in high value sectors to create new jobs.
- A more skilled workforce within the region – through supporting skills and training initiatives and targeted interventions in high value sectors to create opportunities.
- Improvements in standards of living across the region- inclusive growth that provides opportunities, reduces poverty, inequality and deprivation.

Mid Wales Growth Deal – Strategic Change Indicators <sup>xiv</sup>							
Indicator	2014	2015	2016	2017	2018	2019	Change
<b>Regional Productivity Growth</b>							
GVA (£ million)	3,182	3,410	3,596	3,621	3,597	3,616	
GVA per head (£)	15,291	16,451	17,430	17,613	17,509	17,627	
GVA in high value sectors (£ million)*	478	551	620	636	581	597	
Proportion of working age population (%)	62.6	61.9	61.3	60.5	60.1	59.7	
<b>Increased Employment and Skills</b>							
Employment Growth (%)	98,000	106,000	111,000	103,000	105,000	105,000	
Employment in High Value sectors	13,150	13,800	11,750	13,750	15,000	12,500	
Proportion of the population with qualifications at Level NVQ 4 and above	33.7%	34.8%	38.2%	34.8%	35.2%	37.1%	
<b>Income</b>							
Gross Disposable Household Income (£ per head)	15,636	15,985	16,020	16,676	17,484	N/A	

\*High value sectors identified as Manufacturing, Information and Communications, and Professional, Scientific and Technical activities

<sup>xiv</sup> Multiple economic wellbeing indicators used according to ONS definitions – please see latest well-being economic indicator set from ONS at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/economicwellbeingreferencetablessummaryoffigures>

## 1.7 Main risks

Risks for the Portfolio and associated Programmes and Projects will be captured within the relevant risk register. Further details on the approach to managing risk across the portfolio will be set out in the Management Case.

However, at the Portfolio-level, a number of key risks can be identified at this stage:

<b>Resources</b>	Resources are required at portfolio, programme and project level to ensure the successful delivery of the Growth Deal portfolio. Insufficient resourcing could have a significant impact on the successful delivery of the deal.
<b>Delivery</b>	Delays in the delivery of any of the projects could have an impact on the overall Growth Deal portfolio.
<b>Cost</b>	There is a risk that the projects contained within the Mid Wales Growth Deal proposal will increase in cost prior to the completion of the deal. As the Welsh/UK Government funding is fixed at £110million any increase in costs would need to be met by the public/private sector
<b>COVID-19</b>	The ongoing COVID-19 pandemic still poses a risk to the delivery of the Portfolio. The long-term economic impact of restrictions and business interruption has still yet to be fully realised which could impact local businesses, local authorities and education providers alike. It is also unclear how the pandemic has affected investor confidence, and the implications will vary by sector. Continuing disruption through labour shortage from self-isolation/illness, combined with disrupted training/supply chain development has created shortages in construction materials, with price inflation, particularly on imports.
<b>Brexit</b>	There remains significant uncertainty around the medium to long term implications of Brexit. New arrangements for trading and free movement appear to be combining with covid impacts on supply chains, particularly construction. There are increasing reports of material and labour shortage – and increased prices, which will have a real terms impact on the cost and affordability envelope of the Portfolio.
<b>Private Sector Investment</b>	Significant private sector investment is required to deliver the programme. There is a risk, particularly following the impact of COVID-19 on the regional economy that the level of private sector investment required will not be attained.
<b>Delivery Capacity and Capability</b>	Growth Deal funding is capital only. Whilst a nominal amount of eligible development/management revenue costs can be capitalised within programme and project business cases – it will be crucial to ensure that there is adequate capacity and capability to successfully deliver the initiatives within the Portfolio.
<b>Public Sector Investment</b>	There is a risk, particularly following the impact of COVID-19 and changing priorities on the regional economy that the level of investment required will not be attained.
<b>Limited end user company involvement</b>	Lack of demand from end users would hinder the portfolio and one of its key aims to drive diversification and innovation through collaboration between industry and education providers.
<b>Political Change</b>	Changes in Government policy will happen over the course of the 10/15-year Growth Deal period. These policy changes could impact significantly on the scope of the Growth Deal, the programmes and the projects.

<b>Statutory Consents and Planning</b>	As a capital investment programme there is a risk that if Growth Deal projects do not receive the necessary statutory consents and planning approval the projects will not be delivered and the benefits not realised.
<b>Climate Change</b>	Our climate is changing, and there will be direct impacts in the short, medium and long term. The Growth Deal Portfolio lifecycle will span a period of between 10-15 years – and the Portfolio and its constituent Programmes and Projects must adequately plan and prepare for the potential implications and resulting impacts. In this regard, the Portfolio is expected to actively consider its potential role in mitigation/response measures at every level – to ensure it complies with both Governments policy drivers for net zero.
<b>Communication</b>	Communicating the objectives, intentions and opportunities of the Growth Deal is a key risk for the Board and the PoMO to manage. To secure investor confidence and match funding from public/private sector, to ensure the Deal's potential is realised, and to catalyse further opportunities – it is imperative there is clear and consistent communication as part of an agreed communications strategy/protocol – with dedicated resource.

## 1.8 Constraints

This section sets out the parameters agreed for the delivery of the strategic portfolio over the next 10-15 years.

There are a number of constraints placed on the delivery of the Growth Deal, notably:

- Total Funding Package – The total amount of funding is set at £55 million from the Welsh Government and £55 million from the UK Government. The combined £110 million must be supplemented by private and public sector funding to ensure the delivery of the Growth Deal and the programme.
- Term of the Growth Deal – The portfolio cannot exceed the term of the Growth Deal set at 10/15-years.
- Capital Funding – The Growth Deal funding package is capital funding with no revenue funding provided for projects. Revenue funding must be provided by the partners.
- Subsidy Control Framework – Growth Deal projects must comply with relevant Subsidy Control Framework rules.

## 1.9 Dependencies

This section outlines the dependencies for the successful delivery of the Growth Deal.

Growth Deal funding across the UK has specific key characteristics (these are funding dependencies):

- is Capital only (no revenue).
- is long-term (average 10/15-year profile).
- is deal-driven – it has to align and be agreed by the UK and Welsh Governments.
- has to demonstrate a strong case for investment and additionality above 'business as usual' (has to be transformational).
- leverages additional match funding from a range of sources (including private sector).
- has strong public-private partnership and clear, robust and accountable governance, management and assurance processes.

Alongside the above, the following dependencies also have to be taken into account:

- Annual funding profile from Government (for the £110million) – can be mitigated, but needs factoring in.
- Securing the Final Deal – a process is being mapped out by Governments and the region to secure the funding. Heads of Terms were agreed and signed off in Winter 2020.
- Private Sector Engagement – The Growth Deal cannot be successfully delivered without the engagement of and collaboration with the private sector. The Private Sector Advisory Group<sup>xv</sup> is one avenue of engagement and advice – but there should also be strong engagement in a broader sense.
- Public Sector Engagement – The Growth Deal required the Local Authorities to establish the Growing Mid Wales Board to continue to develop, and ultimately deliver the Deal. There is a broader consideration of how this works alongside other regional structures and funding streams.
- Statutory Consents and Planning Approval – A number of the Growth Deal projects will require statutory consents and planning approval.

Dependencies for any programmes and projects will be set out within the relevant business case(s).

---

<sup>xv</sup> *The Private Sector Advisory Group currently has existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review is being undertaken to reflect the Growth Deal moving from development to delivery. Detail of the governance arrangements will be captured in the upcoming new governance agreement (IAA3). However, for the purposes of the Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal. We therefore continue to recognise the role and function of a private sector advisory group within this document – subject to detailed ToR that will be captured as part of IAA3.*

## 2 THE ECONOMIC CASE

The Economic Case sets out how we appraised options for the potential scope of the Mid Wales Growth Deal, as set out in the Strategic Case.

### 2.1 Critical Success Factors (CSF)

This section describes the Critical Success Factors (CSFs) and evaluation criteria that were agreed for the appraisal of potential programmes and projects in the Mid Wales Growth Deal.

The following Critical Success Factors have been developed from existing documentation (*Vision for Growing Mid Wales*), and the outcome of workshops 1a-1d and workshop 2.

They are standardised according to HM Treasury guidance, with the process having been led and advised by an experienced practitioner.

CSF	Details
<p>How well the option provides:</p> <p><b>Strategic fit</b></p>	<p>With:</p> <ul style="list-style-type: none"> <li>• Mid Wales Growth Deal Strategic Growth Priorities;</li> <li>• Vision for Growing Mid Wales;</li> <li>• UK Industrial Strategy, 2017;</li> <li>• Build Back Better, HM Treasury, 2021;</li> <li>• Ten Point Plan for a Green Industrial Revolution, 2020;</li> <li>• Programme for Government – Wales National Strategy, 2021;</li> <li>• Our Economic Resilience &amp; Reconstruction Mission;</li> <li>• Prosperity for All: economic action plan, Welsh Government 2019;</li> <li>• Prosperity for all: A low carbon Wales, 2019;</li> <li>• Wellbeing of Future Generations (Wales) Act 2015;</li> <li>• The Environment Act (Wales), 2016; and</li> <li>• Local collaboration – Local Authorities, Universities and Partnering Organisations.</li> </ul>
<p>How well the option meets:</p> <p><b>Business needs</b></p>	<p>The need to overcome the following core regional needs:</p> <ul style="list-style-type: none"> <li>• Low and lagging productivity;</li> <li>• A declining, aging population;</li> <li>• A narrow and vulnerable economic base;</li> <li>• Projected employment decline;</li> <li>• Static and weakening economic base;</li> <li>• Market failure;</li> <li>• Hidden nature of rural economy; and</li> <li>• A fair regional balance in terms of investment in programmes and projects.</li> </ul> <p>And how well the option provides a holistic fit and synergy with other strategies, programmes and projects.</p>
<p>How well the option:</p>	<p>In terms of the following strategic outcomes:</p> <ul style="list-style-type: none"> <li>• Optimises public value (social, economic and environmental) in terms of potential costs, benefits and risks.</li> <li>• Attract and develop industries that drive regional productivity, earnings and employment growth – capitalising on the strengths of our research, industrial and skilled assets.</li> </ul>



CSF	Details
<b>Optimises social welfare (cost benefit)</b>	<ul style="list-style-type: none"> <li>• Attract and unlock private sector investment (leverage potential).</li> <li>• Position Mid Wales as a rural powerhouse that develops existing industrial strengths to generate new industrial and employment opportunity.</li> <li>• Reduce outward migration and retaining a skilled workforce through industry-led employment and skills support combined with clear employment pathways.</li> <li>• Utilise Growth Deal investments to influence and catalyse further investments and policy changes to ensure equitable, inclusive growth across the whole region, positioning the Growth Deal as a core component within wider regional economic recovery efforts.</li> </ul>
<b>Potential Supply side capacity and capability</b>	<p>In terms of:</p> <ul style="list-style-type: none"> <li>• What is available within the region – volumes and skills post pandemic.</li> <li>• What could be attracted by way of inward investment from other parts of Wales and the UK.</li> </ul>
<b>Potential Affordability</b>	<p>In terms of:</p> <ul style="list-style-type: none"> <li>• Available capital from WG and UK Government.</li> <li>• Ability to match fund from the private sector.</li> <li>• Funding horizon – 10-15 years.</li> <li>• Organisation's ability to meet ongoing operational whole life costs.</li> </ul>
<b>Potential Achievability</b>	<p>In terms of governance:</p> <ul style="list-style-type: none"> <li>• Growing Mid Wales Board (Joint Committee)</li> <li>• Private Sector Advisory Group<sup>16</sup></li> <li>• Growing Mid Wales Partnership</li> <li>• Mid Wales Management Group</li> <li>• Programme/Thematic and Project Boards</li> </ul> <p>Resources (competence and capabilities):</p> <ul style="list-style-type: none"> <li>• Regional PoMO</li> <li>• Programme/Project Sponsors</li> <li>• Use of best practice (able to develop in accordance with HM Treasury &amp; WG guidance on Better Business Cases)</li> </ul>

<sup>16</sup> The Private Sector Advisory Group currently has existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review is being undertaken to reflect the Growth Deal moving from development to delivery. Detail of the governance arrangements will be captured in the upcoming new governance agreement (IAA3). However, for the purposes of the Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal. We therefore continue to recognise the role and function of a private sector advisory group within this document – subject to detailed ToR that will be captured as part of IAA3

CSF	Details
	<ul style="list-style-type: none"> <li>• Timescales (within 10-15-year Portfolio lifecycle)</li> </ul>

## 2.2 Options Assessment

The Mid Wales region has undertaken significant evidence baselining and stakeholder engagement, to help determine and refine the appropriate scope for the Growth Deal. These are all documented in detail in the *Vision for Growing Mid Wales* document, upon which this Portfolio has been initially scoped and planned.

Partners in Mid-Wales subsequently achieved their Heads of Terms agreement for the Growth Deal in December 2020. The Strategic Portfolio Business Case that informed this agreement identified the potential scope of the Growth Deal as the eight Strategic Growth Priorities (sectors) highlighted in the Strategic Case. All are considered within scope, and identified as the “maximum scope” of the Growth Deal.

Within the existing dependencies and constraints, it is recognised that not all interventions identified within the maximum scope can be delivered through a Growth Deal. It should be noted, however, that the Portfolio can be expanded to accommodate further funding from Government to deliver a greater list of investment – should it become available within the Portfolio’s lifecycle.

### *Long List*

Within each of these eight Strategic Growth Priorities identified, work was undertaken to scope an initial long-list of potential interventions. This was informed by the extensive work undertaken in bringing together the Strategy/Vision document, along with officer workstreams and technical workshops. This list was then formed and refined during workshops 1a-d (Determining the Case for Change) under the guidance of an experienced Business Case practitioner.

An initial assessment of the longlist was undertaken in December 2021 in Workshop 2 (Identifying and Assessing the Options), with reference to the agreed CSFs. The longlist was subsequently updated in July 2021 to take account of a number of new project proposals that had since been received. The final list of options that were then carried forward for consideration in Workshop 3 (Assessing the Short-Listed Options) is set out below, for each of the 8 themes:

Strategic Growth Priorities	Projects
Applied Research & Innovation	<ul style="list-style-type: none"> <li>• Innovation Park.</li> <li>• National Spectrum Centre.</li> <li>• Mid Wales Advanced Manufacturing Campus.</li> <li>• RiverSimple.</li> <li>• Trawscoed: Applied Research and Innovation Initiative.</li> <li>• Beacon and moving towards Carbon-Reduction.</li> </ul>
Agriculture, Food & Drink	<ul style="list-style-type: none"> <li>• Food Manufacturing Innovation Centre.</li> <li>• Food Retail Experience.</li> <li>• University of Gastronomy.</li> </ul>
Strengthened Tourism Offer	<ul style="list-style-type: none"> <li>• Cynefin – The Green Heart of Wales.</li> <li>• Dwr Cymru – Brecon Beacons.</li> <li>• Dwr Cymru Elan Valley.</li> <li>• Green Man Festival Permanent Site.</li> <li>• Montgomery Canal Wales - Restoration to Navigation.</li> <li>• Ceredigion Harbours.</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• No projects identified at this stage.</li> </ul>
Digital	<ul style="list-style-type: none"> <li>• Social Housing Connectivity.</li> <li>• Strategic Employment Site Connectivity.</li> </ul>
Supporting Enterprise	<ul style="list-style-type: none"> <li>• Mid Wales Sites and Premises.</li> </ul>
Transport	<ul style="list-style-type: none"> <li>• No projects identified at this stage.</li> </ul>
Skills & Employment	<ul style="list-style-type: none"> <li>• Black Mountain College Further and Higher Education Institution.</li> </ul>

## Short List

### Approach to the shortlisting

In order to move from this long-list to an agreed set of short-list investments that will make up the Growth Deal, an options assessment has been undertaken.

The process has been conducted in a robust, transparent and collaborative manner, and the options appraisal process was developed through engagement with UK Government, Welsh Government and by following available guidance including the *HM Treasury Green Book* and *Guide to Developing the Programme Business Case – Better Business Cases: for better outcomes*. It should be noted that the *Guide to Developing the Strategic Portfolio Business Case – Better Business Cases: for better outcomes* was not available when the options appraisal process for the Mid Wales Growth Deal was formulated. However, the proposed process was tested with Welsh Government and their Technical Adviser.

Based on these discussions with UK and Welsh Government, it was agreed that the outcome of the shortlisting process would be to categorise candidate programmes and projects into two Tranches:

- **Tranche 1 – Shortlist:** Shortlist for further development, with conditions. These are interventions that perform well against the spending objectives and Critical Success Factors, and are sufficiently well advanced at this stage to be mandated for further detailed business case development. These interventions make up the first tranche of the Growth Deal Portfolio.

- **Tranche 2 – Put on Long-List.** Remain on long list as potential future options, with significant further development needed. These are interventions that perform less well against the CSFs and/or are at an outline concept stage only, and therefore require significant further development. They remain on the longlist for the portfolio.

It is very important to stress that given that a portfolio approach is being followed, the portfolio that will underpin FDA will need to have some flexibility, so that it will evolve over time in response to changing circumstances and market/policy conditions.

A continual process of alignment is required to ensure that the programmes and projects within the strategic portfolio remains linked to strategic objectives, because even as strategies are delivering changes and improvements to business operations, they may need to respond to internal and external changes and to accommodate new initiatives and policies.

All interventions shortlisted in Tranche 1 for further development will be subject to detailed programme/project level business case development process, and are shortlisted with specific conditions and questions attached to them that need to be addressed through this process.

The GMW Board will have challenging choices to make about the combination and delivery of their enabling programmes and projects, which must be properly scoped and planned, and cost justified from the outset.

That is why Programmes and Projects at this stage are therefore early proposals – assessed against the Critical Success Factors and Aims/Objectives of the Portfolio as part of the Discovery phase. It provides a framework for the PoMO and the GMW Board for “structured thinking” and assurance that the programmes and projects within the strategic portfolio:

- Provide strategic fit and are supported by a compelling case for change.
- Will maximise public value to society through the selection of the optimal combination of programme and projects and related activities.
- Is commercially viable and attractive to the supply side.
- Is affordable and is fundable over time.
- Can be delivered successfully by the organisation and its partners.

Interventions placed in Tranche 2 are not shortlisted for the portfolio at this stage, but may move into the portfolio at a later stage subject to their own development.

### **Material Available to Inform the Options Assessment**

Following the identification of the eight Strategic Growth Priorities, the Board subsequently commissioned a number of pieces of work to inform the development of options, including feasibility work on identified strategic themes, and inviting partners to submit project ideas in the form of Strategic Outline Cases (SOCs) and programme ideas in the form of Programme Business Cases. Each programme/project was also asked to submit a proforma which summarised the key information surrounding the proposed intervention (the structure of this proforma is presented in Appendix A – PROJECT / PROGRAMME PROFORMA). This material informed the options development process and was led by the Portfolio Management Office (PoMO) with support from Workstream Leads and facilitation by experienced business case practitioners.

### **Options Assessment Approach: Tranche 1**

Acknowledging the constraints of this process and using the information available at the time of the assessment, a two-stage shortlisting process has been followed:

1. A high-level filtering of the long-list of Strategic Growth Priorities was conducted, using the available materials to determine which sectors could be screened in or out of the Growth Deal. This was a straightforward set of judgements informed by the extent to which suitable programme or project level ideas had been generated by that point.

Strategic Growth Priorities that are not screened into the Growth Deal at this stage may be signposted to other more suitable funding sources or considered for the portfolio in future.

2. A subsequent, more detailed assessment was done on the long-list of projects known at this stage, to determine which projects can be taken forward into the Growth Deal.

Each of these assessments was conducted with reference to the Portfolio CSFs, which were reviewed and deemed as fit for purpose for informing the options assessment.

### **1. Strategic Growth Priority Level Assessment**

This assessment was conducted primarily based on the degree of development of programme/project ideas within each Strategic Growth Priority, strength of strategic fit and business need, SWOT analysis, alignment with CSFs, deliverability and suitability for Growth Deal funding.

This was conducted via a review of the available feasibility materials and was tested at Workshop 2 (refining the options assessment) on 30<sup>th</sup> July 2021. A summary of all of the portfolio business case development workshops and their attendees is provided in Appendix C – SUMMARY OF PORTFOLIO BUSINESS CASE WORKSHOPS The outcome of this high-level filtering is summarised in the table below. The key points are that:

- Whilst Energy is an important Strategic Growth Priority, and some initial feasibility work has been undertaken and a Regional Energy Strategy adopted, no specific programme or projects have been developed at this stage as candidate interventions for the Growth Deal. Therefore, the strategic theme has not been taken forward into Tranche 1 of the portfolio at this stage.
- Similarly, Transport is a Strategic Growth Priority but the identified interventions are of a scale and scope that is not suitable for Growth Deal funding, given the constraint on the total amount of Growth Deal funding available (£110 million). Therefore, transport has at this stage been screened out of the Growth Deal.
- The other Strategic Growth Priorities all have a range of candidate interventions developed, and these are considered in detail in the second stage of the process.

	Programme / Project	Status	Outcome
Digital	Series of projects within a defined programme	Programme Business Case plus quick win projects	<b>Draft Programme Business Case produced, principally focussing on the strategic case. Sufficient detail to shortlist as a programme, and two “quick win” projects to assess in project level assessment.</b>
Energy	N/A	Energy strategy produced but further feasibility and project development work required	<b>Priority area is not sufficiently developed to shortlist into initial portfolio at this stage.</b>
Skills and employment	Project	RSP established; only one candidate project so far – further regional work required to determine strategic priorities	<b>Take forward to project level options assessment.</b>
Applied Research and Innovation	Independent series of projects	Vision and strategic framework produced. A number of candidate projects; no programme <i>per se</i>	<b>Take forward to project level options assessment.</b>
Transport	N/A	Strategic options identified but not suitable for Growth Deal	<b>Not in initial portfolio</b>
Strengthened tourism offer	Independent series of projects	A number of candidate projects; no overall programme	<b>Take forward to project level options assessment.</b>
Supporting enterprise	Projects to be delivered as part of a programme	Sites and Premises Programme Business Case but needs further development of interventions	<b>Sufficient detail to shortlist for further development.</b>
Agriculture, food and drink	Independent series of projects	A number of candidate projects developed	<b>Take forward to project level options assessment.</b>

## 2. Detailed Programme / Project Level Assessment

A more detailed programme/project level assessment was then carried out to determine which Tranche the options were placed in. This was carried out through a desk-based assessment and at Workshop 2 on 30<sup>th</sup> July 2021, led by the Portfolio Management Office (PoMO) with support from the Workstream Leads and facilitation by experienced practitioners.

Each candidate intervention was assessed against the CSFs, with a qualitative judgement made on the performance against CSFs (graded High, Medium and Low) with associated commentary on strengths and weaknesses, and a final conclusion. The outcome of this process is set out in Appendix B – SUMMARY OF OPTIONS APPRAISAL WORKSHOP.

The assessments were amended based on the discussions at the workshop and a finalised short-list was agreed. These are summarised below and we have also indicated the maturity of the project's/programme's business case development.



Short-listed Projects / Programmes for Tranche 1 of Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme /	Summary	Business Case Maturity Index
Applied Research & Innovation		Innovation Park	Lead by Aberystwyth University, the Innovation Park will enable industry and academia to build on the work of AberInnovation, with the aim of identifying, developing and demonstrating the enabling processes and technologies necessary to secure, broaden and maximise the value gained for the region. The £30 million project is seeking to deliver circa 10,000m <sup>2</sup> of fully serviced office space, shared facilities and R&D space.	SOC (initial)
		National Spectrum Centre	Lead by Aberystwyth University, the National Spectrum Centre seeks to establish a key asset operated through a hub and spoke model that will benefit from the region's varied environments (coastal, uplands, rural etc) and bring high quality jobs and increased growth to the region. The SOC seeks approval to invest an estimated £17 million in Phase 2 of the National Spectrum Centre development.	SOC (initial)
		Mid Wales Advanced Manufacturing Campus	Identified through a recent SQW Applied Research and Innovation Report, this project was a recommended intervention to deliver an Innovation/Advanced Manufacturing Campus for Mid Wales, with the aim of improving the supply of skills into industry and provide a hub for collaboration/R&I activity. A project lead is yet to be identified. Total capital costs are unknown.	Concept
Agriculture, Food & Drink		Food Manufacturing Innovation Centre	Lead by Food Centre Wales (part of Ceredigion County Council), the Food Manufacturing Innovation Centre is a £4.4 million project to deliver a state of the art food manufacturing innovation centre at Horeb, Llandysul, Ceredigion. The project would provide a facility to enable companies to take the next steps from small scale, research-based product testing and analysis to scaling-up of the production to enable full market and commercial viability testing.	SOC (initial)
		Canolfan Tir Glas / University of Gastronomy	Trinity St David's University is seeking to establish a Centre for Rural Enterprise (Canolfan Tir Glas), an entity that will promote the local food industry, sustainability, resilience and rural entrepreneurship. The Centre will aim to play its part in strengthening the economic infrastructure of the wider agri-food economy in Mid Wales from the centre and its outreach work, particularly by focusing on skills and career development in the hospitality sector and other rural diversification sectors. Total capital costs are estimated to be £8 million.	SOC (initial)
Strengthened Tourism Offer		Cynefin – The Green Heart of Wales	Lead by the Centre for Alternative Technology, seeks to create a powerful and immersive learning experience, bringing huge practical benefits to the delivery of Skills for the future in renewable energy, sustainable construction and retrofit, food, land use and sustainable tourism. The tourism element of the project	SOC (initial)



Short-listed Projects / Programmes for Tranche 1 of Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme /	Summary	Business Case Maturity Index
			comprises of: An Arrival and Welcome Hub, Green Street, Elemental and Site Accommodation. Total capital costs are estimated to be £24.2 million.	
		Dwr Cymru Elan Valley	Lead by Dwr Cymru, the Elan Valley Lakes Project seeks to achieve economic growth and sustainability through adding appropriate high experience level adventure, sport and nature activities and improve provision of overnight accommodation. It is hoped this will increase visitor spend and enhance income streams. Total capital costs are estimated to be £12.7 million.	SOC (initial)
		Montgomery Canal Wales - Restoration to Navigation	Lead by the Canal and River Trust / Glandwr Cymru, the restoration of the Montgomery Canal in Wales seeks to facilitate linkage to the wider 2000-mile Canal network, and boater access through Powys to beyond Welshpool. So enhancing opportunities for a range of non-boater visitor activities, all with associated spend and opportunities for tourism and leisure businesses. Total capital costs are estimated to be £24.4 million.	SOC (initial)
		Ceredigion Harbours	Lead Ceredigion County Council, Ceredigion Harbours is an outline proposal for two major marina/harbour developments (Aberystwyth and Aberaeron). In both instances, the assets are to remain publicly-owned and will combine currently planned investment in sea defences/costal flooding, adding further economic value through the reconfiguration and development of the assets to generate new economic opportunities in retail, leisure and tourism. In Aberystwyth, the proposals also incorporate strengthened faculties to support the fisheries sector. Total capital costs are estimated to be between £20 and £30 million.	Concept
Digital		Strategic Employment Site Connectivity.	Lead jointly by Ceredigion County Council and Powys County Council, this project seeks to accelerate the provision of connectivity services to strategic employment sites within the Mid Wales region, and in doing so provide better services to businesses to facilitate greater economic growth. Total capital costs are estimated to be £3.6 million.	Programme Business Case (Initial)

Short-listed Projects / Programmes for Tranche 1 of Mid Wales Growth Deal*				
Strategic Priorities	Growth	Project Programme /	Summary	Business Case Maturity Index
Supporting Enterprise		Mid Wales Sites and Premises.	Lead jointly by Ceredigion County Council and Powys County Council, this intervention will deliver a strategic programme of prioritised, direct public sector investment in employment sites and premises and related infrastructure across Mid Wales to help meet current need and stimulate future economic growth in the region. This would be delivered through a Mid Wales Property Infrastructure Investment Fund. The proposal would be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises, and targeted investments in strategic employment sites.	Programme Business Case (initial)

*\*Whilst Black Mountain College Further and Higher Education Institution was short-listed within Tranche 1 based on the assessment criteria undertaken to inform the workshop held on 30<sup>th</sup> July 2021, there were a number of concerns raised that need further strategic discussion with Local Authorities and Government. It was also noted that the Skills theme in general required further work to determine strategic priorities for investment. Whilst it may be possible to address such issues over a period of time, it has been determined that this project should be reclassified as a Tranche 2 project which requires further development before it is considered for Growth Deal funding.*

Tudalen 68

## 2.3 Economic Appraisal

This section summarises the economic appraisals for the candidate programmes/projects included within Tranche 1 of the Mid Wales Growth Deal.

The key thing to note is that given the stage of development of the shortlisted interventions, with all projects at an initial SOC or pre-SOC level and all programmes at, or close to, Strategic/Outline Programme Business Case level, it has not been feasible to produce a detailed set of robust economic appraisals. These will follow in due course as part of the project/programme level business case development process.

Therefore, for the purposes of this document, we provide an **indicative cost-benefit assessment** informed by the available material. The expectation is then that, in order to be approved for investment, shortlisted interventions will need to demonstrate through the business case development process that they will deliver sufficient value for money in line with these portfolio level targets.

### *Economic Appraisal Summary*

A summary of the key findings from the economic appraisal of the Mid Wales Growth Deal is presented below.

Tudalen 70

Appraisal Summary Table: Mid Wales Growth Deal							
		Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
<b>A</b>	<b>Net Present Social Value (£m)</b>	£215 - 305 (£290 - £375 on GD Costs)	£10 - 20 (£35 - £45 on GD Costs)	£35 - £45 (£35 - £45 on GD Costs)	£60 - £85 (£75 - £105 on GD Costs)	£65 - £85 (£85 - £105 on GD Costs)	£50 - £70 (£60 - £75 on GD Costs)
<b>B</b>	<b>Public sector cost (£m) (Undiscounted, excludes Optimism Bias and Inflation, includes VAT)</b>	£185 (£110 from GD)	£44 (£20 from GD)	£8 (£6 from GD)	£62 (£43 from GD)	£33 (£11 from GD)	£38 (£30 from GD)
<b>C</b>	<b>Appropriate Benefits Cost Ratio</b>	2.2 – 2.7 (3.7 – 4.5 GD Investment)	1.2 – 1.5 (2.6 – 3.2 GD Investment)	5.0 – 6.1 (6.9 – 8.4 GD Investment)	2.0 – 2.4 (2.8 – 3.4 GD Investment)	3.0 – 3.6 (9.3 – 11.3 GD Investment)	2.5 – 3.0 (3.1 – 3.8 GD Investment)
<b>D&amp;E</b>	<b>Significant unmonetizable costs/benefits and unquantifiable factors</b>	<ul style="list-style-type: none"> <li>• Social Welfare Benefits</li> <li>• Environmental Benefits</li> <li>• Inwards Investment</li> <li>• Improved Perceptions</li> <li>• Reduced Deprivations</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalising on internationally significant research and industrial strengths</li> <li>• Harnessing emerging specialisms</li> <li>• Strengthened industry engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Development of sector to nationally and internationally recognised standard.</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalise on natural, heritage and cultural assets.</li> <li>• Drive sustainable and resilient tourism growth focusing on quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate Innovation.</li> <li>• Cluster growth.</li> <li>• Inward Investment.</li> </ul>

Appraisal Summary Table: Mid Wales Growth Deal						
	Mid Wales Growth Deal	Applied Research & Innovation	Agriculture, Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprise
F	Risk costs by type & residual optimism bias	Through their own business cases, each programme/project will be expected to consider and demonstrate how they have mitigated potential optimism bias in their costings and proposed timetables. At this stage, to be conservative, we have applied the upper bound optimism bias benchmark factor for civil engineering projects buildings from HM Treasury guidance to the capital costs for all programmes/projects at 44%				
G	Switching values (for the preferred option only)					
H	Time horizon and reason	<p style="text-align: center;"><b>10-year appraisal period post construction used</b></p> <p style="text-align: center;"><b>All infrastructure assets will have a residual value at this point</b></p>				

Tudalen 71

Source: Hatch calculations based on available project and programme level information.

Note: Numbers may not sum to total due to rounding.

## Key Appraisal Parameters

### Time Period

The benefits are measured over a 10-year persistence period following project/programme completion and future values are discounted at 3.5% per annum in line with HM Treasury guidance.

Capital costs are profiled based upon the level of information provided through SOCs, Project Proformas and Programme Business Cases. All costs within the economic case have been adjusted to exclude VAT, and future values are adjusted for inflation (assumed to be 2.0% per annum on average) and discounted at 3.5% per annum in line with HM Treasury guidance. All values are expressed in constant 2021/22 prices.

The current assumptions on the development, delivery and benefit realisation periods are presented in Appendix D – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY .

### Geography

The Growth Deal is a place-based initiative aimed at enhancing the economic performance of the Mid-Wales region. Therefore, the primary focus of the economic appraisal is on the costs and benefits of the portfolio for Mid-Wales. This is in line with the approach set out in the updated HM Treasury Green Book, specifically Appendix A2 Place-Based Analysis.<sup>17</sup>

### Additionality

The assessment captures both gross and net additional benefits for Mid-Wales:

- **Deadweight:** benefits that would have taken place anyway in the absence of the investment (e.g. business growth not attributable to the Growth Deal investments);
- **Displacement:** benefits that are displaced from elsewhere in Mid Wales (e.g. through a relocation of an existing business in Wales into new employment floorspace provided or growth in a supported business at the expense of market share for another business in Mid Wales)
- **Leakage:** benefits that accrue to residents or businesses outside Mid Wales (e.g. if new jobs are taken by residents of an adjacent region in England)
- **Multipliers:** further knock-on benefits generated within tradable and non-tradable sectors as set out in Appendix A2 Place-Based Analysis of the HM Treasury Green Book.

Full details on how these factors have been applied to the interventions are set out in the technical Appendix E – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS .

## Costs

### Public Sector Costs

At this stage of development of the portfolio, the total cost of the Tranche 1 interventions is only known in outline because the shortlisted projects and programmes have not all produced full costings. Moreover, those that have produced costs have only produced outline costs. Therefore, we have set out here indicative costs and funding allocations, by Strategic Growth Priority. This is informed by the available project- and programme-level detail. It is recognised

---

<sup>17</sup> HM Treasury, The Green Book 2020:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/938046/The\\_Green\\_Book\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938046/The_Green_Book_2020.pdf)

[www.growingmid.wales](http://www.growingmid.wales)

that these allocations will shift as projects develop their cost plans further, but they represent the best estimate possible given available information.

The total estimated capital cost of the shortlisted options within the portfolio is **£280 million (excluding Optimism Bias)**. The total Growth Deal request by Strategic Growth Priority has been estimated based on the proportion of projects and programmes selected within Tranche 1 and constrained to the maximum funding allocation of £110 million. This implies an overall intervention rate of 40% for the Growth Deal funding as a share of the total project capital cost.

The balance of the residual funding needed between private and public sector sources is not known with precision at this stage, but the expectation is that at least one-third of the total capital costs across the entire portfolio will come from the private sector (with some variation across programmes and projects). The remaining funding is expected to be provided through alternative public sector sources. For the purposes of the economic appraisal, the working assumption is, therefore, that the total public sector funding share in the total capital cost will be 67%.

We have also applied Optimism Bias to these figures. Through their own business cases, the programmes and projects will be expected to consider and demonstrate how they have mitigated potential optimism bias in both their costings and their proposed timetables, as well as project risks. At this stage, in order to be conservative and acknowledging the early stages of development at which the Growth Deal interventions are currently undertaking, we have applied the Upper Bound Optimism Bias factor to the capital costs for all programmes and projects of 44% (for standard civil engineering)<sup>18</sup>.

The table below provides a summary of estimated total allocations of the total £110 million in Growth Deal funding by Strategic Growth Priority. Using an indicative spending profile (see Appendix E – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS for details) and discounting at 3.5% p.a. it is estimated that the Growth Deal will have a total discounted public sector capital cost of **£180 million** (2021/22 prices).

---

<sup>18</sup> HM Treasury, Supplementary Green Book Guidance – Optimism Bias:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/191507/Optimism\\_bias.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf)

<b>Notional Funding Allocations by Strategic Growth Priority (£m, 2021/22 prices, undiscounted, Net Present Costs discounted at 3.5% per annum, no optimism bias)</b>			
<b>Strategic Growth Priorities</b>	<b>Total Capital Costs (£m)</b>	<b>Expected Growth Deal Investment (£m)</b>	<b>All Public Sector NPC (including adjustments optimism bias, discounting and inflation, excluding VAT) (£m)</b>
<b>Applied Research &amp; Innovation</b>	£66	£20	£43
<b>Agriculture, Food &amp; Drink</b>	£12	£6	£8
<b>Strengthened Tourism Offer</b>	£92	£43	£60
<b>Digital</b>	£50	£11	£32
<b>Supporting Enterprise</b>	£56	£30	£35
<b>Total</b>	<b>£280</b>	<b>£110</b>	<b>£180</b>

Source: Hatch calculations based on programme and project material at August 2021

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

### **Benefits Measured**

In developing each of the Strategic Growth Priorities for the Growth Deal, a high-level assessment of the relevant economic benefits has been produced. This is based on the material contained within the Programme Business Cases and project SOCs. Each of the programmes will generate a set of benefits that have been classed for the purposes of the economic appraisal as direct, indirect and wider benefits. The precise nature of these varies between the projects and the Strategic Growth Priorities. The key types are summarised below, by Strategic Growth Priority.



Benefits Framework					
	Applied Research & Innovation	Agriculture Food & Drink	Strengthened Tourism Offer	Digital	Supporting Enterprises
Direct Benefits	Jobs and GVA	Jobs and GVA	Jobs and GVA	Not quantified	Jobs and GVA
Indirect Benefits	Supply Chain Jobs and GVA	Supply Chain Jobs and GVA	Supply Chain Jobs and GVA Visitor Spend Amenity Value	Business Productivity Business Innovation	Business Productivity  Business Innovation
Wider Benefits	Social Welfare Benefits Environmental Benefits Inward Investment Improved Perceptions Reduced Deprivation	Capitalising on internationally significant research and industrial strengths Harnessing emerging specialisms Strengthened industry engagement	Development of sector to nationally and internationally recognised standard.	Capitalise on natural, heritage and cultural assets.  Drive sustainable and resilient tourism growth focusing on quality.	Facilitate Innovation. Cluster growth.  Inward Investment.

The benefit-cost assessment focusses on those direct and indirect economic benefits that have been possible to quantify and monetise at this stage based on the information available. These are set out by Strategic Growth Priority below. This means that there are significant unquantifiable benefits and the figures should be interpreted with this in mind.

Benefits Monetisable within Benefit-Cost Assessment		
Strategic Growth Priority	Direct Impacts	Indirect Impacts
Applied Research & Innovation	Direct Jobs and GVA	Supply Chain Jobs and GVA
Agriculture, Food & Drink	Direct Jobs and GVA	Supply Chain Jobs and GVA
Strengthened Tourism Offer	Direct Jobs and GVA	Supply Chain Jobs and GVA Visitor Spend Amenity Value
Digital	Not Quantified	Business Productivity Business Innovation
Supporting Enterprise	Direct Jobs and GVA	Business Productivity Business Innovation

There will also be temporary construction effects associated with the capital investments. Given the scale of capital investment over the Growth Deal term, this will support significant numbers of jobs in construction and other related sectors.

The assessment of economic benefits then draws on the Strategic Growth Priority level assessments. This cost-benefit assessment at the Strategic Growth Priority level uses an economic impact model and is, in turn, based on the available information for each programme or project. This economic impact estimates contained within these have not been audited.

It should be noted that the economic cases for individual programmes/projects will be developed in detail from their current SOC/concept stage. The economic appraisal provided here is not intended to pre-empt these assessments. Rather, it is intended to set out the expected order of magnitude of impacts and the underlying drivers of these, in order to demonstrate value for money. Therefore, the figures presented at this portfolio level are expressed as a reasonable range.

### ***Gross Benefits***

Indicatively, the programmes and projects within the Mid Wales Growth Deal are expected to generate in the order of **£1.4 to £1.7 billion in gross GVA** over a 10-year persistence period, and **2,650 to 3,250 gross FTE jobs** per annum.

<b>Indicative Gross Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2021/22 prices, undiscounted, FTE jobs are annual)</b>		
<b>Strategic Growth Priority</b>	<b>GVA (£m)</b>	<b>Jobs Created (FTEs)</b>
Applied Research & Innovation	£175-215	435-535
Agriculture, Food & Drink	£140-170	85-100
Strengthened Tourism Offer	£410-500	490-595
Digital	£335-410	870-1,065
Supporting Enterprise	£310-380	800-980
<b>Total</b>	<b>£1,400-£1,700</b>	<b>2,650-3,250</b>

Source: Hatch calculations based on programme and project material at August 2021

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

We also estimate that the Mid Wales Growth Deal investments will support 750 gross direct FTE jobs per annum in the construction sector over the period of the construction of the relevant assets.

### **Net Additional Benefits**

After taking account of the likely levels of additionality within the projects and programmes, the Mid Wales Growth Deal Strategic Growth Priorities are expected to generate an indicative total of **£395 to £480 million in net additional GVA (discounted)**, and **1,100 to 1,400 net additional FTE jobs per annum**.

<b>Indicative Net Additional Economic Benefits (GVA is cumulative over a 10-year persistence period and expressed in 2021/22 prices, discounted, FTE jobs are annual)</b>		
<b>Strategic Growth Priority</b>	<b>GVA (£m)</b>	<b>Jobs Created (FTEs)</b>
Applied Research & Innovation	£55 – 65	185 – 255
Agriculture, Food & Drink	£40 – 50	35 – 45
Strengthened Tourism Offer	£120 – 145	200 – 245
Digital	£95 – 115	370 – 450
Supporting Enterprise	£85 – 105	340 – 415
<b>Total</b>	<b>£395 - £480</b>	<b>1,100 - 1,400</b>

Source: Hatch calculations based on programme and project material at August 2021

Note: All estimates based on available material for the shortlisted options within the portfolio. Figures may not sum due to rounding.

## Benefit Cost Ratio

Drawing the analysis together, the shortlisted options within the Mid Wales Growth Deal are expected to have an **indicative benefit-cost ratio of between 2.2:1 and 2.7:1**, 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 £2.20 and £2.70. This rises to between £3.70 and £4.50 for every £1 of Growth Deal investment only. The breakdown by Strategic Growth Priority is provided in the Appraisal Summary Table, which was presented at the end of this section.

This places the overall Growth Deal into the category of “high” value for money, as defined by Central Government.

Indicative Benefit Cost Ratio for Mid Wales Growth Deal (£m, 2021/22 prices)		
	Based on Total Public Sector Costs	Based on Growth Deal Only
Discounted Net Additional Benefits	£395 - £480	
Discounted Costs, After Optimism Bias	£180	£105
Net Present Social Value	£215 - 305	£290 - £375
BCR	2.2 – 2.7	3.7 – 4.5

Source: Hatch calculations based on project/programme level data. Note: values are indicative as they are based on outline programme and project information.

## 2.4 Risk and Sensitivity Assessment

### Risk

There are a number of risks to generating the scale of impacts that have been estimated above. We set out below the common risks that exist across the Growth Deal alongside a brief explanation of their implications for benefit creation and mitigating actions.

Summary of Common Risks to Economic Benefit Creation				
Risk	Likelihood	Impact	Implications	Mitigating Actions
Take-up & Demand	Medium	High	Reducing the potential to generate user benefits	To intervene where we know that demand and need is strong and in infrastructure that facilitates growth, productivity and innovation to support economic resilience and recovery. To develop programme-level marketing strategies, to engage with users and stakeholders. To deliver programme that will flex to the needs of users, including as they change in response to COVID-19/Brexit.
External Operating Environment	High	Medium	Uncertain economic conditions (e.g. resulting from COVID-19/Brexit) could reduce the ability among businesses / individuals to grow and benefits from GD interventions.	
Additionality	Low	Medium	Reducing the net additional benefits that result from GD investment	To intervene where there is clear market failure, underinvestment and in response to local need.
Benefit Creation	Medium	Medium	(i.e. the value of job creation, potential for market capture, business growth & increased productivity)	To invest in productivity enhancing technologies, connectivity and infrastructure and in higher value employment/cluster with potential for growth in Mid Wales.

### Sensitivity Analysis

A sensitivity analysis has been conducted across all of the Strategic Growth Priorities individually, by stress testing the value for money of each programme in response to changes in a number of key assumptions. These key assumptions/variables reflect the risks outlined above and include demand and adoption, additionality, average benefits (GVA and jobs created).

The following sensitivity tests have been undertaken:

- **Test 1:** Job creation 20% lower.
- **Test 2:** Additionality factors 20% higher.
- **Test 3:** Tests 1 and 2 in combination.

A summary of these sensitivity analyses is provided in the table below. The overall message is that most of the Strategic Growth Priorities perform robustly in terms of value for money in the face of a number of stress tests.

Summary of Sensitivity Across Growth Deal Strategic Growth Priorities				
		Net Present Social Value on Public Sector Costs (£m) (including Discounting and Optimism Bias)	Net Present Social Value on Growth Deal Costs (£m) (including Discounting and Optimism Bias)	BCR
Applied Research & Innovation	Preferred Option	£16	£39	1.4
	Test 1 – Job Creation 20% Lower	£4	£27	1.1
	Test 2 – Additionality Factors 20% Higher	£0.0	£23	1.0
	Test 3 – Tests 1 & 2 Combined	-£9	£14	0.8
Agriculture, Food & Drink	Preferred Option	£39	£41	5.6
	Test 1 – Job Creation 20% Lower	£29	£32	4.5
	Test 2 – Additionality Factors 20% Higher	£26	£28	4.0
	Test 3 – Tests 1 & 2 Combined	£19	£21	3.2
Strengthened Tourism Offer	Preferred Option	£71	£89	2.2
	Test 1 – Job Creation 20% Lower	£62	£80	2.0
	Test 2 – Additionality Factors 20% Higher	£34	£52	1.6
	Test 3 – Tests 1 & 2 Combined	£27	£45	1.4
Digital	Preferred Option	£74	£96	3.3

Summary of Sensitivity Across Growth Deal Strategic Growth Priorities				
		Net Present Social Value on Public Sector Costs (£m) (including Discounting and Optimism Bias)	Net Present Social Value on Growth Deal Costs (£m) (including Discounting and Optimism Bias)	BCR
	Test 1 – Job Creation 20% Lower	£53	£75	2.6
	Test 2 – Additionality Factors 20% Higher	£45	£67	2.4
	Test 3 – Tests 1 & 2 Combined	£30	£52	1.9
Supporting Enterprises	Preferred Option	£60	£67	2.7
	Test 1 – Job Creation 20% Lower	£41	£48	2.2
	Test 2 – Additionality Factors 20% Higher	£34	£41	2.0
	Test 3 – Tests 1 & 2 Combined	£21	£27.4	1.6

## 2.5 Wider Benefits

As set out above, it is also important to recognise that there is a set of wider economic benefits delivered by the Mid Wales Growth Deal. These have not been monetised as it has not been possible to do this in a robust fashion. They are nonetheless a significant consideration in the value for money case for the programmes/projects. These include the following:

- Inward investment
- Key sector development and competitiveness
- Enhanced research and innovation capacity
- Retention of young people
- Rural sustainability.

## 3 THE COMMERCIAL CASE

The Commercial Case sets out the commercial and procurement arrangements for the Mid Wales Growth Deal's strategic portfolio and the delivery of enabling programmes and projects over the coming decade.

### 3.1 Commercial Strategy

An independently and impartially managed Workshop held on 1 September 2021 (see Appendix C for details) considered the commercial strategy for the successful delivery of the MWGD strategic portfolio, and the principles and standards that programmes and projects must adhere to for individual schemes.

The Workshop considered:

- the Government Commercial Operating Standards, which while designed to serve Government Departments are pertinent to all public sector organisations, including the Mid Wales Growth Deal
- the choice of procurement method and potential procurement routes for the delivery of strategic portfolio's programmes and projects in accordance with World Trade Organisation (WTO) and UK rules and regulations, including available pre-competed arrangements within the UK and Wales
- the degree to which market research and early consultation with the supply side is required
- the extent to which lead organisations should be acting as a single procurement entity or procuring more collaboratively with other public bodies within Mid Wales in order to secure economies of scale and improved public value.

#### *The UK Government Commercial Operating Standards*

The GMW Board has considered the eight key principles here and is committed to taking appropriate actions to adhere to them in delivering the Growth Deal. The key points are set out below.

##### **1. Plans/Blueprints and resources**

*The standard sets out the need for public sector organisations to have the right workforce in place to deliver the organisation's pipeline of activity.*

In accordance with the Standard, the Portfolio Management Office (PoMO) will put in place a signed off blueprint (plan) that indicates their expected commercial activity, details Grants (where appropriate) and sets out their resource and capability for the next 3 years.

The blueprint will be reviewed annually against associated metrics for assessing how the Mid Wales Growth Deal is improving commercial capability (training staff); changing the grade mix to reflect the target operating model (achieving capability requirements); improving the efficacy of commercial functions; and putting in place the resources required.

##### **2. Pipeline and Planning**

*The intent is that public sector organisations will prepare and retain a comprehensive view of current and future contracts.*



The PoMO will monitor commercial activity through a commercial pipeline, refreshed regularly (every six months with major changes as they happen) and ensure that programmes and projects plan commercial activity in good time.

Consideration will be given to creating a comprehensive commercial pipeline (minimum of 18 months) of contracts that are high risk or complex; and using management information to support effective demand and category management.

### **3. Senior Responsible Owners and Expertise**

*The intent is that the public sector will maintain senior management engagement throughout the commercial process.*

The PoMO will ensure that all commercial activity on the pipeline has a senior officer (or SRO if appropriate) appointed or identified, so as to ensure that the Growth Deal maintains a clear understanding of overall requirements and ensures strong and effective commercial engagement.

### **4. Early cross-functional analysis of options**

*The intent is that the public sector, through widely sourced cross-functional analysis, will consider all relevant commercial options prior to agreeing a sourcing pathway, and produce timely commercial cases with options for appraisal.*

The PoMO will ensure that all the programmes and projects comprising the strategic portfolio give due consideration to sourcing and service delivery options when preparing their programme (PBC) and project business cases (SOC, OBC and FBC).

Specifically, the PoMO will ensure that all schemes undertake: Workshop 1 (Making the Case for Change); Workshop 2 (Identifying and assessing the options – including service delivery and sourcing options using the options framework filter); Workshop 3 (Assessing the short-listed options) and Workshop 4 (Developing the commercial strategy and Deals for the programme/project) in accordance with HM Treasury and Welsh Government Business Case Guides during the development of their proposals.

### **5. Maximising competition**

*The intent is that the public sector will maximise competition by engaging with the market early, and design service requirements that are accessible to as many suppliers as possible (including small and medium sized businesses where appropriate).*

The PoMO will ensure that programmes and projects consider options and instruments for early engagement with the supply side and potential small and medium sized suppliers (SMEs) in Mid Wales. This includes the consideration of Periodic Indicative Notices (PINs).

### **6. Contracting**

*The intent is that the public sector will make use of flexible commercial contracts that can adapt to future changes. When appropriate, the public sector will use model terms/standard forms of contracts with minimal amendments.*

The PoMO will:

- promote the use of model terms/standard forms of contract with minimal amendments (when appropriate)
- promote greater accessibility and awareness of commercial terms; and ensure programmes and projects put in place contracts that outline agreement on the cost of potential future options
- put in place the appropriate risk allocation between parties
- create a mechanism for tracking the deliverability of mobilisation obligations and transition arrangements (where appropriate).

### **7. Contract management**

*The intent is that the public sector will ensure the implementation of adequate contract management processes to ensure measurable performance against the requirements throughout the contract lifecycle.*

The PoMO will ensure that programmes and projects put in place contracts that deliver the outcomes anticipated, effective contract management, and commercial contract management competency.

### **8. Supplier relationships**

*The intent is that the public sector will develop a comprehensive view of its supply chain and apply relevant strategies to manage industry capacity.*

The PoMO will encourage programmes and projects to understand their supply chain and to create and maintain strategic supplier relationship management programmes with their highest impact suppliers, as required. This is likely to involve research to map the relevant supply chain in Mid Wales, and supporting local supply chains to engage with larger contracts through supply chain briefings and joint bidding opportunities and pipeline of projects.

## **3.2 Procurement Strategy**

The PoMO will ensure that programmes and projects are procured in compliance with the UK Government agreements with the World Trade Organisation (WTO).

Programmes and projects within the Mid Wales Growth Deal's strategic portfolio will explore, define and agree their own, individual procurement arrangements in line with the principles and standards outlined above, using available "pre-competed" arrangements and prices for national, regional and local arrangements involving 'call-off contracts' and management frameworks for specified services, supplies and works, as required.

The PoMO is committed to ensuring that the procurement approach for the Growth Deal helps to deliver on key Welsh policies, including the following:

- **A Vision for Growing Mid Wales** – The Mid Wales Growth Deal is a key component of delivering the vision for Mid Wales. Within *A Vision for Growing Mid Wales*, there is a desire to explore a regional procurement programme focusing on ‘anchor’ institutions such as local authorities, health boards, colleges, universities that will support regional business through purchasing. There is also a need to provide support for businesses to tender and identify collaborative opportunities, alongside development of local supply chains.
- **The Wellbeing of Future Generation (Wales) Act** – The Act is focused on the principles of sustainable development and places a duty on Public Bodies to work in new ways to improve the economic, social, environmental and cultural wellbeing across Wales. The Act will provide an overarching framework for the procurement approach, and we will use the lens of the act to align with these principles below as a framework.

The Act promotes five ways of working – Long Term, Prevention, Integration, Collaboration and Involvement towards seven wellbeing goals. The ways of working and seven wellbeing goals will be incorporated within all Growth Deal project and procurement activities and project delivery will contribute to the 46 national indicators for well-being in Wales.

As set out in the Future Generations report 2020, sustainable procurement practices using the Act as a framework can:

- Reduce our greenhouse gas emissions and contribution to climate change (A Prosperous Wales and A Globally Responsible Wales);
- Improve our natural environment and protect biodiversity (A Resilient Wales);
- Build more cohesive communities with thriving social enterprises and Small and medium sized enterprises (A Wales of Cohesive Communities);
- Support better physical and mental health (A Healthier Wales);
- Deliver decent work with fair and equal pay conditions (A More Equal Wales);
- Reflect the diversity and culture of all our communities (A Wales of Thriving Culture and Vibrant Welsh Language); and
- Encourage greater ethical and global citizenship (A Globally Responsible Wales).

The figure below sets out the sustainable procurement practices from within the *Wellbeing of Future Generation (Wales) Act*:



Source: *Future Generations Report, 2020*: <https://futuregenerations2020.wales/english>

- **Public Contract Regulations 2015** – The overarching procurement legal framework, with which the Council and all other public bodies must comply. They are a key part of the Welsh Public Procurement Policy and compliance is required under the Accountable Body's Contract Procedure Rules.
- **Welsh Public Procurement Policy Statement** – A set of 10 principles by which the Welsh Government expects public sector procurement to be delivered in Wales.
- **Welsh Government Code of Practice Ethical Employment in Supply Chains** – To ensure lawful and ethical practices are evident throughout all commissioning, procurement and contract management activities and also the supply chain.
- **Socio Economic Duty** – The overall aim of the duty is to deliver better outcomes for those who experience socio-economic disadvantage. This is supported through a duty on specified public sector organisations ensuring that those taking strategic decisions take account of evidence and impact, engage and consult, understanding the needs of those who suffer socio economic disadvantage, being open to challenge and change the approach to decision making.
- **Prosperity for all: A low carbon Wales** – Aligning with the Paris Agreement focused on moving towards decarbonisation. The plan sets out the foundations for Wales to transition to a low carbon nation. Cutting emissions and moving towards a low carbon economy ensuring a fair and health society. The Environment (Wales) Act 2016 requires Welsh Government to reduce emissions of greenhouse gases in Wales by at least 80% for the year 2050.

The GMW Board is committed to maximising Social Value through its procurement activities. To this end, it will:

- work with the Public Service Boards (PSB) 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
- 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;
- 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; and
- 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.
- Work with evolving projects and programmes to support contractors to engage and deliver learning and skills development for young people; and
- Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion.
- 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;
- 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.
- 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; and
- 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.

### 3.3 Contractual Relationships

#### *Key Partnerships*

The Mid Wales Growth Deal Board acts as funders for the projects and programmes within the Mid Wales Growth Deal.

As a result, contractual relationships required will be between Ceredigion County Council as the Accountable Body for the Mid Wales Growth Deal and the relevant Project / Programmes Sponsors delivering the schemes. The Project / Programme Sponsors will then require appropriate contractual relationships with any contractors or suppliers procured to deliver the schemes.

The nature of these contractual relationships will be set out in the commercial case of each project / programme business case.

Each programme or project will report back to the Mid Wales Growth Deal Board in line with the approach set out in the Management Case.

## ***Stakeholder Relationships***

For each Growth Deal programme, the Programme Manager and Programme/Thematic Board will be responsible for managing stakeholder relationships at the programme level. At project level this will be the responsibility of the Project Sponsor with the approach set out in the Project Business Case.

Each programme or project will make use of the established regional forums, such as the Private Sector Advisory Group<sup>19</sup>, to ensure continued private sector engagement throughout the delivery of all programmes and projects.

## **3.4 Service Requirements, Outputs and Risk Allocation**

Service requirements, outputs and risk allocation strategies will be set out within each project business case and will be a matter for the Project Sponsor to manage according to their own structure and procedures in line with the overall procurement and commercial strategies set out by the Mid Wales Growth Deal Board. Specific detail on how the Project Sponsors will manage their risks will also be set out in the project business cases.

## **3.5 Charging Mechanism**

Projects and programmes will be required to set out the appropriate charging mechanisms as part of the project business cases. This exercise should include an assessment of the appropriate charge mechanisms for pre-delivery, design and build phases and whether to apply a fixed price/cost mechanism or to use payment on delivery of agreed outputs/targets. To protect the supply chain and ensure fair and prompt payment, projects will be required to put in place robust and efficient procedures for all significant procurements. This requirement is in line with Welsh Government policy.

## **3.6 Asset Ownership, Management and Accountancy Treatment**

### ***Ownership***

The assets delivered through the Strategic Growth Priorities will be primarily owned by the Project / Programme Sponsors. Regional assets are covered in the 'Accountancy Treatment' section below.

### ***Management***

The Project / Programme Sponsor will be responsible for the management, resourcing, service delivery and maintenance of the assets delivered through the programme.

### ***Accountancy Treatment***

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be

---

<sup>19</sup> *The Private Sector Advisory Group currently has existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review is being undertaken to reflect the Growth Deal moving from development to delivery. Detail of the governance arrangements will be captured in the upcoming new governance agreement (IAA3). However, for the purposes of the Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal. We therefore continue to recognise the role and function of a private sector advisory group within this document – subject to detailed ToR that will be captured as part of IAA3.*



used during more than one financial year are classified as Property, Plant and Equipment. Assets constructed or held as part of a project delivered within the portfolio will be disclosed and held on the Balance Sheet within the Project Lead Authority responsible for the delivery of such project.

Assets constructed or held as part of a regional project or programme within the portfolio will be proportioned accordingly or reside within the balance sheet of the Accountable Body or a special purpose vehicle established by the Growing Mid Wales Partnership. The Growing Mid Wales Partnership itself will not hold physical assets and provision will be made in the Governance Agreement 2 for the holding and ultimate disposal of such assets.

### 3.7 Subsidy Control

The Growth Deal and specifically projects to be funded will need to comply with the relevant Subsidy Control framework. EU State Aid regulations were predominately superseded by the Subsidy Control framework on 31<sup>st</sup> December 2020.

As a diverse and complex portfolio projects or programmes to be delivered across six Strategic Growth Priorities, it is acknowledged that there will be different Subsidy Control considerations across the portfolio.

The Subsidy Control implications of specific projects will be considered in detail during the development of the project business cases with specific legal advice sought where necessary.

The Subsidy Control advice received as part of the development of project business cases will inform what funding models the Mid Wales Growth Deal Board may consider for each project.

### 3.8 Managing Conflicts of Interest

Any Conflicts of Interest (Col) issues will be managed through the appropriate policies and procedures which are to be established by the Growing Mid Wales Board. Governance structures, communicated within the Management Case, will ensure that any Cols are declared and mitigated appropriately throughout the decision making and delivery processes.

### 3.9 Personnel Implications

**Portfolio and Programme Level** – The Mid Wales Growth Deal has created and resourced a Portfolio Management Office (PoMO) to oversee the delivery of the Growth Deal. These resources will be responsible for the delivery of the overall portfolio and for programme management arrangements.

**Project Level** – Each Project Sponsor will be responsible for ensuring the right resources are in place for the delivery of the projects. For regional projects where the Mid Wales Growth Deal Board is the Project Sponsor, these resources will be provided from the PoMO.

## 4 THE FINANCIAL CASE

### 4.1 Capital Requirements

The Mid Wales Growth Deal is based on the delivery of a portfolio of programmes and projects with an anticipated total capital expenditure of approximately **£280-400 million**,<sup>20</sup> based on the latest available estimates for the shortlist set out in the Economic Case. As set out in the Economic Case, £110 million of funding is to be provided for these interventions from the Growth Deal itself. The residual costs are to be funded by a mix of other public and private sector investment.

Given the stage of development of the shortlisted investments for Tranche 1 of the portfolio, the capital expenditure requirements are best estimates based on the project and programme level material that is available. The wide range in the overall total costs reflects the fact the costs are outline in nature. In order to generate a reasonable range for the costs, an Optimism Bias factor of 44% has been applied to the costs provided by project sponsors, to generate an upper bound costing.

A breakdown of capital expenditure by strategic priority area is produced below. The Project Sponsor for each programme or project will be liable for any cost overruns. The Growth Deal contribution will be capped at the £110 million requested.

<b>Indicative Total Capital Costs, by Strategic Priority Area (£m, nominal prices, undiscounted)</b>		
<b>Strategic Growth Priorities</b>	<b>Lower Bound</b>	<b>Upper Bound</b>
<b>Applied Research &amp; Innovation</b>	£66	£95
<b>Agriculture, Food &amp; Drink</b>	£12	£18
<b>Strengthened Tourism Offer</b>	£92	£133
<b>Digital</b>	£50	£72
<b>Supporting Enterprise</b>	£56	£81
<b>Total</b>	<b>£280</b>	<b>£400</b>

*Source: Hatch calculations based on available project and programme level detail.*

*Note: Upper Bound is calculated by applying an Optimism Bias factor of 44% to the costs put forward by sponsors at this stage, to reflect their outline nature. Numbers may not sum to total due to rounding.*

### 4.2 Revenue Requirements

No revenue funding is provided through the Growth Deal for the delivery of the programmes and projects or the operational running costs of the project once completed. Operational revenue requirements for the projects once the capital expenditure is completed is the responsibility of the Project Sponsor for every project.

<sup>20</sup> Note: All values expressed in the Financial Case are inclusive of VAT and inflation, and are not discounted over time.



Based on established benchmarks for the share of capital costs in whole life costs, we can expect the total capital and revenue cost of the Growth Deal programmes and projects to be of the order of £1.3bn-£2.0bn over the Growth Deal term.<sup>21</sup> Projects and programmes will be expected to specify these revenue costs (and income streams) in their business cases in due course.

Revenue funding to support the Portfolio Management Office (PoMO) is currently provided through a combination of partner (Local Authority) match funding and ESF grant up to July 2023. This provides funding to support the existing team, and wider agile team roles to support elements of the wider vision and regional working. The PoMO is currently reviewing its resource allocation and capacity requirements.

The Local Authorities are cognisant of the requirement to continue to support the revenue costs of the PoMO beyond July 2023. A revenue budget for the GMW Board will be established in due course – with options and budgets being considered. It is envisaged that the revenue costs of the Growth Deal and PoMO will be met through a combination of continued partner contributions and options to top slice the annual Government grant.

This detail will be developed and agreed with Government in advance of the grant offer letters being agreed.

### 4.3 Income and Expenditure Summary

A total of £110m grant contribution to the Mid Wales Growth Deal is to be provided by the UK and Welsh Government as per the agreed Heads of Terms in December 2020 over a 15 year period. However, the UK Government communicated its intention to accelerate the Growth Deal to a 10 year profile as part of Spending Review 2020. The Welsh Government's position has not been confirmed, therefore potentially remains 15 years as set out in the Heads of Terms agreement.

It is our preference that the funding profile from Government can be discussed and negotiated when greater detail is planned for the delivery profile of the Portfolio, when its constituent Programmes and Projects have been adequately planned. For the purposes of Portfolio submission, in its current iteration – a 10 year appraisal period has been used for economic cost/benefit calculations.

Funding for projects will only be released by the Accountable Body upon the successful approval of project business cases by the Growing Mid Wales Board. The arrangements for the drawdown of funding from the Growth Deal to Project Sponsors will be set out in the project business cases and subsequent grant funding agreements.

Due to the nature of the Growth Deal grant payments from Government, which are to be paid annually in equal instalments over the 10-year (or 15-year) period, there could be a medium-term temporary funding gap between the expected expenditure profile of the Portfolio and the funding received. Conversely, there could be a scenario where there is surplus funding available due to Programme/Project underspend.

The Accountable Body will work closely with the PoMO to monitor the planning and delivery of the Portfolio; and will advise the Growing Mid Wales Board on the implications and subsequent options when the detail of the expenditure profile of the Portfolio is known.

The precise expenditure profile of capital funding is not yet known, but based on an assessment of the constituent programmes and projects, the GMW Board has generated a best estimate, which is summarised in the table below. **NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage

---

<sup>21</sup> This is based on a benchmark of 20% for capital costs as a share of whole life costs.

based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail, and agreed by the GMW Board.

Indicative Profile of Total Capital Costs, by Strategy Priority Area (£m, nominal prices, undiscounted)*												
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Applied Research and Innovation	- lower bound	-	-	£9	£19	£10	£19	£9	-	-	-	-
	- upper bound	-	-	£12	£27	£14	£28	£14	-	-	-	-
Agriculture, Food and Drink	- lower bound	-	-	£4	£4	£4	-	-	-	-	-	-
	- upper bound	-	-	£6	£6	£6	-	-	-	-	-	-
Strengthened Tourism Offer	- lower bound	-	-	£19	£19	£27	£19	£8	-	-	-	-
	- upper bound	-	-	£27	£27	£39	£28	£12	-	-	-	-
Digital	- lower bound	-	-	£6	£6	£6	£6	£6	£6	£6	£6	£6
	- upper bound	-	-	£8	£8	£8	£8	£8	£8	£8	£8	£8
Supporting Enterprise	- lower bound	-	-	-	£7	£7	£7	£7	£7	£7	£7	£7
	- upper bound	-	-	-	£10	£10	£10	£10	£10	£10	£10	£10
Total Growth Deal	- lower bound	-	-	£38	£55	£54	£51	£30	£13	£13	£13	£13
	- upper bound	-	-	£53	£78	£77	£74	£44	£18	£18	£18	£18

Tudalen 93

Source: Hatch calculations based on available project and programme level detail.

Note: Upper Bound is calculated by applying an Optimism Bias factor of 44% to the costs put forward by sponsors at this stage, to reflect their outline nature. Numbers may not sum to total due to rounding. \* Indicative estimate developed from project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail, and agreed by the GMW Board.

## 4.4 Private Sector Funding

Statement here on private sector funding sources – i.e. targets at this stage.

As set out in the Economic Case, the precise funding mix for the programmes and projects is not yet known, but the Board is targeting an overall private sector contribution of one-third of the total capital costs. This implies a private sector contribution of approximately £90m-£130m for the Growth Deal portfolio, and this will vary across the programmes and projects. Programmes and projects will be expected to set out their own forecasts for private sector investment and to demonstrate that they have maximised these contributions.

## 4.5 Monitoring and Evaluation

The Growth Deal finances will be monitored by the Accountable Body for the Growth Deal (as defined in IAA3), with input from the Portfolio Management Office. Regular financial reports will be provided to Welsh Government and UK Government.

The financial monitoring processes will be agreed with UK and Welsh Government and be in line with best practice.

Project Sponsors will be required to submit claims for project funding in line with the arrangements set out in each project business case. The Portfolio Management Office will check and certify all claims before passing these onto the Accountable Body. All funding claims will be accompanied by a progress report including an assessment of risk and progress against agreed targets.

The Accountable Body may impose additional monitoring requirements on Project Sponsors where it deems them appropriate. Project Sponsors will be obliged to comply with any additional reporting requirements requested by UK and Welsh Government.

The Portfolio Management Office with input from the Accountable Body's Finance Department will produce quarterly financial updates on project expenditure including actual and forecast spend to support with the cashflow management of the portfolio.

## 4.6 Financial Risk Management and Audit Arrangements

### *Financial Risks*

Financial risks will be covered by the Risk Management Framework and will be managed accordingly at portfolio, programme and project level in line with best practice. See the Management Case for further information.

The PoMO will maintain a portfolio risk register which will include any relevant financial risks. Project and programme financial risks will be escalated to the portfolio risk register according to the framework as required. Financial risks will be managed by the Section 151 Officer and the Accountable Body working closely with the PoMO.

At programme and project level the risks will be managed through the use of RAID (Risk, Assumptions, Issues, Dependency) logs.

The Accountable Body and Section 151 Officer will review any identified financial risks and issues on a regular basis to identify any actions necessary to be taken and make recommendations to the PoMO.

Regular updates on financial risks, issues, dependencies and interdependencies will be provided to the PoMO, GMW Management Group and Mid Wales Growth Deal Board via the Accountable Body.

### ***Internal and External Audit Arrangements***

A nominated Local Authority shall be responsible for providing internal audit services and audit reports (as defined in IAA3) shall be considered in accordance with its usual rules and practices. Internal Audit will undertake their work in accordance as far as is practicable with the Public Sector Internal Audit Standards and the Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. For the avoidance of doubt an annual internal audit report shall be submitted by the Accountable Body Audit Manager to the Joint Committee.

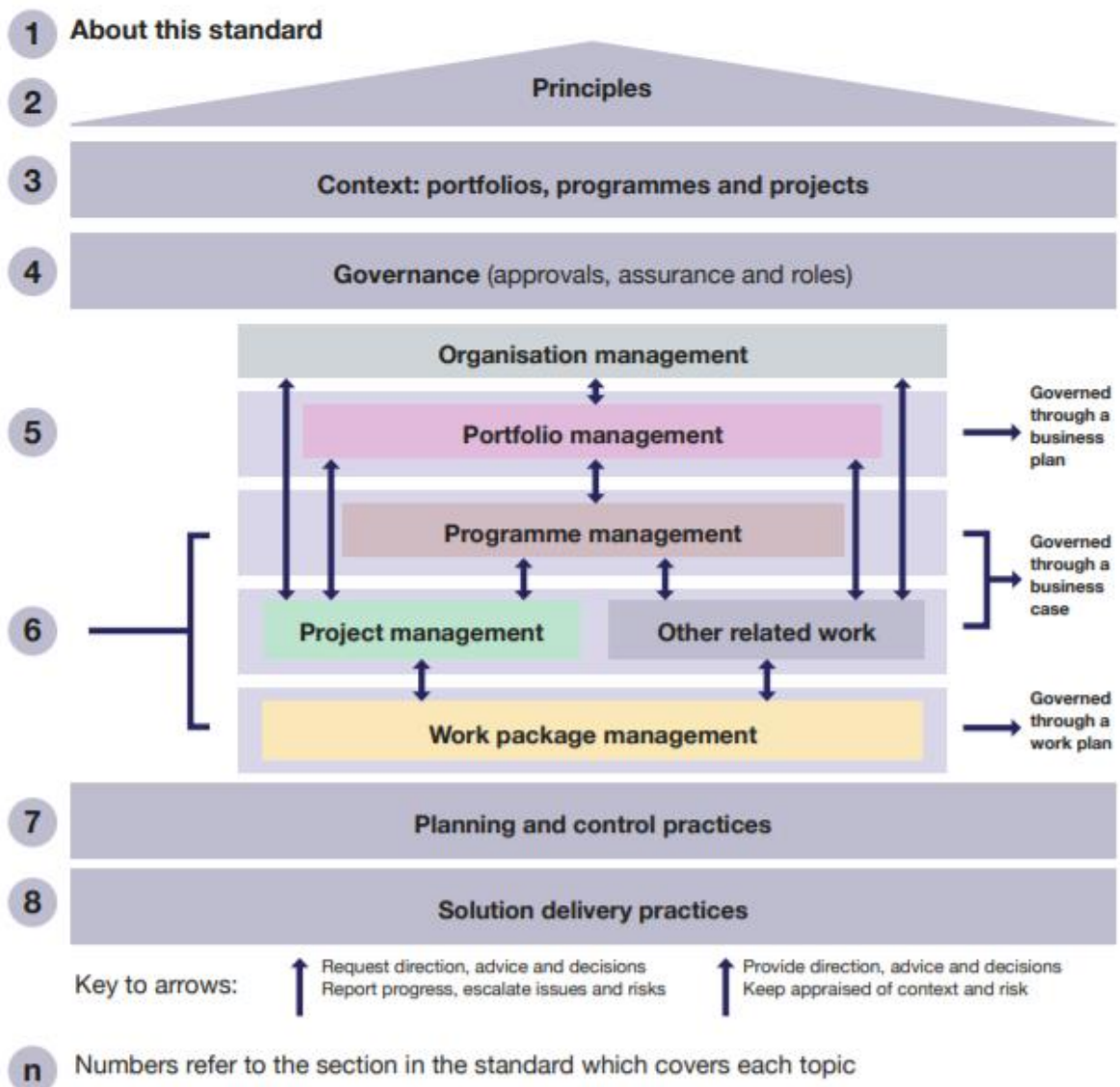
External Audit services are provided through the Wales Audit Office who will review and comment the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and corruption.

## 5 THE MANAGEMENT CASE

The Management Case sets out how the Growing Mid Wales Board, through the Portfolio Management Office, will manage and deliver the Mid Wales Growth Deal programmes and projects in line with best practice, including but not limited to *Managing Successful Programmes (MSP)* – the Cabinet Office’s recommended methodology for the delivery of programmes – and *PRINCE2* – the Cabinet Office’s recommended methodology for the delivery of projects. The Mid Wales Growth Deal will be treated as a portfolio of programmes and projects, ensuring alignment between the programmes and projects to enable the delivery of the deal and the achievement objectives put forward in *A Vision for Growing Mid Wales*.

### 5.1 Management, Governance and Co-Ordination

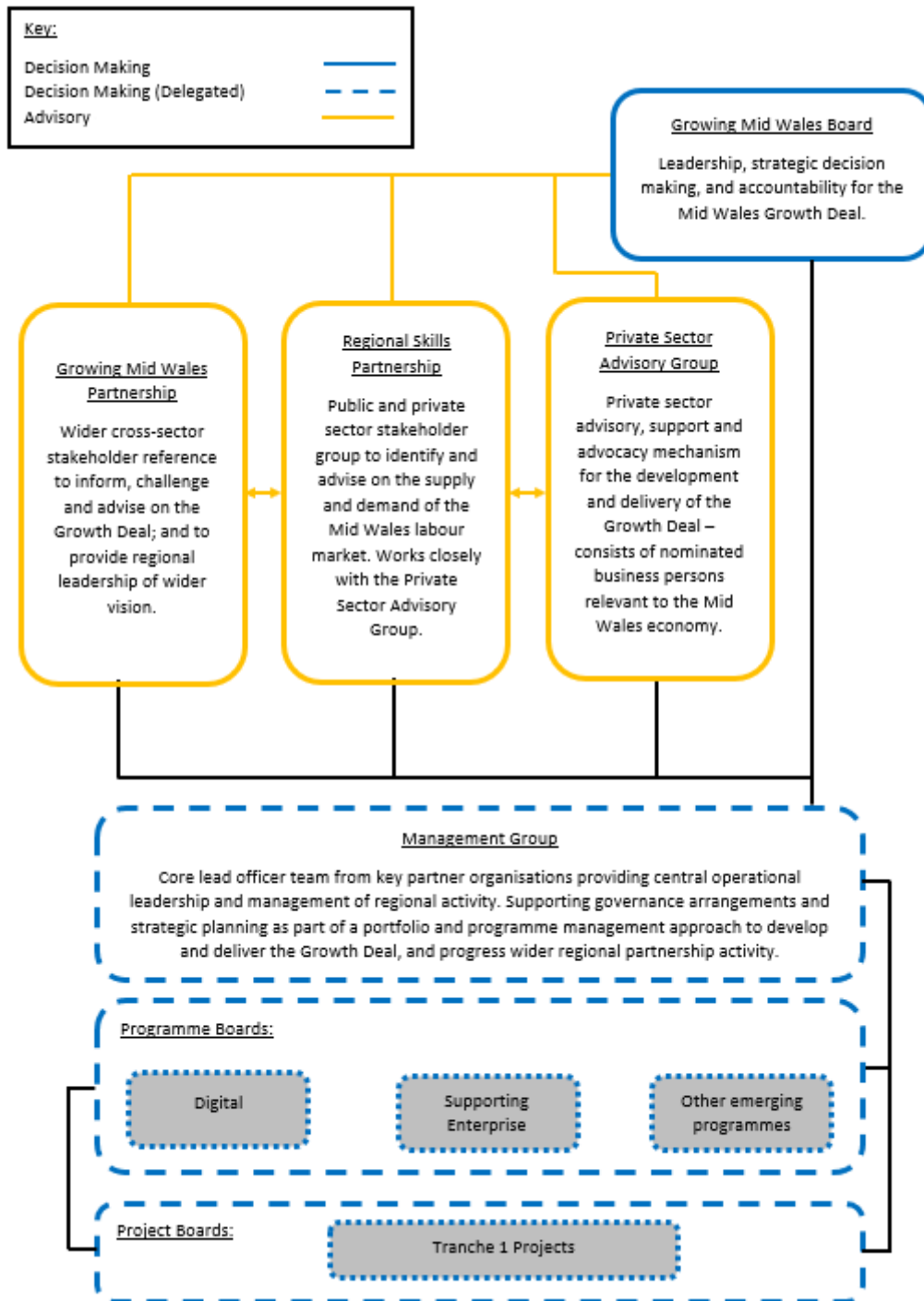
The Growing Mid Wales Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘*Government Functional Standard GovS 002: Project Delivery*’. Portfolio, programme and project management is an integrated way of meeting an organisation’s ambitions, driving better decisions and increasing the likelihood of successful outcomes. The delivery structure for the Mid Wales Growth Deal broadly follows the below standards:



Source: HM Government, Governmental Functional Standard, GovS 002: Project Delivery, 15<sup>th</sup> July 2021

### Mid Wales Growth Deal Governance Structure

The diagram below sets out the Governance structure for the Mid Wales Growth Deal:



#### Strategic and Portfolio Level

- Growing Mid Wales Management Group** – The establishment of the Inter-Authority agreement has also set-out the role of an executive officers group, entitled “the Management Group” - providing managerial direction to supporting officers and advice to the Joint Board. This includes:



- Provide leadership and management to officers by setting objectives and priorities for work to be progressed in line with the work programme for submission of business cases.
  - Monitor progress of the work programme, identify and manage risks and issues, and provide regular reports to the Board.
  - To support the Board with reports that set out clear recommendations where decisions are required.
  - To manage resources in line with budgets allocated to the work.
- **Operations (Portfolio) Manager** – The role of the Operations (Portfolio) Manager is to oversee the delivery of the Growth Deal portfolio and is accountable to the Growing Mid Wales Management Group. Senior Responsible Officers (SROs) will be appointed and will report to the Operations (Portfolio) Manager.

The key roles within the Mid Wales Growth Deal governance structure are set out below:

Key Roles	
Role	Function
Joint Committee / Growing Mid Wales Board	<ul style="list-style-type: none"> <li>• To provide leadership, accountability and strategic decision making for the Growth Deal.</li> </ul>
Growing Mid Wales Partnership	<ul style="list-style-type: none"> <li>• To inform, challenge and advise on the Growth Deal and to provide regional leadership of the wider vision.</li> </ul>
Regional Skills Partnership	<ul style="list-style-type: none"> <li>• To identify and advise on the supply and demand of the Mid Wales labour market.</li> </ul>
Private Sector Advisory Group <sup>22</sup>	<ul style="list-style-type: none"> <li>• To support and advocacy mechanism for the development and delivery of Growth Deal.</li> </ul>
SROs	<ul style="list-style-type: none"> <li>• Accountable for delivery and to ensure that Projects/Programmes meet objectives and delivers the expected benefits.</li> <li>• Consideration will be given to appointing SROs at Portfolio, Programme and Project level – in line with best practice and government guidance (Govs002).</li> </ul>
Management Group	<ul style="list-style-type: none"> <li>• To provide central operational leadership and management of regional activity. To support governance arrangements and strategic planning as part of the portfolio to deliver the Growth Deal.</li> </ul>
Operations Manager	<ul style="list-style-type: none"> <li>• To oversee the delivery of the Growth Deal portfolio and will be accountable to the Growing Mid Wales Management Group.</li> </ul>

**Note: the membership and Terms of Reference for each group within the governance structure is set out in IAA3.**

<sup>22</sup> The Private Sector Advisory Group currently has existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review is being undertaken to reflect the Growth Deal moving from development to delivery. Detail of the governance arrangements will be captured in the upcoming new governance agreement (IAA3). However, for the purposes of the Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal. We therefore continue to recognise the role and function of a private sector advisory group within this document – subject to detailed ToR that will be captured as part of IAA3.



## Programme and Project Level

**Portfolio Management Office** – The formation of the PoMO is a major step towards the delivery phase of the Portfolio and subsequent Programmes and Projects. Sitting alongside regional governance the PoMO plays a key role in:

- Governance Support: Co-ordinating and servicing the business needs of regional committees;
- Operational Management: People, Budget, Risk & Issues, Strategic Planning & Activity Reporting;
- Programme / Project Development: Organising and co-ordination of workstreams, project engagement, and programme / project development / sponsor support;
- Communication & Stakeholder Engagement: Co-ordinating key messages and communications activity; and
- Co-ordination across wider regional activity: EU funding (RET), Transport (TRaCC) & Regeneration Funding.

Initial core team roles have been identified to enable key functions to be discharged - governance and management, assurance and audit, and overall co-ordination of the regional portfolio. Initial recruitment of five posts to form the 'core' team has been undertaken, with a view to recruiting to further posts as the Growth Deal develops and further staffing needs are identified. Recruitment commenced in May 2021 with successful appointments to the following roles:

- **Operations Manager** – Operational Management of Regional Collaboration Office (GMW Growth Deal & Vision);
- **Portfolio Support Officer** - Executive/Portfolio Support for team including performance analysis and management support, monitoring, document and systems management;
- **Programme Manager (Digital)** - Development, management and delivery of the Digital Programme; and
- **ESF Project Officer** – Support the operational management of the Regional Collaboration Office, enable development of agile team, compliance and monitoring.

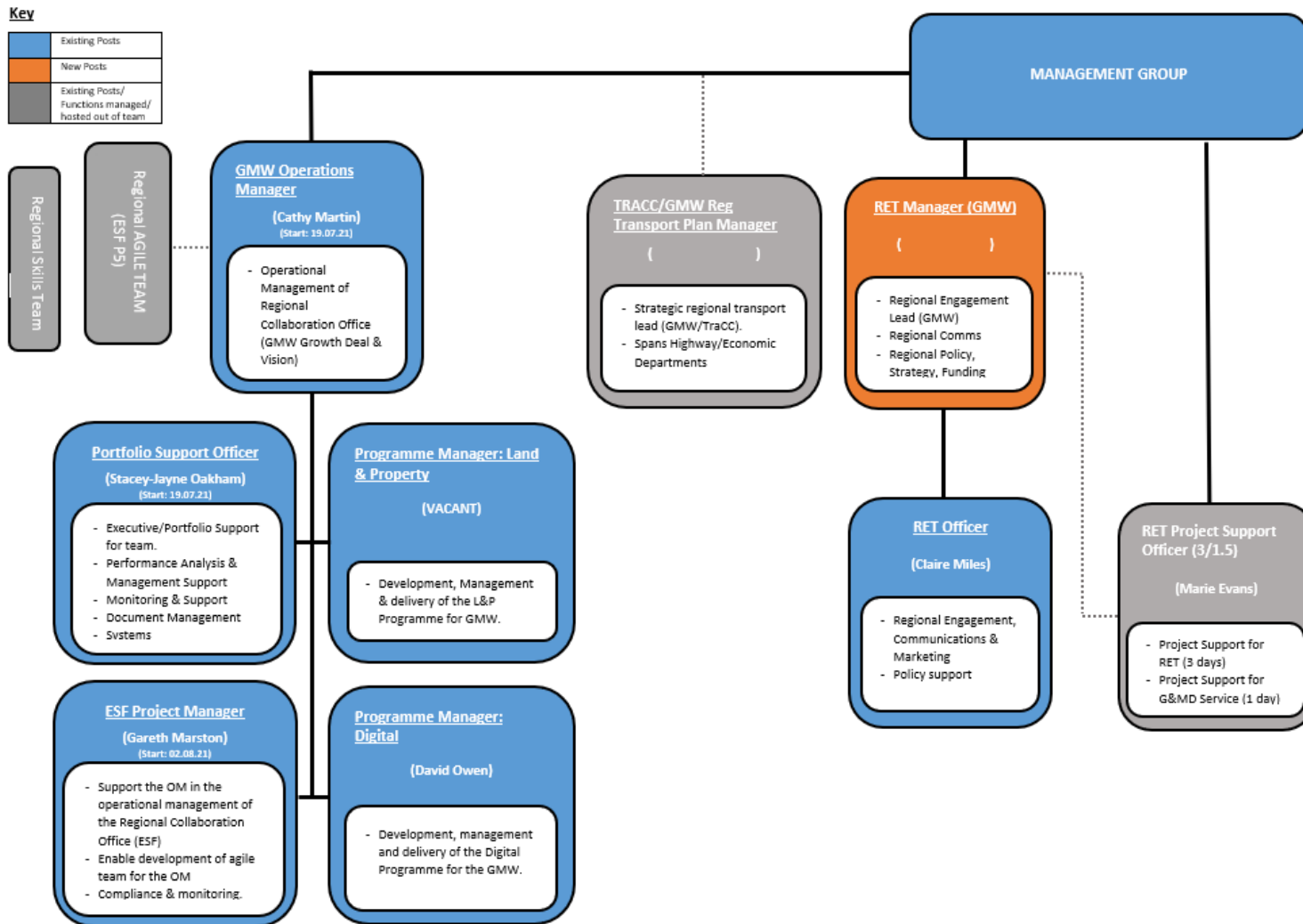
Whilst we were unable to appoint to the Programme Manager (Land and Property); the PoMO are taking the opportunity to review this role and are considering the staffing structure pertaining to the emerging needs of the Portfolio. Funding for the core team is from a mix of ESF grant, match funding from Ceredigion and Powys County Councils up to July 2023. Due to the timing of the recruitment process and subsequently commencement of staff, and the remaining vacancy there is some underspend therefore we are currently considering additional support to assist with communications and engagement – to ensure regional stakeholders are fully involved and aware of the potential of the Growth Deal.

Additional funding is in place within the current ESF project, to support the appointment of additional roles as part of an “agile” team; which will be identified on a case by case basis as the regional work and its needs evolve.

Welsh Government have also offered support for initial 5 case business training – which is being established.

The staffing structure of the office will continue to be developed in tandem with the evolving needs of the Growth Deal – and to align with the expectations of both Governments. The PoMO structure is set out on the following page:

GMW Organisation Chart



Tudalen 101

- **Programme /Thematic Boards** – Where a programme exists, each will have a formal Board and an appointed Senior Responsible Owner (SRO). These boards initially focus on the development of the agreed business cases and subsequently oversee the delivery, with a specific focus on the benefits and outcomes to be achieved. Programme/Thematic Boards escalate to the GMW Board via the Operations (Portfolio) Manager. Programme/Thematic Boards will comply with the methodology set out in MSP.

Programme / Thematic Boards	
Core Membership	
Role	Function
Lead / SRO	<ul style="list-style-type: none"> <li>• Appointed by the Growing Mid Wales Management Group</li> </ul>
Deputy SRO	<ul style="list-style-type: none"> <li>• Appointed by the Growing Mid Wales Management Group</li> </ul>
Manager	<ul style="list-style-type: none"> <li>• Programme Manager within PoMO</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>• Representatives for the Mid Wales Growth Deal Partners</li> </ul>
Non-Core Members (may occasionally attend Board)	
Role	Function
PoMO	<ul style="list-style-type: none"> <li>• Cathy Martin – Operations (Portfolio) Manager</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>• Invited at the discretion of the SRO for specific agenda items</li> </ul>
Regional Skills Partnership	<ul style="list-style-type: none"> <li>• Invited at the discretion of the SRO for specific agenda items</li> </ul>
ESG	<ul style="list-style-type: none"> <li>• Invited at the discretion of the SRO for specific agenda items</li> </ul>
Agenda Specific Attendees	<ul style="list-style-type: none"> <li>• Invited at the discretion of the SRO to present specific agenda items.</li> </ul>
Corporate Services	<ul style="list-style-type: none"> <li>• Representatives from Corporate Services as required e.g. Finance, Legal, Procurement.</li> </ul>

- **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. Project Boards will comply with the methodology set out in PRINCE2. 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 business case. Projects will report through to the relevant Programme/Thematic Board. Where a project does not naturally sit within a Growth Deal Programme, the Management Group will look to establish thematic-level boards that will provide a mechanism to report back to the PoMO.
- Terms of Reference for Programme and Project Boards will be agreed with Project Sponsors and SROs to ensure the appropriate links and reporting arrangements understood by both parties.

All appointed SROs will need to be appropriately trained and have undertaken the Better Business Cases Foundation training. The programme / project SROs are accountable for each intervention and for ensuring that it meets its objectives and delivers the expected benefits.

Personnel who undertake this role should be able to lead and champion the interventions and must be empowered to take decisions; for example, whether to delay or stop any part of the projects. SROs must have sufficient seniority and authority to provide leadership to the strategic portfolio and take on accountability for delivery.

Regular monitoring and reporting mechanisms will be established in accordance with the *HM Government, Governmental Functional Standard, GovS 002: Project Delivery* standard to ensure that Programmes and Projects provide regular updates on progress towards milestones, spend and benefit realisation. Subsequently formal reports will be submitted to the Mid Wales Growth Deal Management Group for review.

Programme and 'thematic-level' delivery arrangements, including Board details will be confirmed as the Growth Deal business cases are developed.

### ***Programme and Project Business Cases***

The Mid Wales Growth Deal Final Deal Agreement is to be signed on the basis of an approved Portfolio Business Case and the potential programme and project proposals in consideration at that point. While work is continuing in the background to develop Programme and Project Business Cases further, once the final deal has been agreed, project and programme business cases can be brought forward for the Mid Wales Growth Deal Board to consider.

Business cases will be developed for each programme and project within the Mid Wales Growth Deal in line with the 'Better Business Case' guidance developed by Welsh Government and HM Treasury.

Preparing a Business Case using the five Case model provides decision makers and stakeholders with a proven framework for structured 'thinking' and assurance that the scheme provides and strategic fit, maximise public value, is commercially viable, is affordable and is fundable over time.

The development of programme (PBC) and project business cases (SOC, OBC and FBC) should be conducted in accordance with the Portfolio / Programme Business Case – Development Phase and Project Business Case - Development Phase flowcharts presented in Appendix F – BUSINESS CASE DEVELOPMENT PHASE FLOWCHARTS.

Business cases will be required to demonstrate how they deliver against the objectives and aspirations of the Mid Wales Growth Deal Portfolio Business Case.

In line with the guidance, the PoMO will determine which approach to business cases is the most suitable for each scheme. The iterative production of the Business Case (Strategic Outline Case (SOC), Outline Business Case (OBC) and Full Business Case (FBC) should be considered for larger, complex projects requiring a competitive procurement.

Consideration may be given to combining the SOC and OBC where the case for change has already been made and agreed as part of a Programme Business Case (PBC).

Consideration may be given to combining the OBC and FBC where the intended procurement route has been pre-competed and firm prices are available in support of the spending proposal.

A Business Justification Case (BJC) may be considered for smaller items of spend, which are NOT novel or contentious; within the organisational limit agreed for the use of single business cases (BJC); and can be procured from an existing pre-competed arrangement.

Each project or programme business case will be subject to gateway reviews as set out in the Integrated Assurance and Approvals Plan (IAAP).

Project / programme business cases will first be considered by the relevant Programme/Thematic Board. Business cases will only be presented to the Mid Wales Growth Deal Board following endorsement by the relevant Programme/Thematic and the completion of required gateway reviews. The PoMO retains the right to commission external reviews of business cases where required.

All project / programme business cases will be required to complete a Welsh Language impact assessment and a Wellbeing of Future Generations impact assessment before consideration by the Mid Wales Growth Deal Board.

### ***Delivery Experience***

The Mid Wales Growth Deal Portfolio Management Office was established in July 2021 to oversee the delivery of the Mid Wales Growth Deal portfolio or any other activity for which the Mid Wales Growth Deal Board is the project sponsor. Whilst newly established, officers within the PoMO have a breadth of experience in delivering major capital projects both within the public sector and private sector and includes programme and project management practitioners.

All members of the PoMO will have completed the Better Business Cases Foundation training by the end of 2021, including the Operations (Portfolio) Manager, Programme Managers and any additional staff identified.

The PoMO will also be able to draw on the experience and expertise of the wider partnership and additional professional services/consultants, particularly the two local authorities who have significant experience and track record in delivering major capital projects.

### ***Risk Management***

#### **Risk Mitigation**

Programme/project level SROs will seek to adopt recognised methods of risk mitigation during the lifespan of the interventions, including:

- **Early Consultation:** Engagement with the Private Sector Advisory Group and potential providers, suppliers and contractors from the private sector will provide a more informed understanding of scope and costs. Early consultation with the private sector will reduce potential for scope creep and escalating costs.
- **Irreversible Decisions:** Each SRO will seek to ensure a robust and comprehensive options assessment has been undertaken to ensure all alternative options have been considered. Sensitivity analysis should also be undertaken to further understand the implications of project delays on costs and benefits.
- **Pilot Studies/Benchmarking:** Each SRO should consider the use of pilot studies and benchmark analysis to further their understanding of potential risks and mitigation methods.
- **Design Flexibility:** Where future demand is uncertain, SROs should consider adopting a flexible design adaptable to future changes, rather than a design suited to only one particular outcome. Breaking a programme into stages, with successive review points at which the project could be stopped or changed can also increase flexibility.

- **Precautionary Action:** SROs should adopt the precautionary principle which states that some outcomes, although unlikely, would deliver negative externalities which justifies actions or mitigations.
- **Procurement and Contractual Intervention:** SROs should endeavour to transfer and/or allocate risk to other parties and maintain good contractual relationships, both informal and formal.
- **Intervention Abandonment:** Where programme or project risks escalate to unacceptable levels, SROs should not rule out abandoning interventions which become too high-risk to deliver successfully.

By reducing risks in these ways, the expected costs of an intervention can be lowered or the expected benefits increased. As can be seen, benefits and risks are simply two sides of the same coin and successful delivery depends on the effective identification, management and mitigation of risk.

### Risk Management Framework

The Mid Wales Growth Deal Board will consider the adoption of a Risk Management Framework for the delivery of the Mid Wales Growth Deal. The framework will clearly set out how risks and issues will be managed at the appropriate level across the portfolio with clear escalation processes in place.

The Portfolio's approach to risk management will be considered in a Growth Deal Risk Management Strategy and User Guide. This document will define and articulate the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Portfolio's objectives are effectively managed.

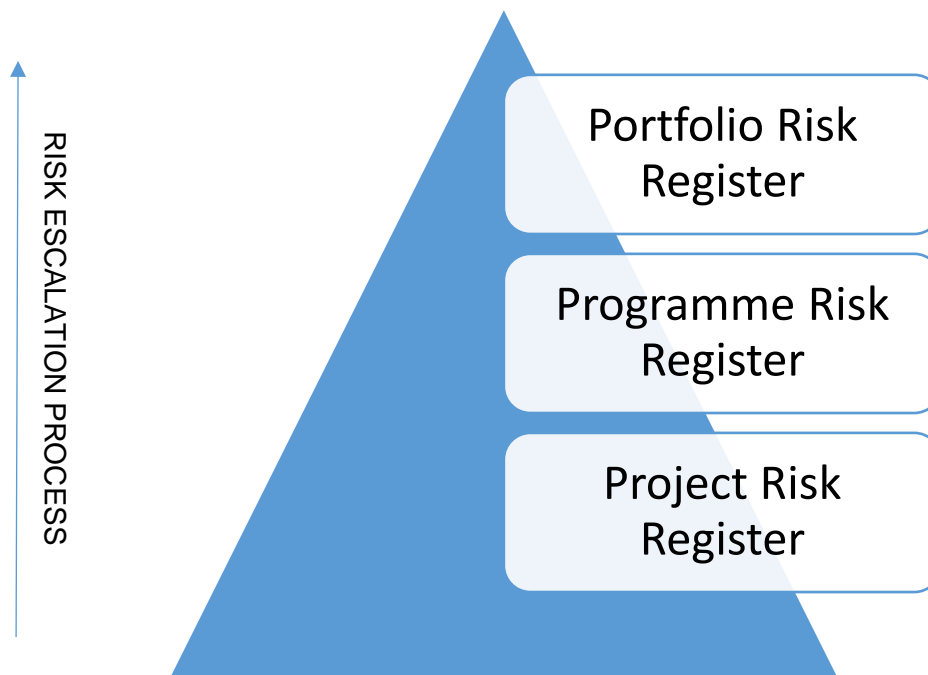
The key principles and concepts to be outlined in this strategy will be drawn from OGC Management of Risk literature. These principles and concepts will be appropriately tailored to the requirements of the Mid Wales Growth Deal.

The Risk and Issues Management Strategy will be owned by the PoMO and stored in their document management system.

The Strategy will set out the three levels of risk associated with the delivery of the Growth Deal:

- **Portfolio Level Risks** – A portfolio risk is an uncertain event or condition that, if it occurs has an effect on one or more of the strategic goals of the Growth Deal portfolio. There will be one portfolio risk register. This risk register will be owned by the Mid Wales Growth Deal Board and managed by the PoMO on its behalf. The Mid Wales Growth Deal Board will have additional strategic risks that sit outside this framework relating to the overall Growth Vision for Mid Wales.
- **Programme / 'Thematic' Level Risk** – A programme risk is an uncertain event or condition that, if it occurs, has an effect on at least one programme benefit. Each programme will have its own risk register. These risk registers will be owned by the PoMO and managed by the respective Programme Managers.
- **Project Level Risks** – A project risk is an uncertain event or condition that, if it occurs, has an effect on at least one project objective. Each project will have its own risk register. These risk registers will be owned by the Lead Delivery Partner for that project and managed by their respective Project Managers. Programme Managers will have access to and oversight of all project risk registers within their programme with a remit to challenge and provide a quality assurance function.





In line with the strategy, a clear risk escalation will process will be established:

- **Project > Programme / Thematic Level Risks:** Project risks of significant concern will be escalated for consideration as part of the Programme Risk Register if they are considered to pose a threat to the wider programme and its expected benefits.
- **Programme / Thematic Level > Portfolio Risks:** Programme risks of significant concern will be escalated for consideration as part of the Portfolio Risk Register if they are considered to pose a threat to the wider portfolio and/or the strategic goals of the Mid Wales Growth Deal Board.

Issues occur at differing levels within the Programme and are managed according to their impact. The approach to management of issues is set out in the Risk and Issue Management Strategy and mirrors the approach to risk management. The Strategy describes the processes for proactive identification, assessment and control of issues, both known and unexpected. It sets out the criteria for categorising issues by priority and severity to ensure that issues are managed at the appropriate level (Portfolio / Programme / Project). It also sets out the approach to tracking and monitoring issues through to resolution.

Issues are captured in the Programme RAID Log which is held by the PoMO. The issue management process is a responsibility of the Programme/Thematic Board. The Programme Manager and PoMO provide support and advice for the process.

### Portfolio Risk Register

The Portfolio Risk Register, set out below, captures the portfolio-level risks and indicates how they will be managed and mitigated. The Risk Register will be continuously reviewed and updated as the Growth Deal is developed and delivered.



Tudalen 107

Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
1	Sept 2020	Sept 2021	Lack of stakeholder engagement	M	Scope, scale and location of programmes / projects.	M	PoMO	<p>Appointment of Communications and Engagement Officer.</p> <p>Establish a Communications and Engagement PoMO sub-group.</p> <p>Engagement with Private Sector Advisory Group.</p>
2	Sept 2020	Sept 2021	Poor communication	L	Scope, scale and location of programmes / projects.	M	PoMO	<p>Appointment of Communications and Engagement Officer.</p> <p>Establish a Communications and Engagement PoMO sub-group.</p> <p>Engagement with Private Sector Advisory Group.</p>

Tudalen 108

Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
3	Sept 2020	Sept 2021	Lack of resources / capacity / capability (multi-faceted across the portfolio and both at programme and project level). This includes resources of local authorities that support POMO. Corporate accountability with impacts on specific departments.	M	Existing resources / capacity / capability of each local authority.  Role in Growth Deal and delivery of programmes / projects.	H	PoMO	Delivery of training.  Robust recruitment process.
4	Sept 2020	Sept 2021	Cultural impacts and new ways of working.	L	Existing resources / capacity / capability of each local authority.	L	PoMO	Delivery of training.
5	Sept 2020	Sept 2021	Lack of engagement with SROs and understanding and capabilities of SROs to undertake role.	L	Number of SROs required.  Existing understanding of role by appointed SROs.	H	PoMO	Delivery of training.  Robust recruitment process.
6	Sept 2020	Sept 2021	Detailed delivery profile not yet known – potential implications for financing (e.g. borrowing)	M	Level of borrowing required.	H	PoMO	Updated Portfolio Business Case, after detailed

Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
								Programme and Project planning – in close consultation with Accountable Body on options.
7	Sept 2020	Sept 2021	Managing expectations (both internal and external).	M	Scope, scale and location of programmes / projects.	M	PoMO	Appointment of Communications and Engagement Officer.  Establish a Communications and Engagement PoMO sub-group.  Engagement with Private Sector Advisory Group.
8	Sept 2020	Sept 2021	Funding and affordability (specifically the notion that 1/3 costs to come from private sector, impact of COVID-19 on ability to deliver and links to investor confidence). Other	H	Scope, scale and location of programmes / projects.  Availability of other public and	H	PoMO	Engagement with Programme and Project Boards.  Sharing knowledge of other public sector funding streams

Tudalen 109

Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
			public sector funding, not just private sector.		private sector funding streams			Engagement with Private Sector Advisory Group.
9	Sept 2020	Sept 2021	Project / programme slippage	H	Scope, scale and location of programmes / projects.  Planning permissions and other consents.  Ability to raise match funding / leverage private sector investment.	M	PoMO	Detailed planning required before delivery.  Programme / project level risk registers.  Timeframes that account some element of delays.
10	Sept 2020	Sept 2021	Construction costs and inflationary costs (links to Brexit and COVID impacting supplying chains and labour availability).	H	Scope, scale and location of programmes / projects.	H	PoMO	Early engagement with private sector suppliers
11	Sept 2020	Sept 2021	Supply-side engagement at a Portfolio level (notice of potential opportunities would support feasibility of SMEs and diverse	M	Scope, scale and location of programmes / projects.	M	PoMO	Appointment of Communications and Engagement Officer.

Tudalen 110

Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
			range of delivery partners being able to put forward proposals).					Establish a Communications and Engagement PoMO sub-group. Engagement with Private Sector Advisory Group.
12	Sept 2020	Sept 2021	Political risks/change (changes in administration throughout Growth Deal period, may impact upon approvals and sign offs) (local, regional and national political change) (Impacting on priorities).	L	Political climate.	M	PoMO	Appointment of Communications and Engagement Officer. Maintain engagement with all political organisations.
13	Sept 2020	Sept 2021	Delays due to lack of agreement (Number of causes such as failure to report and define portfolio, updating portfolio, agreeing to delivery plan etc.)	M	Governance arrangements.	M	PoMO	Acknowledging Governance Structure. Escalating risks appropriately.

Tudalen 111

## ***Change Management***

A Change Management Plan will be developed for the Mid Wales Growth Deal.

The plan will adopt a similar principle to the Risk and Issues Management Framework, where changes are dealt with at the appropriate level within agreed tolerances. These tolerances will be agreed for each project business case, with a clear escalation process in place.

Changes will be assessed in terms of their financial impact but also their impact on the benefits to be delivered through the programme and projects.

Change management for the programme will be primarily managed via the Programme/Thematic Board and relevant Project Board within tolerances delegated by the Mid Wales Growth Deal Board upon consideration of the project business case.

Significant changes outside these tolerances would need to be escalated to the GMW Management Group or the Mid Wales Growth Deal Board and may require the business case to be updated or additional assurance activities to take place.

Any new or replacement projects to be brought forward for consideration must demonstrate delivery against the relevant programme business case and the objectives of the portfolio business case. Where those projects are within the existing agreed financial envelope for the Board, those projects would be a matter for the Mid Wales Growth Deal Board to decide upon.

Projects that fall outside the remit of an agreed programme business case or those that would exceed the agreed financial envelope would be considered a 'reserved matter' for the Mid Wales Growth Deal Board partners.

## ***Partnership and Stakeholder Engagement***

The Mid Wales Growth Deal delivery structure covers a wide range of internal and external stakeholders who are key to the successful delivery of the Mid Wales Growth Deal. These include the Mid Wales Growth Deal Board partners themselves, Welsh Government and UK Government, other regional public sector bodies such as the Health Board, local communities, businesses, contractors, sub-contractors, service providers and external advisors. A Private Sector Advisory Group will be established to ensure that the private sector is involved throughout the development and delivery process.

Each project will be required to put in place a Stakeholder Engagement and Communications Plan.

## ***Provision of Training***

All Programme and Project Sponsors will be required to undertake and complete both the Foundation and Practitioner Better Business Case Training. Following the completion of such training, Programme and Project Sponsors will be invited to resubmit Programme Business Cases and/or SOCs for considering by the Mid Wales Growth Deal Board as the Portfolio Business Case is updated.

## ***Specialist Advisors***

As summarised below, number of specialist advisors have already been involved with the development of the Mid Wales Growth Deal.

<b>Specialist Advisors used to develop the Mid Wales Growth Deal</b>			
<b>Focus Area</b>	<b>Purpose</b>	<b>Timeframe</b>	<b>Provider</b>
<b>Business Case</b>	Better Business Case training	<b>June 2020 – LA Officers Autumn 2021 - PoMO</b>	<b>Joe Flanagan, Consultant</b>
	Portfolio Business Case workshops	<b>October 2020 – September 2021</b>	<b>Joe Flanagan, Consultant</b>
	Portfolio Business Cases development and support	<b>July 2021 – September 2021</b>	<b>Hatch</b>
<b>Economic Analysis</b>	Economic baseline and Strategic Economic Plan	<b>2020</b>	<b>AECOM</b>
	Economic Case and analysis to determine spending objectives	<b>2021</b>	<b>Hatch</b>
<b>Strategic Advice / Support</b>	Advisor	<b>2019 - 2021</b>	<b>Paul Griffiths, Consultant</b>
<b>Early Programme Business Case Discovery / Development</b>	Land and Property Programme	<b>2019 - 2020</b>	<b>BEGroup. Hatch, PER Consulting</b>
	Digital Programme	<b>2020 - 2021</b>	<b>Spirit Public Sector</b>

The GMW Board/PoMO will consider making use of further specialist advisers to support the continued development/delivery of the Portfolio, as required. Programmes and projects will be expected to consider their capacity/capability requirements throughout the planning and delivery of their proposals – and will be expected to follow a similar approach.

### ***Timeline and Milestones***

The Mid Wales Growth Deal Board is seeking approval of the Mid Wales Growth Deal before the end of 2021. Following Final Deal, it is anticipated that programme and project business cases will be brought forward for the Mid Wales Growth Deal Board to consider from January 2022 onwards.

The Portfolio Business Case will be updated annually and at regular intervals deemed appropriate by the GMW Board/Governments, and will evolve as programmes and projects are developed.

An indicative Project / Programme Delivery Profile for the Growth Deal is presented in Appendix D – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY . This will evolve and will be regularly updated as the programme and project business cases are produced. The existing timetable is based on the latest available programme and project information – it is therefore indicative only at this stage.

## Programme/Project Maturity Index

Projects within the Growth Deal are currently at different levels of maturity as shown by the table below.

Short-listed Projects / Programmes for Tranche 1 of Mid Wales Growth Deal		
Strategic Growth Priorities	Project / Programme	Business Case Maturity Index
Applied Research & Innovation	Innovation Park	SOC (initial)
	National Spectrum Centre	SOC (initial)
	Mid Wales Advanced Manufacturing Campus	Concept
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	SOC (initial)
	Canolfan Tir Glas / University of Gastronomy	SOC (initial)
Strengthened Tourism Offer	Cynefin – The Green Heart of Wales	SOC (initial)
	Dwr Cymru Elan Valley	SOC (initial)
	Montgomery Canal Wales - Restoration to Navigation	SOC (initial)
	Ceredigion Harbours	Concept
Digital	Strategic Employment Site Connectivity.	PBC (initial)
Supporting Enterprise	Mid Wales Sites and Premises.	PBC (initial)

## Marketing

The PoMO will be responsible for communications and marketing relating to the overall Growth Deal portfolio and the programmes. A Mid Wales communications and engagement sub-group has been established to provide a co-ordinated approach across all regional activity - the portfolio Operations Manager represents the Growth Deal on this group. As previously mentioned consideration is being given to appoint a dedicated member of staff to lead on communications and engagement.

At the project level, each Project Sponsor will be responsible for engaging with stakeholders and community groups to highlight and market the offer. The specific approach for each project will be set out in the project business cases.

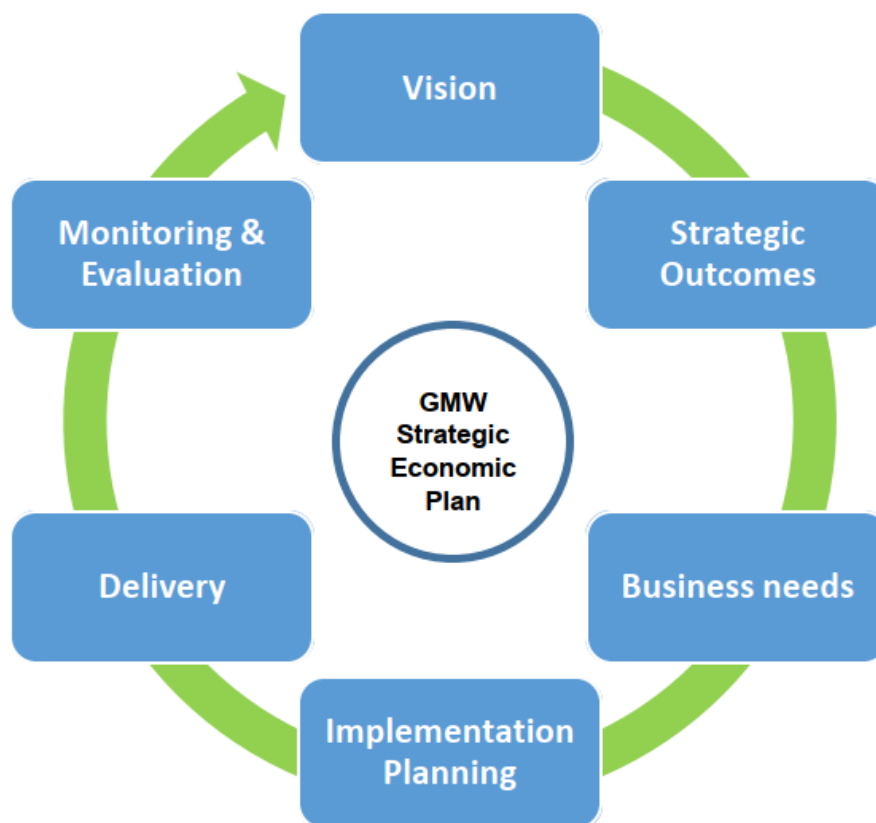
## Performance Management, Monitoring and Evaluation

Managing our approach as a Portfolio will require continual feedback loops that link aspects of programme assurance, modelled economic impact, monitoring & evaluation to ensure that planned, developing and delivering activity continues to meet our business needs.

Our governance and management structures have been established to accommodate a way of working and an approach that enables a continuous cycle of assurance and review, through:

- A clearly defined PoMO;
- An Integrated Assurance and Approval Plan (IAAP) that will establish clear processes; and
- Robust and continual monitoring and evaluation that will continue to inform and shape the direction of the Portfolio. Appendix H – EXAMPLE PROJECT MONITORING PROFORMA sets out what each programme and project





### ***Benefits Realisation***

A key role for the PoMO will be ensuring that the benefits of the Mid Wales Growth Deal are realised.

The strategic and economic case of the portfolio business case sets out the benefits of the Mid Wales Growth Deal will be set out in the portfolio and programme business cases and assessed against the delivery of the Growth Vision.

Benefits management and benefits realisation is a key component in ensuring the successful delivery of the Mid Wales Growth Deal. The Mid Wales Growth Deal Board will seek to maximise local and regional benefits from the delivery of its projects and through the associated procurement processes.

Each programme and project will be responsible for benefits management through a Benefits Realisation Plan. The PoBC is based on limited information provided through SOCs, Project Proformas and Outline Programme Business Cases therefore robust information on the proposed benefits will be required and tested as programmes and projects are developed. A benefits realisation plan acts as an overview of the main milestones detailed in each benefit profile. It serves as a management tool to monitor, track and manage the collective set of benefits associated with a programme or project.

### ***Approvals and Assurance***

The PoMO, in consultation with the Welsh Government Assurance Hub, developed an Integrated Assurance and Approval Plan (IAAP) that sets out the approvals and assurance activities that will be undertaken at portfolio, programme and project level for the Mid Wales Growth Deal.

As part of the IAAP, assurance activities will take place across all levels of the Growth Deal – portfolio, programme and project. The Mid Wales Growth Deal will utilise the pre-defined Gateway 0-5 and flexible Project Assessment Reviews (PAR) as appropriate and proportionate. The IAAP will be regularly reviewed – with the GMW Board reserving the right to amend/evolve arrangements as required due to internal review/external review and/or assurance or additional guidance from Governments.

### Approvals

The Mid Wales Growth Deal Board will be responsible for the consideration and approval of project and programme business cases within the portfolio, prior to consideration by Governments as defined in the Welsh City and Growth Deals Governance and Assurance Framework; with responsibility for delivery delegated to the relevant programme and project boards. All projects and programmes will also be subject to a “health check” from local assurers and approval through a Project Gateway 1 review.

### Assurance

Following the approval of the Portfolio IAAP, detailed IAAPs will be developed for each programme and project within the Growth Deal. The exact timing of assurance reviews will be a matter for the PoMO to agree with Welsh Government and the relevant Programme and Project Boards.

While the exact timing of reviews is to be agreed, the following principles are to be applied:

- Major portfolio assurance reviews will take place periodically at agreed intervals unless requested sooner by the Mid Wales Growth Deal Board, UK or Welsh Government;
- Programme assurance reviews will take place periodically at agreed intervals unless requested sooner by the Mid Wales Growth Deal Board, UK or Welsh Government;
- Project assurance reviews will take place throughout the life of the project at pre-agreed stages. The level of assurance may vary per project, but would include a minimum of two external Gateway reviews per project, including a pre-delivery review and a benefits realisation review. The rationale for the proposed approach is set out below:
  - Project Gateway 1 (SOC / PBC) – Only required for new projects or those currently at concept stage due to the approved Programme Business Case. All other projects to produce combined SOC/OBC for Gateway 2;
  - Project Gateway 2 (OBC) – Required for all projects within the Growth Deal;
  - Project Gateway 3 (FBC) – PoMO decision on whether Gateway 3 is required on a project by project basis;
  - Project Gateway 4 (Implementation) - PoMO decision on whether Gateway 4 is required on a project by project basis; and
  - Project Gateway 5 (Benefits Realisation) – Required for all projects within Growth Deal.
- Delivery of the Portfolio through programmes and projects (Project Gateway 4 and 5) should be conducted in accordance with the Portfolio / Programme – Delivery Phase and Project – Delivery Phase flowcharts presented in Appendix G – DELIVERY PHASE FLOWCHARTS.
- Project Assessment Review (PAR) – may be used in place of Gateway 1-5 where the PoMO in consultation with the WG Assurance Hub consider it a more appropriate review mechanism.

## Appendix A – PROJECT / PROGRAMME PROFORMA



### Mid Wales Growth Deal – Individual Project Proforma

<b>Project Name:</b>		
<b>Growth Deal Strategic Theme:</b>		
<b>Workstream Lead and contact details:</b>		
<b>Officer Lead and contact details:</b>		
<b>Lead delivery organisation:</b>		
<b>Overview of Proposal (250 words max – focus on needs/opportunities addressed; objectives; what the funding will pay for; what activities will be delivered and what tangible impact they will have for Mid-Wales):</b>		
<b>Financial Summary</b>		
<b>Total Project Capital Cost:</b>	£	
<b>Total Funding Request from MWGD:</b>	£	% of total project costs
<b>Total Match Funding (capital):</b>	£	% of total project costs
<b>Source and status of Match Funding:</b>	Public/Private (please state) Confirmed / Pending	
<b>Summary of socio-economic benefits (c.200 words max. Make clear how the investment will deliver the benefits and their relevance to the Growth Deal; quantify if possible at this stage):</b>		
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>		
<b>Key Risks (maximum of 5):</b>		
<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>		

**Business Case Development Stage (Concept, Strategic Outline Case, Outline Business Case, Full Business Case):**

**Key Dependencies (Use the bullets):**

- 
- 
- 
- 
- 

**Key Constraints (Use the bullets):**

- 
- 
- 
- 
-

## Appendix B – SUMMARY OF OPTIONS APPRAISAL WORKSHOP

Tudalen 119

Strategic Growth Priorities	Project / Programme	CSF 1: Strategic	CSF 2: Business Needs	CSF 3: Social Welfare	CSF 4: Supply Side Capacity	CSF 5: Affordability	CSF 6: Achievability	Tranche
Applied Research & Innovation	Mid Wales Advanced Manufacturing Campus	High	High	High (needs further development)	Low	Low	Low	Tranche 1
	Trawscoed Applied Research and Innovation Initiative	Medium/High	Medium	Low	High	Low	Low	Tranche 2 – Needs further development.
	Innovation Park	High	High	High	High	Low	High	Tranche 1
	Spectrum Centre	High	High	Medium (needs further development)	High	High	High	Tranche 1
	Beacon and Moving Towards Carbon Reduction	N/A	N/A	N/A	N/A	N/A	N/A	Tranche 2 – Insufficient details to make assessment at this stage.
	River Simple	High (needs further development)	Medium	High (needs further development)	Low	Low	Low	Tranche 2 – Needs further development and there are a number of unanswered questions.
Agriculture, Food & Drink	Food Manufacturing Innovation Centre	High	High	Medium	Medium	Medium	Medium	Tranche 1
	Canolfan Tir Glas / University of Gastronomy	High	High	High	Medium	Medium	Medium	Tranche 1
	Royal Welsh Showground	N/A	N/A	N/A	N/A	N/A	N/A	Tranche 2 – Insufficient details to make assessment at this stage.
	Elan Valley	High	High	High	High	Low	Medium (more detail required)	Tranche 1

Strategic Growth Priorities	Project / Programme	CSF 1: Strategic	CSF 2: Business Needs	CSF 3: Social Welfare	CSF 4: Supply Side Capacity	CSF 5: Affordability	CSF 6: Achievability	Tranche
Strengthened Tourism Offer	Dwr Cymru – Brecon Beacon	High	High	Low	High	Low	Low	Tranche 2 – Further work required in terms of scoping programme.
	Green Man Festival	High	High	High	Low (unknown)	Low	Low (unknown)	Tranche 2 – A number of outstanding questions, requires further development.
	Ceredigion Harbours	High	High	High	Aberystwyth – High Aberaeron - Low	Medium/High	Medium/High	Tranche 1 – Aberystwyth: Short-term, Aberaeron: Long-term
	Montgomery Canal – Restoration to Navigation	High	Medium	Medium	High	Low (match funding issue)	Medium	Tranche 1
	Cynefin – The Green Heart of Wales	High	High	High	High	Medium (match funding issue)	High	Tranche 1
Digital	Social Housing Connectivity	Low	Low	Low	Medium	Medium	Low	Tranche 2 – Needs further development.
	Strategic Employment Site Connectivity.	High	High	High	Medium	Medium	Medium	Tranche 1
Supporting Enterprise	Mid Wales Sites and Premises.	High	High	High	Medium	Medium	Medium	Tranche 1
Skills & Employment	Black Mountain College Further and Higher Education Institution.	Medium	Medium	Medium	Low	High	Low	Tranche 2- Initially classified as Tranche 1. However, there are significant questions that needs to be addressed in the short-term,

Strategic Growth Priorities	Project / Programme	CSF 1: Strategic	CSF 2: Business Needs	CSF 3: Social Welfare	CSF 4: Supply Side Capacity	CSF 5: Affordability	CSF 6: Achievability	Tranche
								for it to be considered for Growth Deal funding. As such, following the workshop this was re-classified as Tranche 2.

Tudalen 121

## Appendix C – SUMMARY OF PORTFOLIO BUSINESS CASE WORKSHOPS

A significant amount of engagement and input has gone into the development of the Mid Wales Growth Deal since it was first announced as a potential funding source in the 2017 UK Government Autumn Statement.

The Vision for Growing Mid Wales (2020) was developed from content and ideas derived from extensive evidence gathering and engagement with a wide range of organisations and individuals across Mid Wales over the past 18 months:

- Marches and Mid Wales Freight Strategy (2018)
- Strategic Economic Priorities for the Mid Wales Region (AECOM, February 2019)
- Economic Baseline Report (AECOM, February 2019)
- Growth Deal Workshops (Spring/Summer 2019)
- Various 1:1 discussions and engagement across both LAs and with key stakeholders.
- Mid Wales Energy Strategy and Action Plan
- Mid Wales Employment Sites & Premises Needs Assessment & Action Plan

As the Heads of Terms agreement was being agreed in December 2020, a series of Portfolio development workshops were planned with UK and Welsh Governments, under the guidance of Joe Flanagan. These workshops were technical workshops attended by officers from the regional team of officers, including Welsh and UK Government officials as observers.

The workshops held were consistent with Government guidance for developing a five case model. Whilst official guidance for Portfolio development was not available at the time, the process was advised by Joe Flanagan – who was at the time writing the guidance for HM Treasury.

**Workshop:** Workshops 1a-1b (Determining the Case for Change)

**When:** 24/25<sup>th</sup> September + 8/9<sup>th</sup> October 2020

**Purpose:** Held over a series of 4 days, with time in between to revise/review agreed detail. Reviewed existing strategy (Vision for Growing Mid Wales), determined key steps and actions on the Strategic and Economic Cases (Affirming scope, developing a long-list, CSFs, Investment Objectives and mechanism for shortlisting).

**Output:** Developed Strategic Case – strategic objectives set in SMART ranges, values to be defined.

**Workshop:** Workshop 2 (Appraising the long list)

**When:** 16<sup>th</sup> December 2020

**Purpose:** Collated initial long-list of proposals. The essential, desirable and optional programmes and projects to be delivered in the short term (phase 1); medium term (phase 2) and long term (phase 3) outlined – at an early stage.

**Output:** Draft Strategic Portfolio Business Case with long-list for consultation (Economic Strategy Group 03/03/21; GMW Board 11/03/21) – mandated for further development.

**Workshop:** Workshop 3 (Appraising the short list)

**When:** 31<sup>st</sup> July 2021

**Purpose:** Revisited long-list and invited proposal detail – following public call after GMW Board 11<sup>th</sup> March. Hatch Ltd and Joe Flanagan supporting the appraisal of the short list to determine tranching and short list selection.

**Output:** Revised Economic Case.

**Workshop:** Workshop 4 (Commercial); Workshop 5 (Financial); Workshop 6 (Management)

**When:** 1<sup>st</sup> September 2021



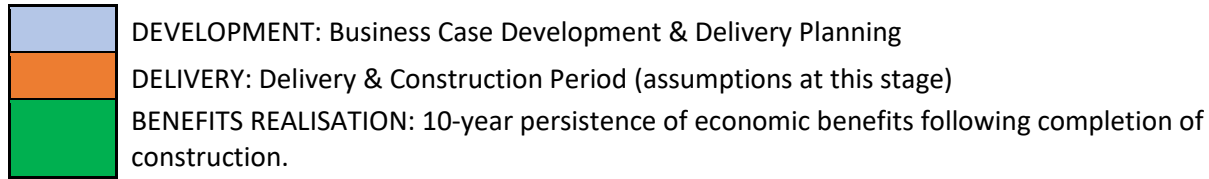
**Purpose:** Review and agree Economic Case. Develop and agree principles for the Commercial, Financial and Management Cases. Commercial (Commercial strategy, Procurement strategy, Contractual relationships); Financial (Capital/Revenue requirements, Appraisals); Management (Management, Governance and Co-Ordination; Risk Management, Change Management; Performance Management, Monitoring and Evaluation).

**Output:** Revised Portfolio Business Case with all sections populated, for internal review – then for Board consideration, before submission to Governments for AOR review.

## Appendix D – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY PROFILE

Tudalen 124

		Government Funding Profile (10 year assumed)																				
		Short-term				Medium-term			Long-term													
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2021 /22	2022 /23	2023 /24	2024 /25	2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	2032 /33	2033 /34	2034 /35	2035 /36	2036 /37	2037 /38	2038 /39	2039 /40	2040 /41	2041 /42
	Innovation Park																					
	National Spectrum Centre																					
	Mid Wales Advanced Manufacturing Campus																					
	Food Manufacturing Innovation Centre																					
	Canolfan Tir Glas / University of Gastronomy																					
	Dwr Cymru Elan Valley																					
	Ceredigion Harbours																					
	Montgomery Canal Wales - Restoration to Navigation																					
	Cynefin - The Green Heart of Wales																					
	Digital Programme																					



**NOTE:** It should be absolutely clear that any delivery profile currently is an indicative estimate based on project asks at this stage based on outline information. A detailed delivery and implementation plan will be updated when programme/project information is profiled in greater detail, and agreed by the GMW Board.

Tudalen 125

## Appendix E – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS

Tudalen 126

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
Applied Research & Innovation	<p>Innovation Park:</p> <ul style="list-style-type: none"> <li>- 100 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul> <p>National Spectrum Centre:</p> <ul style="list-style-type: none"> <li>- 50 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local</i></li> </ul>	<p><b>Deadweight:</b></p> <p>Innovation Park: Sub-regional (mean) of 26.3% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 26.3% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 26.3% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Innovation Park: Sub-regional (mean) of 17.9% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 17.9% for 'People and skills' interventions taken from the</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p><i>Authority District, 2002 – 2019 – Table B3. Values adjusted to 2021 prices using GDP Deflators.</i></p> <ul style="list-style-type: none"> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul> <p>Mid Wales Advanced Manufacturing Campus:</p> <ul style="list-style-type: none"> <li>- 60 Direct FTE Jobs based on average Direct FTE Jobs per £ of Capital Costs for other Applied Research &amp; Innovation projects.</li> <li>- £36,875 (Ceredigion and Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3. Values adjusted to 2021 prices using GDP Deflators.</i></li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment</li> </ul>	<p>HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 17.9% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Innovation Park: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>National Spectrum Centre: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Mid Wales Advanced Manufacturing Campus: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.</p>	

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	multipliers from the <i>HM Treasury Green Book</i> .		
Agriculture, Food & Drink	<p>Food Manufacturing Innovation Centre:</p> <ul style="list-style-type: none"> <li>- 25 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul> <p>Canolfan Tir Glas / University of Gastronomy:</p> <ul style="list-style-type: none"> <li>- 25 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019</i></li> </ul>	<p><b>Deadweight:</b></p> <p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>– <i>Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</p> <ul style="list-style-type: none"> <li>- Indirect jobs estimated using information provide in Project Proforma.</li> </ul>	<p>Food Manufacturing Innovation Centre: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Canolfan Tir Glas / University of Gastronomy: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	
Tudalen 129	<p><b>Strengthened Tourism Offer</b></p> <p>Dwr Cymru Elan Valley:</p> <ul style="list-style-type: none"> <li>- 80 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- GVA per annum from direct and indirect employment taken from Project Proforma / SOC,</li> </ul> <p>Ceredigion Harbours:</p> <ul style="list-style-type: none"> <li>- 67 Direct FTE Jobs based on average Direct FTE Jobs per £ of Capital Costs for other Strengthened Tourism Offer projects.</li> <li>- £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to</li> </ul>	<p><b>Deadweight:</b></p> <p>Dwr Cymru Elan Valley: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 7.5% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 7.5% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>2021 prices using GDP Deflators.</p> <ul style="list-style-type: none"> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> <li>- Includes additional GVA associated with Amenity Value and Visitor Spending. Taken from benchmark interventions in Strengthened Tourism Offer.</li> </ul> <p>Montgomery Canal – Restoration to Navigation:</p> <ul style="list-style-type: none"> <li>- 40 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £34,366 (Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment</li> </ul>	<p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Dwr Cymru Elan Valley: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p>	



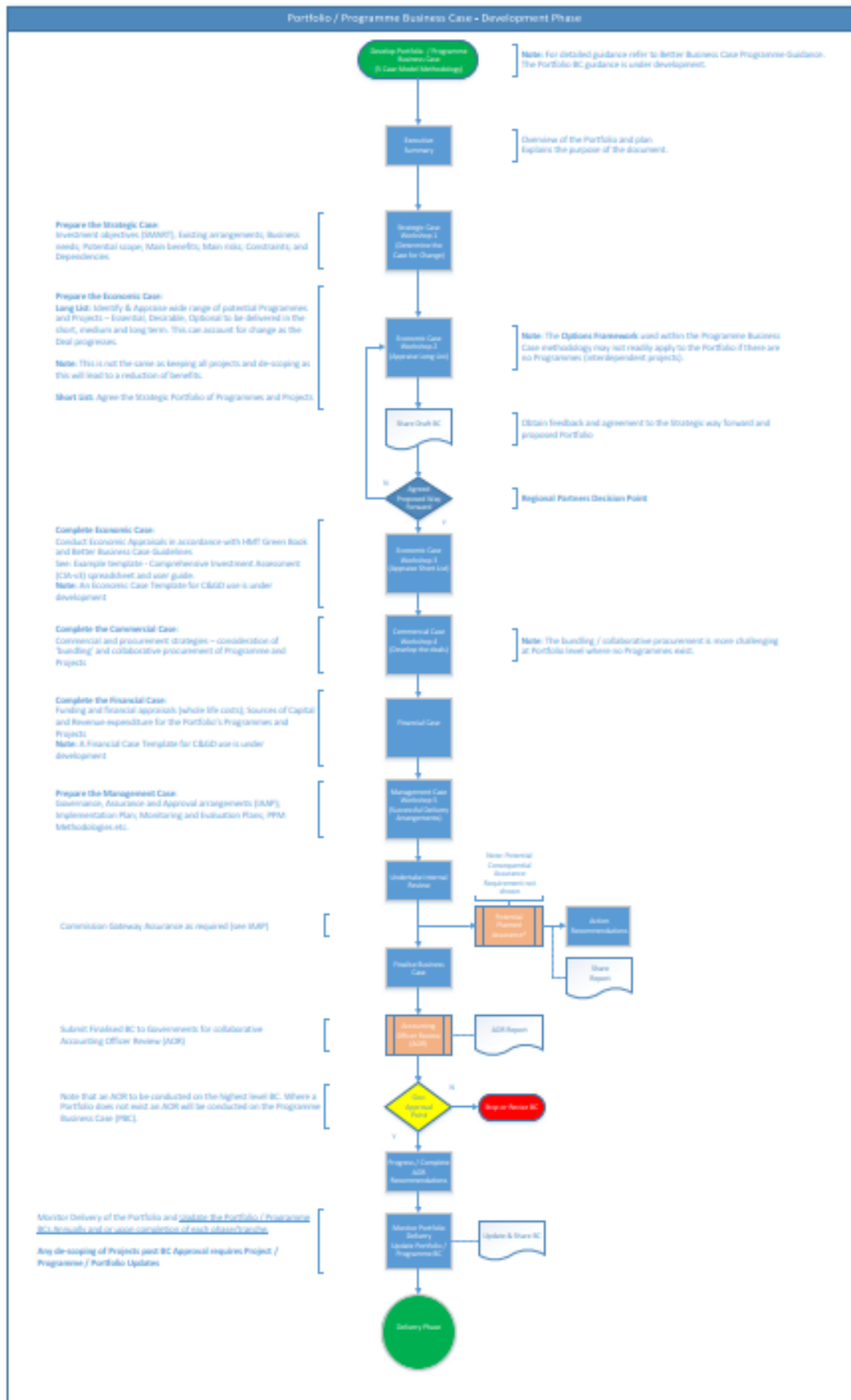
Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<p>multipliers from the <i>HM Treasury Green Book</i>.</p> <ul style="list-style-type: none"> <li>- Includes additional GVA associated with Amenity Value and Visitor Spending. Information taken from SOC.</li> </ul> <p>Cynefin – The Green Heart of Wales:</p> <ul style="list-style-type: none"> <li>- 48 Direct FTE Jobs taken from Project Proforma / SOC.</li> <li>- £34,366 (Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs (144) estimated using information provided in Project Proforma / SOC.</li> <li>- Includes additional GVA from Visitor Spending. Information taken from SOC.</li> </ul>	<p>Dwr Cymru Elan Valley: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Ceredigion Harbours: Sub-regional (mean) of 14.1% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Montgomery Canal – Restoration to Navigation: Sub-regional (mean) of 38.7% for ‘Regeneration through physical infrastructure’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p>Cynefin – The Green Heart of Wales: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	
Digital	<p>Digital Programme:</p> <ul style="list-style-type: none"> <li>- 420 Direct FTE Jobs taken estimated using benchmarks of other digital Growth Deal programmes in Wales based</li> </ul>	<p><b>Deadweight:</b></p> <p>Digital Programme: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

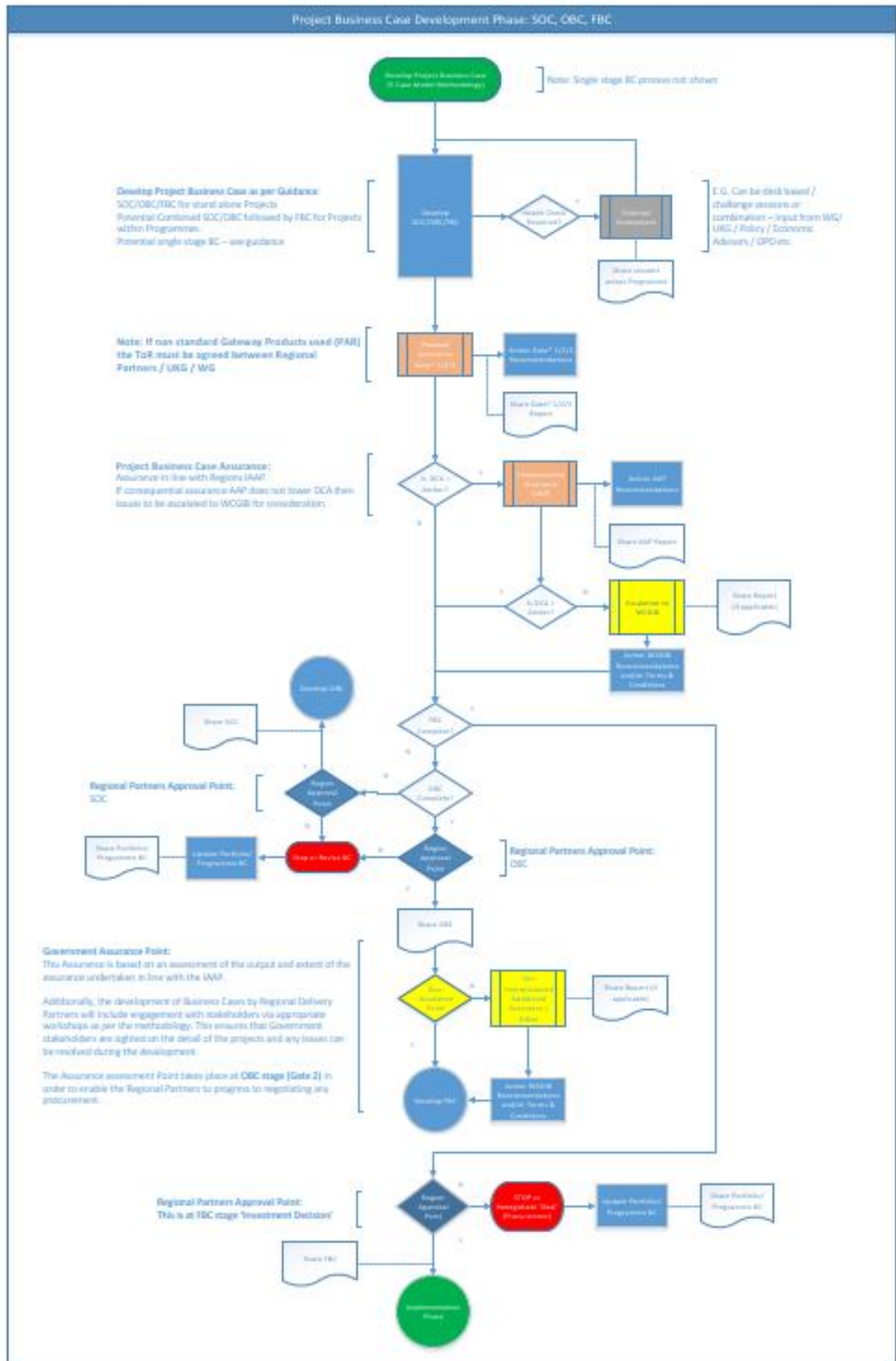
Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	<ul style="list-style-type: none"> <li>on average Direct FTE Jobs per £ of Capital Costs .</li> <li>- £36,875 (Ceredigion and Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i>.</li> </ul>	<p><b>Displacement:</b></p> <p>Digital Programme: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Leakage:</b></p> <p>Digital Programme: Sub-regional (mean) of 13.5% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	
Supporting Enterprise	<p>Sites and Premises Programme:</p> <ul style="list-style-type: none"> <li>- 386 Direct FTE Jobs taken from Project Proforma / PBC.</li> <li>- £36,875 (Ceredigion and Powys) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local Authority District, 2002 – 2019 – Table B3</i>. Values adjusted to 2021 prices using GDP Deflators.</li> <li>- Indirect jobs estimated using Central Non-tradable (0.9) and</li> </ul>	<p><b>Deadweight:</b></p> <p>Sites and Premises Programme: Sub-regional (mean) of 26.3% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p> <p><b>Displacement:</b></p> <p>Sites and Premises Programme: Sub-regional (mean) of 17.9% for ‘People and skills’ interventions taken from the HCA Additionality Guide Fourth Edition.</p>	<p><b>Test 1:</b> 20% Lower Job Creation</p> <p><b>Test 2:</b> Additionality Factors 20% Higher</p> <p><b>Test 3:</b> Tests 1 and 2 in Combination</p>

Summary of Key Principles & Assumptions			
Strategic Growth Priority	Estimating and Valuing Gross Benefits	Estimating Additionality	Sensitivity Testing
	Tradable (0.4) Place Based (i.e. Sub-UK) Employment multipliers from the <i>HM Treasury Green Book</i> .	<b>Leakage:</b> Sites and Premises Programme: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition.	

Tudalen 133

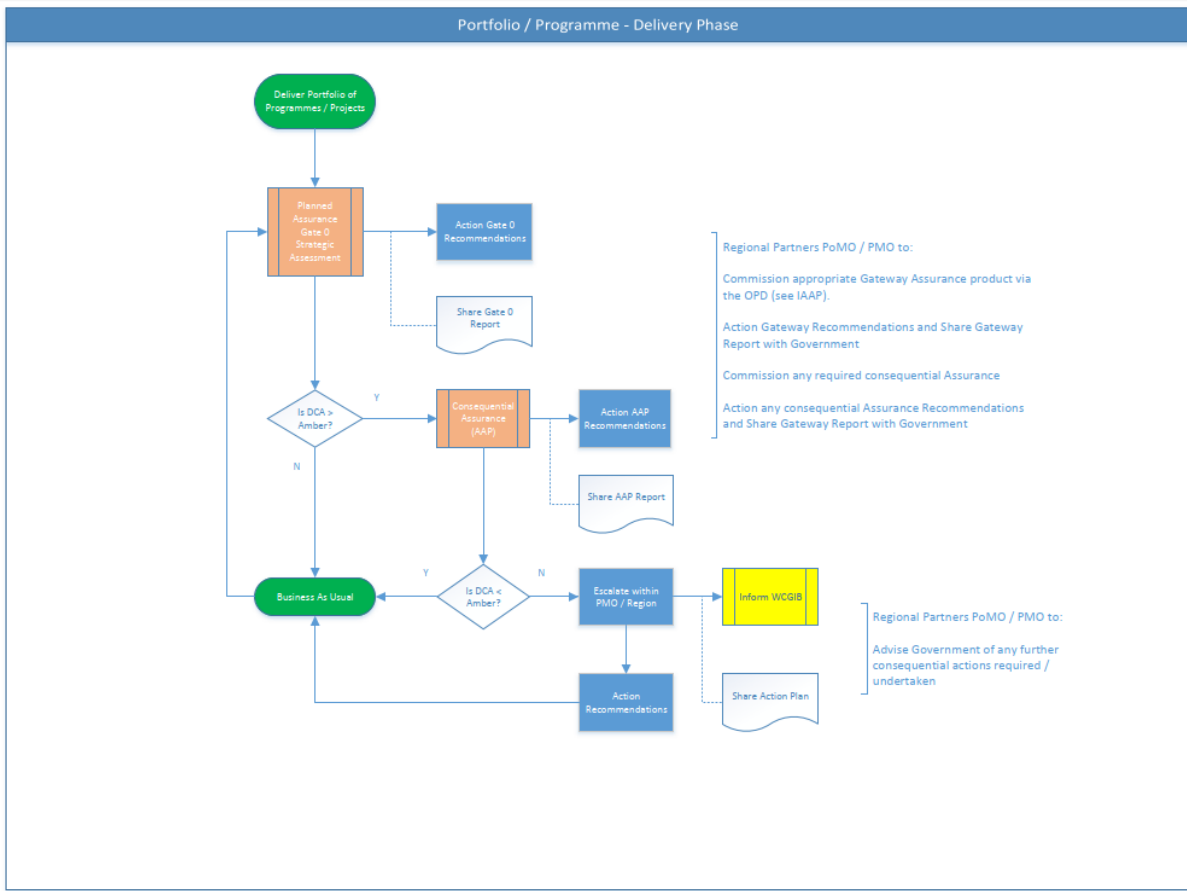
# Appendix F – BUSINESS CASE DEVELOPMENT PHASE FLOWCHARTS

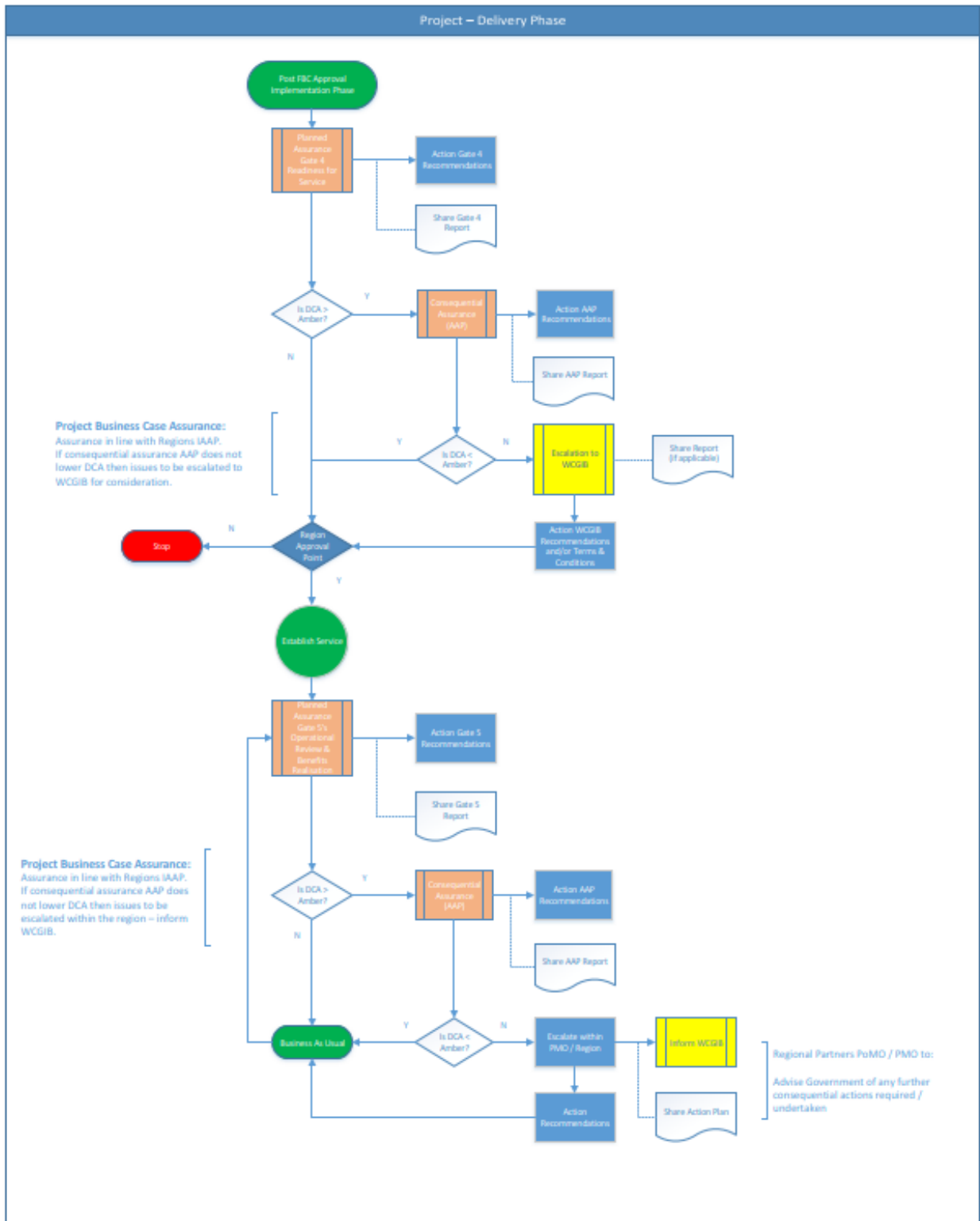






# Appendix G – DELIVERY PHASE FLOWCHARTS







Flowchart Glossary / Key		
	Phase Start	<a href="#">Glossary</a> OPD – WG Office for Project Delivery (Formerly Integrated Assurance Hub) RPA – Risk Potential Assessment IAAP – Integrated Assurance and Approval Plan BC – Business Case PVR – Programme/Project Validation Review PAR – Programme/Project Assessment Review SOC – Strategic Outline Case OBC – Outline Business Case FBC – Full Business Case Gate – Gateway Review AAP – Assurance of Action Plan (Consequential Assurance) DCA – Delivery Confidence Assessment AO – Accounting Officer AOR – Accounting Officer Review PMO – Programme/Project Management Office (Portfolio PoMO) WCGIB – Welsh Cities & Growth Implementation Board
	Phase End	
	Process – Conducted by City/Growth Deal	
	Assurance – Commissioned by City/Growth Deal	
	Document / Report Shared between City/Growth Deal & Governments	
	Process – Question for City/Growth Deal	
	Approval Point – City/Growth Deal	
	Approval Point - Governments	
	City/Growth Deal to Inform Governments	
	Move to Next Phase	
	Move to Next Process	

# Appendix H – EXAMPLE PROJECT MONITORING PROFORMA



## Monitoring Report

### Project Name

#### Project Summary

Report Date	
Project Code	
Project Name	
Report Author	

#### Health

Overall Status	Scope	Timeline	Costs	Cashflow	Outputs/Outcomes
Red/Amber/Green	Red/Amber/Green	Red/Amber/Green	Red/Amber/Green	Red/Amber/Green	Red/Amber/Green

#### Commentary

Commentary on status and anticipated deliverables including reasons for any slippage	
Planned achievement this period?	
What was planned but not delivered?	
Please detail any planned activities, tasks or milestones to be delivered next period	

#### Milestones and Activities

Project Start Date		Project End Date	
Date Work on Site Started		Date Work on Site Completed	
Upcoming Key Meetings and Decisions required			

Key Milestones			
ID			
Title			
Status	Red/Amber/Green	Will there be a press notice / communication for this milestone?	
Reason for Change			
Please provide details of the communication			
What is the approximate date for the communications?			

Key Milestones			
ID			
Title			
Status	Red/Amber/Green	Will there be a press notice / communication for this milestone?	
Reason for Change			
Please provide details of the communication			
What is the approximate date for the communications?			

Key Milestones			
ID			
Title			
Status	Red/Amber/Green	Will there be a press notice / communication for this milestone?	
Reason for Change			
Please provide details of the communication			
What is the approximate date for the communications?			

Key Milestones	
ID	
Title	

Status	Red/Amber/Green	Will there be a press notice / communication for this milestone?	
Reason for Change			
Please provide details of the communication			
What is the approximate date for the communications?			

### Key Milestones

ID			
Title			
Status	Red/Amber/Green	Will there be a press notice / communication for this milestone?	
Reason for Change			
Please provide details of the communication			
What is the approximate date for the communications?			

### Risks

Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	
Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	

Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	
Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	
Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	
Risk Name			
Description of risk including potential impact			
Probability & Impact		Assessment	Low/Medium/High
Mitigating Action			
Assessment post mitigation	Low/Medium/High	Date last updated	

**Issues**

Issue Name	
Issue Description	

Impact on Project	Low/Medium/High		
Priority	Low/Medium/High	Target Completion Date	
Resolving Action	Continue to liaise with STW		
Status	Red/Amber/Green		
Issue Name			
Issue Description			
Impact on Project	Low/Medium/High		
Priority	Low/Medium/High	Target Completion Date	
Resolving Action			
Status	Red/Amber/Green		
Issue Name			
Issue Description			
Impact on Project	Low/Medium/High		
Priority	Low/Medium/High	Target Completion Date	
Resolving Action			
Status	Red/Amber/Green		
Issue Name			
Issue Description			
Impact on Project	Low/Medium/High		
Priority	Low/Medium/High	Target Completion Date	
Resolving Action			
Status	Red/Amber/Green		
Issue Name			
Issue Description			
Impact on Project	Low/Medium/High		
Priority	Low/Medium/High	Target Completion Date	
Resolving Action	Continue to chase Hanson Legal services		
Status	Red/Amber/Green		

### Outputs & Outcomes

ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	Period	Target	Forecast	Actual
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				
Who is responsible for realisation?				
Please explain all assumptions used in your output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	Period	Target	Forecast	Actual
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				

Who is responsible for realisation?				
Please explain all assumptions used in your output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	Period	Target	Forecast	Actual
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				
Who is responsible for realisation?				
Please explain all assumptions used in your output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures				



Specify the degree of Business Change required to exploit the Project output/outcomes			
How will this Output/Outcome be measured? including source, frequency, and associated costs			
Who is responsible for realisation?			
Please explain all assumptions used in your output/outcome assessment			
Please list any issues or risks impacting realisation			
ID			
Category		Sub Category	
Detailed Description			
Direct / Indirect?			
If indirect, explain how the project is enabling the delivery of these outputs			
Measures			
Specify the degree of Business Change required to exploit the Project output/outcomes			
How will this Output/Outcome be measured? including source, frequency, and associated costs			
Who is responsible for realisation?			
Please explain all assumptions used in your output/outcome assessment			
Please list any issues or risks impacting realisation			
ID			
Category		Sub Category	
Detailed Description			

Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	<b>Period</b>	<b>Target</b>	<b>Forecast</b>	<b>Actual</b>
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				
Who is responsible for realisation?				
Please explain all assumptions used in your output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	<b>Period</b>	<b>Target</b>	<b>Forecast</b>	<b>Actual</b>
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				
Who is responsible for realisation?				
Please explain all assumptions used in your				

output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	Period	Target	Forecast	Actual
Specify the degree of Business Change required to exploit the Project output/outcomes				
How will this Output/Outcome be measured? including source, frequency, and associated costs				
Who is responsible for realisation?				
Please explain all assumptions used in your output/outcome assessment				
Please list any issues or risks impacting realisation				
ID				
Category		Sub Category		
Detailed Description				
Direct / Indirect?				
If indirect, explain how the project is enabling the delivery of these outputs				
Measures	Period	Target	Forecast	Actual
Specify the degree of Business Change required				

to exploit the Project output/outcomes	
How will this Output/Outcome be measured? including source, frequency, and associated costs	
Who is responsible for realisation?	
Please explain all assumptions used in your output/outcome assessment	
Please list any issues or risks impacting realisation	
Please indicate any wider benefits from your project	

**Match Funding**

Total match funding spent this period	
Funding Source	
Funding Organisation	
Date of match spend	
Total match funding spent this period	
Funding Source	
Funding Organisation	
Date of match spend	
Total match funding spent this period	
Funding Source	
Funding Organisation	
Date of match spend	



**Tyfu**  
**Canolbarth Cymru**  
**Growing**  
**Mid Wales**

Digital Strategic Growth Priority:

Programme Business Case

**1<sup>st</sup> July 2021**

**V 0.12**

[www.growingmid.wales](http://www.growingmid.wales)

## Document Control

Version	Changes	Date
V0.1	Outline Document Structure for agreement	
V0.2 V0.11	– Updates to reflect stakeholder and market inputs	28 <sup>th</sup> April 2021

## Sign Off

Version	Sign off Required By	Sign off Obtained	Date

## Contents

1. Foreword.....	4
2. Executive Summary .....	5
3. Introduction .....	8
4. Strategic Case .....	12

### **IMPORTANT NOTE**

Phase 1 of the development of this Programme Business Case is for the Strategic Case and the outline of the approach to the Economic Case.

In Phase 2, the document will be completed and summarised accordingly.

## 1. Foreword

[DN Insert short cover section from GMW Board or GMW Economic Strategy about the importance of Digital Connectivity to GMW and the commitment of other the GMW governance groups, to link the document with the broader objectives].



## 2. Executive Summary

[The Executive summary is a summary of the Programme Business Case that will be completed at the end of Phase 2. The draft summary below provides an indication of the direction of travel for the document. The list is likely to be simplified to around 10-12 key points in due course]

### Context

- [Our Vision for Growing Mid Wales sets out our ambitions and plans for the partnership – recovery and economic growth].
- [DI is an essential element for economic growth - Economic growth and development rely on the availability and affordability of good digital connectivity. It is important to residents, businesses, and the public sector].
- [Mid Wales is overwhelmingly rural – therefore good digital connectivity is even more important for us to stay connected.]

### Problem

- [The current provision of Digital Infrastructure is poor – the region’s digital infrastructure lags behind many places, and is below the average for Wales in most measures. Even where there is acceptable provision, it is likely to become insufficient within the next 3-5 years].

### Analysis

- [Poor provision is due to both demand and supply side factors – the region presents a poor business case for investment, because it is expensive to build, the return is weaker than in other places, and the customer market is relatively small].
- [The case for change is strong –we will need to address a range of factors to bring better DI, finding interventions that reduce costs, bridge funding gaps, increase demand and make Mid Wales more attractive for investors].
- [GMW partners have a key role – councils and other partners have a vital part in planning interventions and attracting investment. Economic development is a priority and a responsibility for GMW partners]
- [Within Mid Wales, we are already playing an active role – we have been working together for some time, and have formed a strong partnership].
- [Other parties are also working on the problem – but their actions may not be successful, may not be sufficient, and may come too slowly. DI delivery can have a long lead time – there is lots to do – and we need to act quickly].
- [Links with neighbouring regions of Wales and England offer collaboration opportunities – GMW can drive progress on its own, but it could do so more effectively and efficiently by working with others, when they are ready to do so].

- [We need to decide what interventions we should make, and what level of interventions would bring the most return].
- [The cost of the ambition may be high - but we are clear on what is possible and valuable, and this will help us shape our plans for investment and delivery]

## **Solution**

- [The environment in which we are operating - consumer behaviour, market, government plans, existing and planned initiatives. The digital infrastructure environment will continue to evolve, and the GMW portfolio will need to be flexible to adapt to changes].
- [Our intervention model therefore also needs to be highly adaptable – the options are specifically set out such that we can vary intervention approaches to meet the conditions at any given time].
- [Flexibility is a key feature of it. No single intervention will be effective, and we will always need a range of tools to apply in different ways to meet changing demands and priorities].
- [This gives us a model to manage our response, not constrain our actions].
- [We have identified the broadest possible range of projects to address different aspects of the Digital Infrastructure issue].
- [By grouping them into levels of intervention, and estimating their costs, benefits, and probability of success we have identified the type of projects that deliver the best return for Mid Wales, and play a key role in the delivery of the GMW Strategic Vision for the economy].
- [There is a clear case for GMW Steering Board [DN] to operate a structured and well-resourced programme of active Digital connectivity intervention projects].
- [Depending on which projects are ultimately approved for delivery, the programme will cost between £x and £xm over the next 10 years, returning an estimated £xm in net benefits to the economy].
- [Like our options, the programme that will be put in place will also provide a structured framework for managing a changing environment]
- [The programme will plan and deliver projects, carefully measure their effects on residents and businesses, and the Mid Wales economy].
- [We will take care to focus on our objectives, and make best use of the resources and money available, flexing as needed to achieve those objectives].
- [We will manage the cost of our flexible response framework through regular monitoring and strong governance].

- [If the GMW Board does not act, those benefits will come in time through the actions of the market and government, but they will do so 5-10 years more slowly].
- [The region would risk falling even further behind other places at a time when Digital Infrastructure is becoming an even more important driver of economic performance].
- [GMW must act to improve Digital Infrastructure, and it must do so quickly to capture benefits that will otherwise be permanently lost.]

The development of this Programme Business Case will be completed in phases:

- Phase 1: the development of the Strategic Context and Case for Change, and the partial completion of the Economic Case. The first part of the Economic Case describes the key dimensions of intervention, and identifies a long list of projects for consideration against the Critical Success Factors. The PBC also outlines the key considerations for the Commercial, Financial and Management cases, which will be developed further as part of Phase 2.
- Phase 2: Assessment of the Longlist to identify a Short list from which to select a Preferred Option. Once the preferred option is agreed, the Commercial, Financial and Management cases will be completed.
- A subsequent phase will develop the arguments further in an Outline Business Case.

### 3. Introduction

#### 3.1. The Purpose of this Programme Business Case

This Programme Business Case (PBC) sets out the considerations for the initial phase of development of our Digital Connectivity business case for Growth Deal funds.

It identifies that Digital Infrastructure investment is slower in Mid Wales than elsewhere, and that without intervention our homes and businesses will remain behind in Digital Infrastructure provision. The PBC describes the economic ambitions and digital themes outlined in our regional “Vision for Growing Mid Wales” and offers a compelling and robust case for intervention by GMW to accelerate investment in digital connectivity across the region.

#### 3.2. Key Considerations and Features of the PBC

Accelerating the provision of Digital Infrastructure within Mid Wales is our key objective. Widespread high quality Digital Infrastructure is unlikely to be delivered in Mid Wales quickly. It is therefore imperative that GMW sets in place interventions that directly provide or facilitate greater investment, stimulate demand, and bring forward digital infrastructure build to prevent the region falling further behind.

This PBC considers four key questions in respect of the GMW intervention:

- What are the obstacles to better Digital Infrastructure?
- Why should GMW itself intervene?
- What level of intervention should GMW make?
- How will the interventions work and what resources will be required – how will the Growth Deal funding be used to bring about the greatest impact in the region.

Before identifying why and how the GMW Growth deal should intervene, the PBC first establishes a firm understanding of the strategic context, the current provision of digital infrastructure, including the current levels of connectivity, market conditions, and existing activities to address Digital Infrastructure provision.

To set out a clear strategic context, the PBC describes the importance of Digital Infrastructure, both in general socio-economic terms, and in the context of the role it will play in supporting a flourishing Mid-Wales economy. It sets the baseline against which we might measure the effect of any action we may take. Interventions could be expected to result in a significant impact on GVA, for example by improving the ability of SMEs and home workers to operate effectively out of the region despite our highly rural topography, attracting both new investment and helping to stem the effects of out-migration. In this context, DI has played a critical role during the COVID-19 pandemic and this role is set to continue as we adapt to the changes it has brought about.

The PBC considers the current state of Digital Infrastructure in our region. It highlights the relative supplier monopoly that operates in the fixed line market and the impact that and other factors have on the provision of fibre to our premises, and the provision of mobile connectivity across the geography.

The PBC considers the supply side barriers that affect supplier Return on Investment and inhibit the provision of affordable connectivity. It describes the consumer behaviours and reasons for low take up that play a part in the poor business case in the region. It reinforces the need to help improve the commercial case for Digital Infrastructure in rural areas by making it more attractive and viable to suppliers.

The PBC considers the obstacles to provision by addressing broadly four types of location, using similar terminology to that used by DCMS.

At the urban “centre”, there is already a strong competitive market for provision. The market will continue to roll out to smaller towns, but its pace will slow as it gets towards the “outside”, where the investment case means that provision will rely on public subsidy. In the most rural “far outside”, the cost of delivery to each premises is prohibitively high, and imaginative solutions will be essential to ensure no home or business is left unconnected.

The PBC describes how the challenges of each type of location can be addressed through targeted interventions, to attract investment to our region and accelerate the provision of digital connectivity to support our ambitious Growth Deal plans.

The role of GMW in driving digital connectivity interventions, and the role of other relevant parties is also considered. The PBC takes into account both our own existing initiatives, and other existing national, regional and local initiatives and also identifies gaps in coverage. It identifies where the Growth Deal is best positioned to intervene and sets out the actions the GMW Board could and should take to make best use of public funds to bring the connectivity we need to Mid Wales. Our aim is to complement the role of other bodies in bringing about change, not duplicate.

It sets out a Longlist of options for GMW intervention, and a model to identify the most appropriate level and type of intervention. This features a Longlist of projects grouped together in ways that maximise the Return on Investment for the Mid Wales Growth Deal. This RoI is measured primarily in substantial increases to regional GVA. It also references social, health and well-being benefits and identifies some proxy indicators for success, whilst also highlighting other broader outcomes our investment will support.

The PBC will describe the costs and benefits of the proposed GMW intervention, and set out a high level, structured delivery approach to ensure that projects are scoped, justified, and managed effectively.

### 3.3. Digital Connectivity and Digital Infrastructure

The Local Government Association (LGA) defines digital connectivity as “an all-encompassing term used to describe mobile or fixed connections to the internet”. Being connected in this way has become part of the fabric of everyday life – as important to communities and businesses as a water, gas or electricity connection”.

Our Digital Strategic Growth Priority is concerned with the development of Digital Infrastructure and the skills needed for infrastructure build and commissioning.

In this PBC, we use we use the term 'Digital Infrastructure' to cover all the policies, procedures and physical structures that are used to support all forms of mobile or fixed connections and communications for the citizens, businesses and public sector organisations in our geography.

The scope of Digital Infrastructure spans three areas of delivery:

- **Solutions and Physical Infrastructure:** including the solutions that are installed such as fixed and mobile connectivity, public WiFi, LoraWAN, satellite, TV and radio; and built physical infrastructure such as ducts, masts and poles, fibre, and physical footprint such as buildings, street furniture and facades, land, power and cooling.
- **Policy, Process, and Engagement:** that affect how Digital Infrastructure is planned and implemented, for example including the approach to wayleaves and easements, Section 106 policy, planning and traffic regulations, standards, and so on. This category includes the engagement activity needed to stimulate demand for Digital Connectivity services.
- **Skills:** that relate to infrastructure build and maintenance and to the use of digital services, Examples include civil engineering skills and capacity for trenching, ducting and chambering, fibre blowing, splicing and testing, mast erection, as well as for network operations and maintenance. They could include skills in respect of commissioning and using infrastructure services. Skills development activity also includes that needed to encourage the take up of vouchers and connectivity services, for example community engagement skills.

These are all necessary and complementary components of good Digital Infrastructure provision and will therefore all form part of addressing the Growth Deal's Digital objectives and subsequent projects.

#### 3.4. Source Data

The source data and statistics featured in this strategy reflect the environment at the time of writing. The Ofcom Connected Nations Report <sup>1</sup>provides data formally reported by industry on an annual basis, and is supplemented by data from interim updates. The strategy also references statistics from thinkbroadband.com, an example of a broadband comparison and reference site which uses crowd sourced data to provide

---

<sup>1</sup> Ofcom Connected Nations Annual Report 2020

more frequent updates. Other supporting publications are referenced as appropriate throughout the PBC.

## 4. Strategic Case

### 4.1. The Importance of Digital Infrastructure

#### 4.1.1. Overview

Robust and widespread Digital Infrastructure is a key driver for economic development and social cohesion. Strategic documents produced at all levels of government (local authority, Welsh government and UK) acknowledge this and highlight the need for Digital Infrastructure to support future economic growth and benefits.

In 2014, the World Economic Forum explained in its report *Delivering Digital Infrastructure* that if we encourage investment and innovation in digital infrastructure, there will be significant economic and social benefits. With this in mind the UK Government has made 'world-class connectivity for all' a central aim of its strategy, *The Future Telecoms Infrastructure Review (FTIR)*.

*The FTIR* was published by the UK Government, Department for Digital, Media, Culture and Sport (DCMS) in 2018 in support of the Government's Industrial Strategy. It provides a comprehensive review of, and plan for the provision of Digital Infrastructure in the UK. The FTIR sets out ambitious targets for the delivery of Digital Infrastructure across the country. Its comprehensive assessment of the state of UK Digital Infrastructure and its markets identifies a range of demand and supply side factors which have hindered delivery progress. It highlights the critical need for the right type of intervention to stimulate the market to attract commercial investment and improve the uptake of connectivity services by consumers. It issues a strong call to action to improve the scope, scale and quality of the UK's digital infrastructure.

A 2015 report by the EU Commission on the role of broadband underlined the role of connectivity in increasing productivity: '...availability of top class connectivity, by means of fibre networks, together with the right set of digital skills in the workforce is predicted to have an impact on total factor productivity of the European economy (i.e. improving the way capital and labour are employed in the economy) and result in higher GDP growth'. Source: EU Commission, Socio-Economic benefits of Broadband, 2015.

In its Connected Nations 2017 report, Ofcom also highlighted the role of connectivity in the economy particularly with regards to small businesses, stating that a 'Lack of decent broadband is a particular concern for (UK) small businesses. Small businesses increasingly rely on broadband, but a disproportionate number cannot access even a basic service. This message has remained a common theme since this earlier report.'

DCMS undertook undertaken a comprehensive evaluation of the impact of improved connectivity, following its Superfast Broadband intervention. The Evaluation of the



Economic Impact and Public Value of the Superfast Broadband Programme<sup>2</sup> clearly articulates the importance of good Digital Infrastructure. The report highlights a range of key benefits that serve to support and reinforce the key messages of other analyses. The report goes further and suggests that even greater benefits can be achieved through ultrafast, and so by implication, gigabit-capable.

Fixed-line and mobile infrastructure is therefore widely acknowledged in government, academic and industry literature to be a critical socio-economic development tool. It supports significant GVA growth through enabling higher employment and greater productivity, in addition to Social Return of Investment (SRoI), through greater opportunities for more connected communities and better individual well-being.

This Programme Business Case represents both our response to the call to action that the FTIR issues, but critically, our commitment to fostering the right conditions to attract investment in digital infrastructure and skills across to grow our economy, and realise the ambitions for our region that our broader Growth Deal bid sets out.

#### 4.1.2. The Importance of Digital Connectivity to Mid Wales

The Vision for Growing Mid Wales strategy has identified eight Strategic Growth Priorities for our region. These priorities collectively describe a compelling vision for economic growth and investment across Mid Wales and set out a clear context for the different needs for, and application of, digital connectivity to support that growth. Digital Connectivity is recognised not only as an enabler to other growth priorities, but as a Growth Priority itself.

---

<sup>2</sup> DCMS Evaluation of the Economic Impact and Public Value of the Superfast Broadband Programme, Final Report 2018.




**Fig 4.1 Mid Wales Strategic Growth Priorities**

Available and affordable digital infrastructure, along with widespread uptake of digital services are therefore recognised as fundamental principles and requirements within the Vision for Growing Mid Wales.

Enhanced and good quality digital connectivity and accelerating its deployment is fundamental to transforming the Mid Wales economy and enabling growth. Confidence in digital infrastructure will be vital to support future business investment in the region. In the wake of the Covid-19 pandemic, good connectivity is now needed not only for growth but also for fundamental economic recovery.

Digital technologies are transforming communications, services, learning and business opportunities at an ever-increasing pace. New digital technology like 5G plus the Internet of Things, Artificial Intelligence and data analytics have the potential to open up new businesses and improve the lives of communities.

Investment in digital infrastructure and supporting the adoption and exploitation of next generation digital technologies will be critical to improving productivity, capitalising on innovation and becoming more competitive as a region. Improved connectivity will provide businesses with access to markets, information sources, services and opportunities both in the UK and globally. The recent COVID-19 induced experiences of 2020 have shown how critical digital infrastructure will be to supporting local economic recovery and growth.



For the foreseeable future, ever more of our lives is moving online, whether we like it or not. Government cannot allow digital inequality to continue to compound and exacerbate the economic inequality that has been so harshly exposed in the covid-19 pandemic.

Meg Hiller, MP, Chair of Public Accounts Committee

Ensuring access to good quality digital connectivity and supporting digital skills, the latter through our Skills and Employment Growth Priority, will help bridge the digital divide and give people the freedom to live and work more flexibly while making the region a more attractive place to live. Public interventions will be key to addressing non-commercial areas that are unlikely to receive private sector investment.

#### 4.1.3. Expected future connectivity requirement

The deployment of Digital Infrastructure is a costly and long lead time activity, but user demand tends to have a much shorter horizon.

Any Mid Wales intervention therefore needs to consider how the current requirement will change over time, so that it delivers what consumers will need and want by the time the intervention's outcome is available.

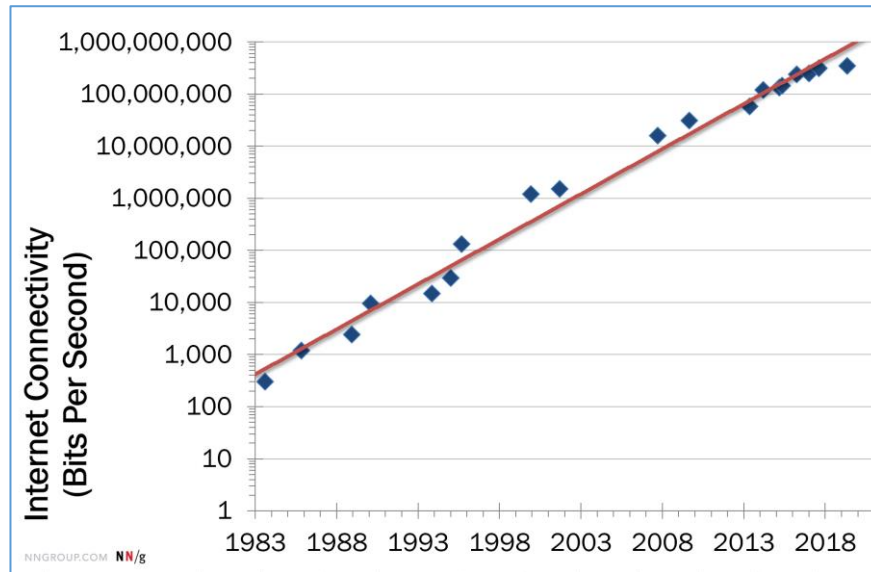
In terms of the current requirement, the government has set out the Universal Standard Obligation (USO) which mandates that everyone should be able to expect a bare minimum connection that can deliver a download speed of at least 10Mb and an upload speed of at least 1Mb. Superfast broadband, 25-30Mbps according to the measure used, is considered the current requirement for most users. In that context, FTTC technology, which can reach speeds of up to around 80Mbps, is essential for all but the most basic requirement.

The pace of increase in demand for digital connectivity services remains high, with online HD streaming and video calling become commonplace in just a very few years. In 1998, Jakob Nielsen used data from 1983 onwards as a basis for Nielsen's Law<sup>3</sup>, a model for predicting internet bandwidth growth similar to Moore's Law for computing power. His model predicted that the bandwidth demanded by high-end users would grow by 50% per year, and that general users would follow the same trend, 2 to 3 years

---

<sup>3</sup> Nielsen's Law: Users' bandwidth grows by 50% per year (10% less than Moore's Law for computer speed). The new law fits data from 1983 to 2019

later. Regular reviews of the model and prediction have shown it to be remarkably accurate, as the logarithmic scale of the chart below shows.]



**Fig 4.2: Nielsen's law of internet bandwidth Source: NNGgroup.com**

In Ceredigion, around 20% of premises do not have superfast broadband, and nearly 5% do not have the USO 10Mbps minimum. In Powys, those figures are approx. 22% and 6% respectively. The combined Mid Wales percentage of premises without USO 10Mbps is 5.3%

If 30Mbps is assumed as today's requirement, Nielsen's model suggests that FTTC will become too slow in just 3 years from now. Even GFast, for the small number of users close enough to the exchange to get it, will become too slow in around 6 years. This expected underlines the reason for the drive towards full fibre, with its much less limited speed headroom.

Against this background, customers will often express satisfaction with speeds of 10-20Mbps and show limited willingness to pay more now to guarantee fibre broadband. The combination of exponential requirement growth and short-horizon customer decision making present a major challenge for those planning for the future.

The advent of 5g, LPWAN and other emerging technologies are expected to have a revolutionary impact on the support and development of new and as yet unknown digital services and applications. The demand they drive is likely to be similar to growth in broadband requirements.

It is possible that Nielsen's law may no longer continue to apply in the way in it has for the last 36 years, but it seems more likely that the demand for digital connectivity will continue to grow rapidly.

Any targets to be achieved through our Investment Objectives must recognise this growth, and build in sufficient headroom to accommodate it.

## 4.2. Our Region

Our GMW Vision<sup>4</sup> describes the key features of our region, emphasising both the potential it offers, but also recognising a number of challenges and barriers to effective regional growth that this Digital Strategic Growth Priority PBC will serve to highlight further and later address. Fig 4.3 below illustrates some of our key regional indicators.

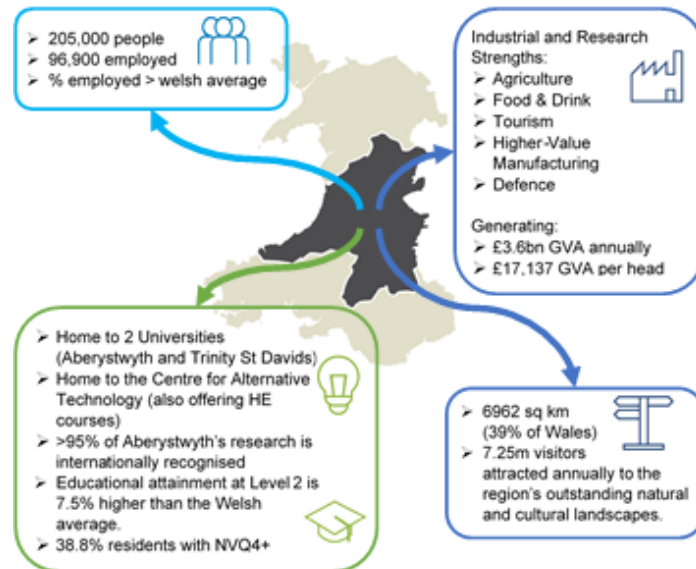


Fig 4.3: Mid Wales at a Glance

**Our Geography:** is highly rural, representing 34% of land mass of Wales. We have approximately 96,000 domestic and commercial premises, many of which are scattered in smaller, highly dispersed settlements.

Our region has important Digital Infrastructure interdependencies with neighbouring councils, both in Wales and in Shropshire and Herefordshire. Our central location joins together the North, South and West of Wales and the bordering councils of England, offering Digital Infrastructure value to these neighbours. This positioning and the collaboration it can and does facilitate, can help to 'drive and support intra-regional growth across Wales and the UK, where the sum total of its economic impact is larger than the sum of its individual parts' (p.14). The underlying infrastructure offers value from close collaboration. Where it helps our ambitions to collaborate we should, but we should not be limited or held back should others not yet be ready.

---

<sup>4</sup> Vision for Growing Mid Wales

Our Vision for Growing Mid Wales document p.14 recognises the features of our geography that create shared commuter links, but it also describes the need to ensure employment land and premises are available to fuel local growth; premises which require digital connectivity and which may be subject to the more rural and sparse geographical features of much of our local landscape. The geographical features of our region and the impact on DI provision are described in further detail later in the Case for Change.

**Our Economy:** Mid Wales contains 12,660 VAT registered businesses. Like many other rural parts of Wales<sup>5</sup>, we have a very high proportion (>95%) of micro businesses (<10 employees) with only 0.8% of businesses across Mid Wales are classed as medium or large (50+ employees).

The degree to which SMEs experience good connectivity can have a strong urban/ rural dimension. This risks creating a digital divide between rural and urban communities and also has the potential not only to put rural businesses at a competitive disadvantage, but also to discourage entrepreneurs from establishing businesses in Mid Wales altogether. The viability of the local SME economy relies heavily on sufficient connectivity to operate.

Our regional GVA is relatively low comparatively, as described in our Vision:



“Mid Wales contributes £3.6bn in annual gross value added (gva) to the UK economy equating to £17,509 per head).

Thus is amongst the lowest in the UK and compares to £65.1 billion (£20, 738 per head) for Wales; with Mid Wales contributing approximately 5.5% of the gross value added (gva) generated by the Welsh economy, a proportion that has remained constant over almost the last twenty years.

Whilst many factors are at play, it is highly likely that the absence of quality Digital Infrastructure is a significant contributor to low GVA. The relative importance of, and reason for, provision to individual sectors can vary as does the benefit it brings. However, the provision of good connectivity can reasonably be expected to have a positive effect on productivity and economic growth across the business spectrum. For sectors that comprise pure technology businesses, the success and growth of the business is directly related to the provision of connectivity services; its very existence

---

<sup>5</sup> Source: Vision for Growing Mid Wales

relies on the availability of high speed, high capacity fibre infrastructure. In other sectors, quantifiable improvements in service are driven by Digital Infrastructure as one of a large number of enablers. In these cases, the benefit attributable to connectivity supported by Digital Infrastructure is difficult to quantify separately.

In this sense, Mid Wales is no different from the rest of Wales and indeed the rest of the UK; its businesses and sectors experience the same types of benefits, but its use may vary given the specific nature of the Mid Wales economy.

Our Vision highlights a range of strong sectors in Mid Wales strengths, and references amongst them: high value manufacturing; agriculture, food and drink; defence and security; and Tourism. The examples the plan provides highlight a number of key dependencies on digital connectivity for our key sectors.

The seasonal nature of much of our employment also brings its challenges. Our economy has a high degree of seasonality – the significant influx of visitors means a direct increase in need from tourists themselves, but also brings a higher business need for better capacity and coverage to service tourism.

**Our population** totals approximately 205000 people, and is characterised by an ageing population and a net out-migration of young people. Since 2008, the region has seen an overall decline in its population of around 1.2%<sup>6</sup>.

Providing widespread connectivity to support increasing levels of consumer and business need is an important tool in retaining local skills and knowledge amongst the working age population.

Digital connectivity also has a key role to play in attracting new skills. Our region has seen an increase in the growth of knowledge based services which typically are highly reliant on good connectivity. Whilst the concentration of such workers lags behind many other parts of the UK, it does offer significant potential for the region. Knowledge work can typically provide the local population with higher value jobs, who in turn have more disposable income to re-invest in the local economy.

To retain and attract new skills and sectors, grow a viable business sector, and create more employment, relies heavily on the availability and affordability of quality mobile and fixed connectivity. The effects of out-migration may be slowed by the effect of the COVID-19 pandemic as remote working increases, and local people no longer need to re-locate or travel to other parts of Wales or the UK to work.

---

<sup>6</sup> Source: Vision for Growing Mid Wales, p.12.

As our Vision<sup>7</sup> highlights, 'Poor connectivity, low GVA per head, limited skills infrastructure, grid constraints and lack of supporting business infrastructure all play their part in limiting the region's potential to take advantage of our opportunities'. It summarises a range of factors that drive the need for better and more widespread digital infrastructure. Increasingly connectivity will play a key role in addressing these barriers to economic prosperity.

---

<sup>7</sup> Source: Vision for Growing Mid Wales, p.11.





## Key Regional Features driving the need for DI Investment

- **LAGGING PRODUCTIVITY:** Mid Wales continues to lag behind other Welsh and UK regions in both its GDP and figures
- **A DECLINING, AGEING POPULATION:** indicating reducing population figures and a changing demographic - demonstrating the 'pinched middle' of a relatively high older population and a proportionately low working age population.
- **NARROW AND VULNERABLE ECONOMIC BASE:** Leading to employment and productivity imbalances. The largest GVA contributors by sector are manufacturing, real estate and wholesale and retail – whilst agriculture provides the biggest employment numbers, but contributes comparatively less GVA. Seasonality of employment also adds to the economy's vulnerability.
- **PROJECTED EMPLOYMENT DECLINE:** forecasts show the Welsh economy growing by 1.7% during the period 2018-2040 (+ 24,000 jobs) while the Mid Wales economy is forecasted to decline 3.45% (reduction of 3,352 jobs) – whilst the UK looks set to grow by 7.4% over the same period.
- **STATIC AND WEAKENING LABOUR MARKET:** gaps in skills provision and infrastructure to adequately meet industry demands are exacerbated by a lack of focus on the issue in Mid Wales. Weaknesses in regional skills infrastructure exacerbates employment and educational opportunity – leading to a reducing equality of opportunity & labour mobility and reinforcing out-migration.
- **MARKET FAILURE:** Underlying structural economic weaknesses aligned with decades of under-investment by the public sector has exacerbated market failure. Market failure is prevalent throughout the economy and can be clearly evidenced through weak and relatively static commercial and residential build rates, declining and narrowing business base and the inadequate state of our digital, road and energy grid infrastructure – that cries out for public intervention.
- **THE HIDDEN NATURE OF A RURAL ECONOMY:** relatively strong employment and low unemployment data masks low pay and underemployment and the high self-employment and home working data combined with low incomes is masking rural poverty which is a real cause for concern amongst local authorities and policy makers in Mid Wales.

## 4.3. Strategic Fit

### 4.3.1. Organisational overview

The Growing Mid Wales Partnership formed in 2015 and jointly led by Ceredigion and Powys County Councils, represents a significant collaboration between stakeholders from across the public, private and voluntary sector within our region. We have long shared a common purpose – “to facilitate and accelerate economic growth via a single and ambitious vision for economic and employment growth in the region”.

This purpose has driven the development of our Growth Deal proposal since 2017 when the partnership was invited to submit a proposal for regional Growth Deal funds. This proposal serves to further reinforce our commitment to building and growing our regional economy, and reflects the collective objectives of our regional stakeholders; the businesses and voluntary organisations that contribute to the regional economy, and on whose behalf GMW will progress the Growth Deal.

The stakeholder and organisational landscape which the Growth Deal priorities are both defined by, but also support, is highly varied. Fig 4.4 below shows the key local bodies and organisations that participate directly, but also those with whom we collaborate, or depend upon for successful delivery of our objectives.

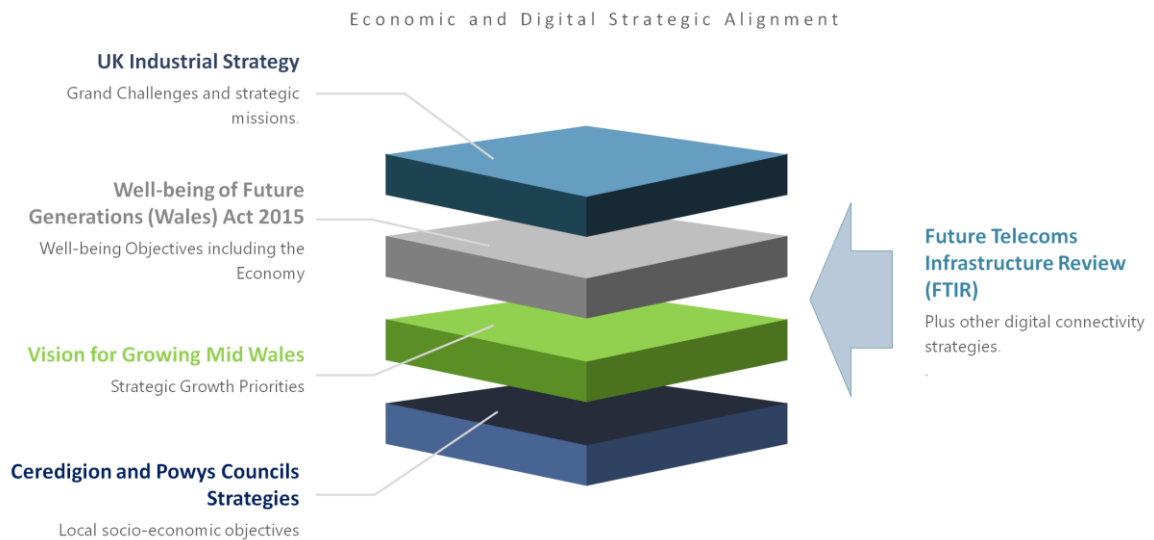


Fig 4.4: Mid Wales Growth Deal Stakeholder landscape

### 4.3.2. National Alignment

Digital Infrastructure is recognised as a critical enabler of strategic outcomes at all levels of government.

The importance of the role of Digital Infrastructure in supporting socio-economic outcomes is described clearly through a number of related and mutually reinforcing UK and Welsh strategies, through to the local vision of our Mid Wales Growth Deal and our individual Council objectives. This helps to achieve a high degree of national and local economic and Digital Infrastructure strategy alignment.




**Fig 4.5: Strategic Alignment**

### 4.3.3. Welsh Government and Regional Alignment

The Welsh Government (WG) has a key role to play in supporting Growing Mid Wales, and our proposal for the how Growth Deal funding should be used.

The Welsh Government's Well-Being of Future Generations (Wales) Act 2015 is a cornerstone piece of legislation for all Welsh Local Authorities. Alignment with the objectives of the Act helps to ensure that consistency in planning and delivery across our region and across Wales. Amongst other priorities, the Act highlights the need to develop and grow the collective economy of Wales.



A prosperous Wales – an economy that generates wealth by providing its skilled and educated population with access to decent work opportunities.

#### Well-Being of Future Generations (Wales) Act 2015

“Prosperity for All: The National Strategy”,<sup>8</sup> is the Welsh Government’s stated mission for delivering high quality of life and strong, safe communities, and has to date also been a key driver of our GMW objectives for the region.

The Strategy emphasises the key importance of not just what we deliver, but also how we deliver; creating integrated and collaborative social, commercial, health, educational, and physical infrastructure that allows us to improve the lives of the people of Wales. It recognises that not all communities across Wales have experienced the same growth, leaving them isolated amongst their regional and national peers, and acknowledges that Government has a key role to play in providing stimulus to help struggling communities.

Part of that role is government intervention to build the infrastructure to support growth. As the Strategy states: *“Our communities remain a national asset, and we will invest to re-connect them, physically and digitally, to build a more united and connected nation”*.

Recognising the role of digital in helping to establish greater unity and connection, the Welsh Government also formulated its Digital Action Plan<sup>9</sup>. Most recently in the wake of Covid-19, this message has been reinforced once again:

*“The Covid pandemic has demonstrated the importance of digital in delivering modern services at pace. We have seen digital acting as a major catalyst in adapting to the challenges we have faced....Critical to the delivery of [our] whole strategy is the underlying infrastructure. This infrastructure is the foundation we need to build good quality digital services.”*<sup>10</sup> (Lee Waters MS, Deputy Minister for Economy and Transport)

---

<sup>8</sup> Prosperity for All” the National Strategy; Taking Wales Forward

<sup>9</sup> Wales Digital Action Plan 2017-2020

<sup>10</sup> Ministerial Foreword Digital Strategy for Wales, 23<sup>rd</sup> March 2021.

The achievement of the Welsh Government's stated aims is clearly critically dependent on the availability and affordability of quality digital infrastructure.

Within its new Digital Strategy, the Welsh Government sets out six mission statements which closely align with and many of our Mid Wales Growth Priorities. Mission 5, Digital Connectivity, like our Digital Growth Priority, highlights the importance of infrastructure in supporting digital services. It too highlights the challenges inherent in bringing connectivity to more rural areas given the challenging topography and the distributed population. The strategy also recognises the need to work with others with similar aims to optimise the use of public funds and aggregate demand, thus improving the business case for greater investment.

The Welsh Government and GMW therefore share common objectives which are mutually reinforcing.

We both have a vested interest in bringing better digital infrastructure to Wales, and to our region. Close collaboration to make best use of our collective resources and to leverage our capabilities will help to strengthen the perception of Mid Wales as a place to invest and grow services, to the benefit of our wider economy.

Strategic alignment with other Welsh regional Growth Deals, and councils, and with our cross border neighbours, will also serve to strengthen this position. Our geographical position means we have close economic links to North, South and West Wales. Our success in many ways can be dependent on the growth of other regions and vice versa; growing the Welsh economy will be to the benefit of all regions.

Like the transport network, digital connectivity should not be limited by geographic borders even if the responsibility for its delivery differs in different regions. Therefore, whilst an element of competitive economic tension between regions is likely to always be present, it is important that we recognise that our collective aims can deliver a scale of connectivity ambition and capability which is greater than the sum of our parts. We are then able to translate this ambition into a coordinated approach to digital infrastructure build that meets all our strategic aims.

#### **4.3.4. Local Strategic Alignment**

Our priorities reflect the broader national and regional aims of the UK and Welsh Governments, but they are ultimately driven by our own local needs.

Our respective Ceredigion and Powys local Public Service Board Plans, developed in conjunction with our Health, Fire and Rescue, and Natural Resources Wales, and other invited partners, set out our local responses to delivering against the Well-being of Future Generations Act. Building strong community and local resilience is a key feature, amongst others, of these plans, as is the long term role of digital infrastructure in enabling such resilience.

Regionally, we have set out eight strategic growth priorities, each of which aspire to bring about ambitious change. The inclusion of the Digital Strategic Growth Priority as one of one these strategic focus areas demonstrates the importance of digital connectivity for supporting our business sectors, and to bringing about the economic recovery, regeneration, and growth that our region seeks.

The need for alignment is therefore clear. GMW does not intend to replace other local, regional or national initiatives where they are better placed to deliver the results we need. Rather, our local Digital Growth Priority activities should serve to supplement and complement established projects to make them even more effective, and plug existing gaps, where it adds value to do so.

Our Digital priority recognises the weaknesses in our current digital infrastructure provision. It represents a key step in our roadmap to address these weaknesses.

#### 4.4. The Case for Change: Introduction

The key features of our geography, economy, and population were described earlier. With a highly rural landscape, many of our settlements are highly dispersed. Our 96,000 domestic and business premises are almost four times more sparsely distributed as for Wales as a whole.

Our region currently attracts a limited number of market operators, though that is beginning to change. In most of the region, there is very little competition at the infrastructure level, and we have a more limited choice of options than more urban parts of the UK.

The Case for Change considers the current technology arrangements and market provision, and the supply and demand factors that are preventing both investment by suppliers, and consumer take up of available services. Establishing a clear understanding of the root causes of poor provision will help identify the appropriate interventions to apply to address the issues we face.

#### 4.5. The Case for Change: Current Infrastructure Arrangements

##### 4.5.1. Broadband

Research statistics drawn from Ofcom Connected Nations 2020, and more recently Thinkbroadband.com show an interesting connectivity situation across Mid Wales.

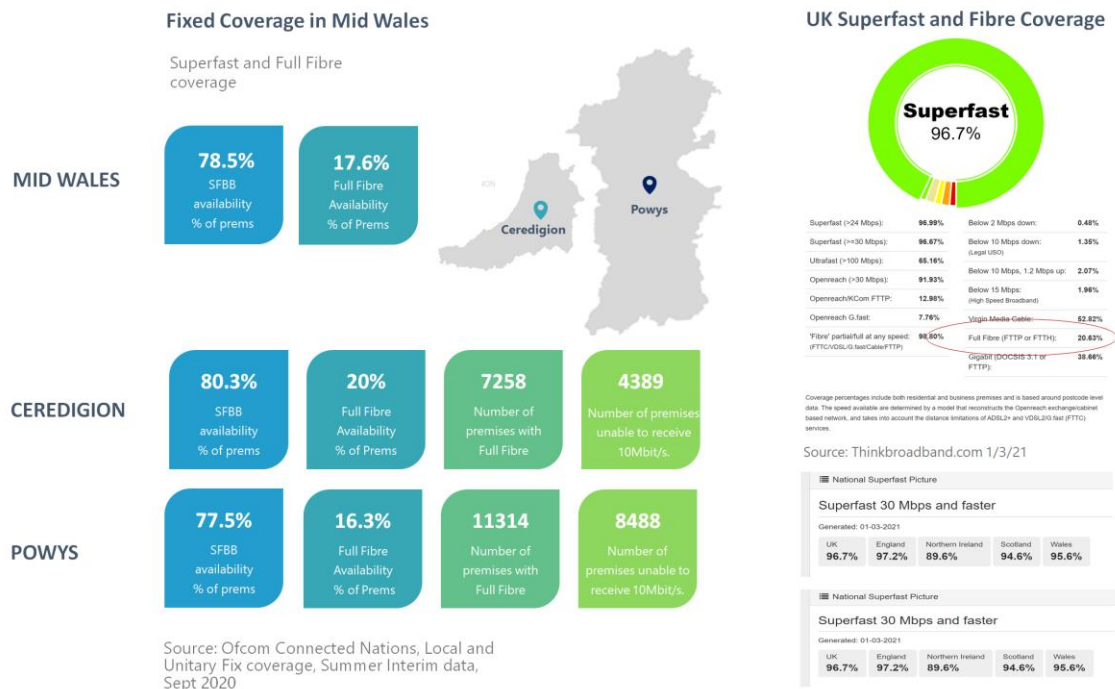


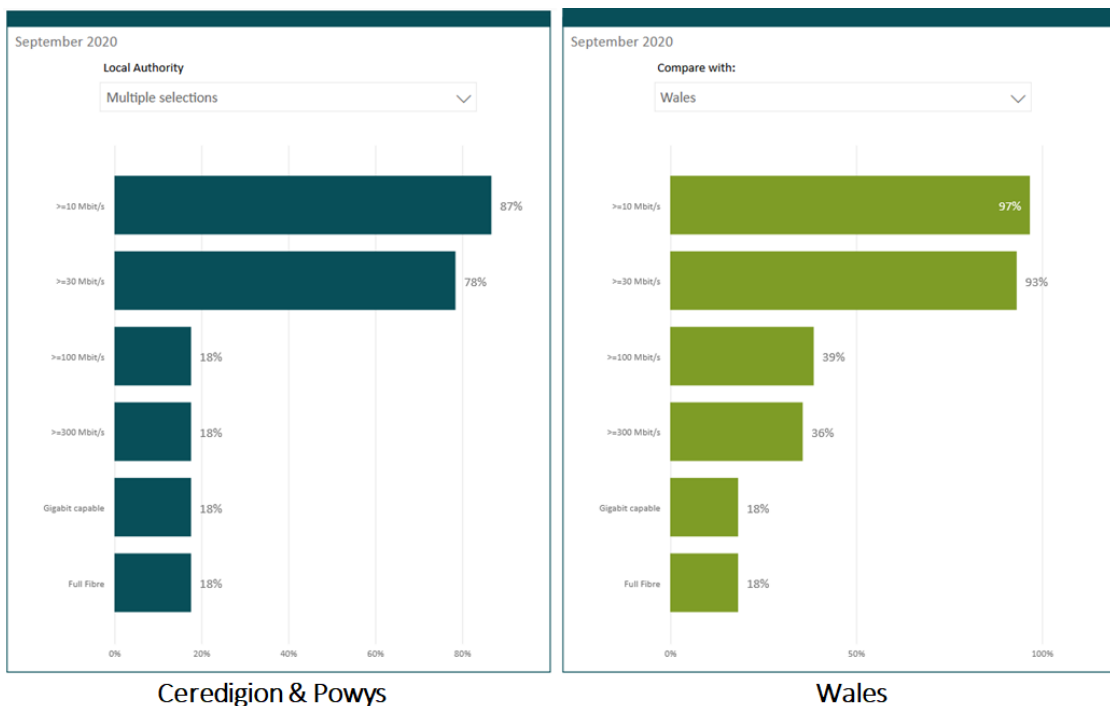
Fig 4.6: Regional and county based fixed connectivity statistics

The Ofcom 2020 reported coverage for Superfast Broadband in Mid Wales was 78.5%, with Ceredigion and Powys at 80.3% and 77.5% respectively. This means that for approximately 20% of our premises, we still don't have connectivity levels that are enjoyed by the vast majority across the UK. As well as addressing that difference for

today's requirements, the clear implication is that when full fibre broadband becomes a necessity of home and business life in 3-5 years' time, Mid Wales will again be slow to benefit, particularly given the more challenging economics of fibre rollout.

In the case of full fibre, the region's coverage is currently similar to Wales as a whole, but behind the UK as a whole. However, the figures in respect of high speed connectivity in general tell a story that gives rise to concerns for the future. It is very likely that the urban areas of Wales will quickly move ahead in full fibre provision, leaving Mid Wales behind, because the cost of deployment in urban areas is considerably lower than in Mid Wales.

The following data also sourced through Ofcom shows the combined status of fixed broadband provision within the region, compared to Wales as a whole. The combined figure of 18% offers represents an average across the two counties.



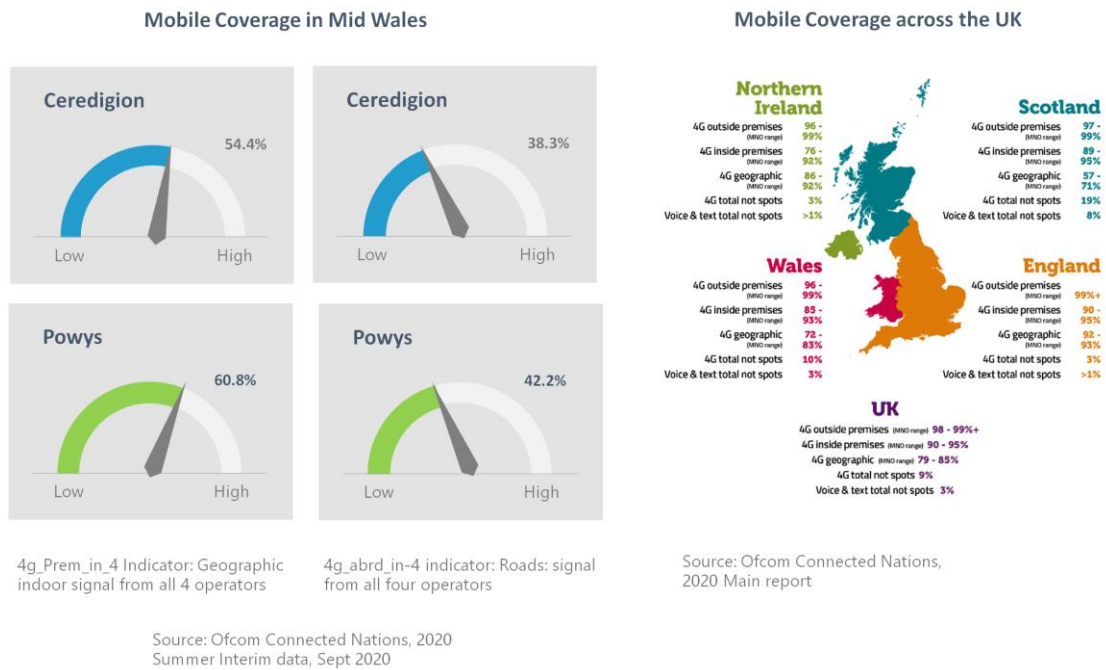
**Fig 4.7: Combined fixed connectivity statistics**

The issue of poor connectivity provision has a direct impact every day on our region's residents, businesses, and on its economy.

#### 4.5.2. Mobile

Ofcom's Summer Update 2020 indicates that only 54% and 21% of premises in Ceredigion and Powys respectively can receive indoor 4G signal from all four Mobile Network Operators compared with 85% in Wales as a whole. An in-car 4G signal is available from all four MNOs on just 38% and 42% of the roads in Ceredigion and Powys respectively. Our region is significantly less well served than other parts of Wales and the UK.





**Fig 4.8: Council based mobile connectivity statistics**

The current lack of connectivity in Mid Wales is in part due to the particular challenges posed by the region’s topography for operators deploying mobile infrastructure. A large percentage of our premises are located in rural areas. In order to reach these premises significantly more infrastructure is required than that needed to reach citizens and businesses in urban areas.

Mobile use has seen a notable increase over recent years. Ofcom’s reporting of the impact of lockdown on mobile use nationally offers some insight, and may reveal implications for future coverage requirements in Mid Wales. The report notes:

- An increase in mobile voice traffic use during the lockdown as consumers increased both the frequency of their calls, and the length of their calls
- A decrease in mobile data traffic, thought to be attributable to consumers working from, and staying at home and offloading data use to Wifi.
- A shift in mobile hotspots from urban areas to suburban areas during lockdown, again possibly reflecting greater working from home, and possible relocation.

Many of the impacts of the pandemic may prove to be short-lived. However, some elements of the change in working patterns, and the potential re-location of some business beyond the typical urban setting is likely to persist and if so, may place an even greater emphasis on the need for good quality mobile coverage across our largely rural region, to support our local economy. Despite the clear and highly detrimental of COVID-19 in many respects, the change in such patterns may even offer our region an opportunity to further build and grow our rural based economy, once the obvious need to recover has been addressed.

The Welsh Government report, Mobile Action Plan, highlights: ‘Mobile phones are no longer just about making phone calls or sending text messages; 57 per cent of mobile

phone users in Wales report using a mobile phone to go online. Expectations of the mobile signal are therefore rising, with customers wanting mobile connectivity where they live, work and want to travel. Businesses too want to take advantage of the opportunities that connectivity affords them and do not want to endure the lost opportunities that lack of connectivity costs them.'

As we look further ahead, the evolving 5G technology is expected to be a step change in mobile connectivity, providing mobile access to high bandwidth connectivity. Mid Wales still lags behind other counties in its receipt of 4G services so it is reasonable to assume that our region will suffer the same disservice in relation to the roll out of 5G infrastructure, particularly in respect of the highest frequency parts of the technology.

We must improve our mobile infrastructure if we are to provide sufficient levels of coverage to meet the needs of our businesses.

Mobile coverage is about much more than availability. Where the region is covered by the lower 800Mhz frequency, coverage and penetration may appear to be good, but available bandwidth is considerably poorer than for the higher 2100 and 2300Mhz spectrum. This means that whilst coverage appears to be available, the quality and strength of that coverage falls short of that needed to provide the service performance that customers need. We need to encourage operators to provide more coverage, but also coverage of the higher capacity high frequency spectrum. The two go hand in hand, because of the lower range of high frequency services.

These factors combined show a compelling need to accelerate investment into mobile infrastructure within our region.

#### 4.5.3. WiFi

WiFi is often the preferred approach for access to internet connectivity. Not only is this the case for data access, but it is widely becoming the preferred option for voice calls, especially in areas of poor mobile signal. Offloading mobile to WiFi may offer some mitigation for the challenges facing 5G deployment.

Public Wi-Fi connectivity not only supports the citizens, local businesses and tourists of Mid Wales, as well as public sector service delivery, but also helps our councils plan for the provision of services. For example, using high strength Public Wifi Access Points allows us to gather footfall data in tourism hotspots and high streets. Such data can help us understand behaviours, and to plan for the seasonal impact of tourism in our region, targeting the type and scale of services to exploit the opportunities it brings, and managing the challenges that can also accompany high visitor rates.

#### 4.5.4. LPWAN

LPWAN networks are low power wide area networks designed to allow low-powered devices to communicate with Internet-connected applications over long-range wireless connections at a low bit rate.

It is a valuable option where traditional fixed or mobile connectivity is either not available or is expensive in relation to the application. It is relatively inexpensive to set up, virtually free to operate, and can be set up anywhere a gateway can be installed.

The LORAWAN LPWAN protocol coverage in Mid Wales is already considerably ahead of other areas. Existing projects will deploy a further gateways to provide near pervasive coverage in 2021. Completing the coverage will unlock the potential for a huge range of Internet of Things (IoT) applications.

#### 4.5.5. Satellite

Satellite connectivity could be considered to be a subset of Broadband, since it is typically used where a wired connection is not economically viable. It is included separately because of its fundamentally different technical approach.

A number of commercial satellite broadband services are available on the market, and new services from Starlink and OneWeb will be available within the next 3-5 years. Their high cost for performance is likely to limit their use to the very hardest to reach locations, and to specialist applications.

#### 4.5.6. TV

As with mobile connectivity, television transmission is affected by the region's topography. Reported in the Welsh Government's Mobile Action Plan, Ofcom's statistics on television transmission highlight the scale of the challenge experienced in Wales as a result of the country's geography: 'to reach 1 million people in England it requires 12 masts, in Northern Ireland it requires 25, Scotland requires 45 and Wales needs 67.'

No current issues are identified with TV connectivity in Mid Wales, but it is possible that future changes, including the spectrum clearance for 5G could drive a requirement for intervention. TV Whitespace technologies may offer a broadband solution for some hard to reach locations.

#### 4.5.7. Airwave replacement

The emergency services Airwave radio service is being replaced by the new Emergency Services Network (ESN), scheduled for completion by 2021, although indications are that this date is unlikely to be achieved. The new service is based on a 4G mobile infrastructure provided by EE. ESN will drive the deployment of around 300 new masts in rural areas to extend 4G coverage, each of which will be made available to other mobile operators. Although Airwave itself is largely out of scope for Mid Wales' own interventions, it will have a positive effect on mobile coverage in the county.

#### 4.5.8. Telephony

The copper-based Public Switch Telephone Network (PSTN) that currently carries much of the country's landline calls is intended to be replaced by IP telephony by the end of 2025. This does not mean that the copper wires themselves will be replaced at that time – that is expected to take place over a longer timescale to 2033. However, the PSTN replacement may offer both opportunities to drive better connectivity, and risks due to consumer uncertainty and possibly changes to some broadband service types. Handled badly, the changes could waste money that might otherwise be used to improve connectivity.

Copper services are considered by most providers to be more expensive to operate than fibre services because they are more costly to maintain, and because they require more electrical power. There could be scope to use this feature to accelerate its replacement, at the same time driving better broadband infrastructure.

#### 4.5.9. Internet of Things

IoT promises major changes in all areas of society, driven by the possibility that enormous numbers of small and low-cost devices could exchange large volumes of data. The technology is in its infancy, but it is likely to grow exponentially as use cases are developed and devices become more commonplace, and as the region's LPWAN coverage plans are achieved. The implications for Mid Wales in respect of smart roads, buildings, transport, agriculture, energy and so on are significant. The combined volume of IoT will quickly begin to have an effect on Digital Infrastructure such as LPWAN, WiFi, Mobile data and broadband.

#### 4.5.10. Summary

Mid Wales currently has Digital Infrastructure coverage and capacity that falls short of today's requirements, and will certainly fall very short of the requirements of the next few years.

Although most areas of Digital Infrastructure suffer similar limitations, they do not all have the same impact on the economy, scope for GMW intervention and urgency.

Despite potential significant funding, GMW will almost certainly be budget-constrained – the scale of the problem is estimated to need investment of over £200m to resolve completely. Our interventions should therefore be focused where they can deliver the greatest impact for the region, and driving and supporting other investments.

The first priorities are therefore fixed and mobile connectivity. As illustrated through our other Strategic Growth Priorities, these have a fundamental effect on the efficacy of our economy and so play a significant role in allowing business to grow and flourish. They are also foundations for other forms of Digital Infrastructure.

The next priorities are LPWAN and WiFi. To an extent, these build on fixed and mobile connectivity. They will become essential as IoT grows quickly.

GMW's ability to influence Satellite, TV, Airwave and Telephony is small. In some cases, there is no obviously valuable intervention that could be made within our budgetary scope, and in others the impact is anyway very small. These are areas that GMW should continue to monitor, but is less likely to address actively.

### 4.6. The Case for Change: Digital Infrastructure Barriers

#### 4.6.1. Market Provision

The number of providers of fixed and mobile connectivity in Mid Wales has been very small, and the level of good connectivity is also lower than in other places.

The historically limited competition is illustrated by the near monopoly supplier situation in the region, with Openreach dominating infrastructure provision. Alternative Network Providers (Altnets) are beginning to create a more dynamic market. Spectrum and Gigaclear (backed by Infracapital), Voneous and Broadway Partners are active, along with other smaller organisations like Dragon WiFi and new entrants like Simwood. There is a latent competitive market place which could be stimulated to drive progress.

#### **4.6.2. Supply Barriers to Better Digital Infrastructure**

The reason for the lack of digital infrastructure supporting many areas across our region is a combination of supply and demand side factors that together appear to present a weaker business case for supplier investment than in other places. Our region could present an unexploited opportunity for the market if the barriers to provision can be addressed.

Digital Infrastructure is expensive to build, and in rural areas like Ceredigion and Powys where the distance between premises is greater, and many premises are far from existing infrastructure, the cost per premises is high. The topographical features of our region may also make construction even more challenging and costly; the greater distances between premises require many kilometers of fibre. At 205,000 population and just under 100k premises, the total size of the customer market is comparatively low, and the demand for better Digital Infrastructure may be lower than it is in locations with a higher proportion of digitally dependent customers.

As a result, the rate of return for suppliers might be below their minimum investment criteria, or other areas are prioritised because they have a better return, or because they are more attractive in some other way. They are likely to invest in Mid Wales after other areas, if at all.

This lack of scale is therefore a key factor. To present a compelling case for investors, we must be able to present a sizeable enough opportunity to attract market interest and create real competitive tension.

Our geographical location and inter-dependency with other neighbouring regions can play an important role here. Building on our shared interests with the North Wales Growth Deal, the Swansea Bay City Deal, and initiatives in Herefordshire and Shropshire can help position the region as part of a wider aggregated demand pool; collectively our shared population and premises can present a much more compelling scale of consumer base to boost the business case.

#### **4.6.3. Demand Side Barriers to Better Digital Infrastructure**

A further problem compounding the poor business case is, in common with other parts of the UK, that customers do not always take up connectivity services that are of value to them, even when they are available. Citizens are not sighted on the role they can play in attracting the investment to deliver infrastructure

There are two dimensions to consider:

- The take up of connectivity services when they are available

- The take up of government funded broadband vouchers to pay for connectivity

With regards to the first dimension, the problem is particularly acute in respect of the upgrade to fibre; it is difficult to persuade customers to adopt fibre so that it is available when they need it in 3-5 years' time, when the broadband service they have today seems acceptable.

Upgrading to full fibre typically costs consumers around £5-£10 per month more for a comparable package, although some find fibre-based services can be cheaper than a copper alternative where they are available. Survey evidence suggests however, that although some consumers may want better connectivity, many users are not prepared to pay more for it, or to switch providers.

Bringing the demand forward to encourage the investment necessary to meet requirements in the near future is a significant challenge. Often, the result is that supply runs behind demand, leaving customers with a period in which they are under served and fall behind areas where the business case is stronger for the market investment.

On the second dimension, many individual consumers simply do not know about the availability of vouchers. Where awareness exists but vouchers are not taken up, other factors may be at play.

Insights from Behavioural Science may be applied to explain consumer behaviour in both respects. Identifying the additional factors and behavioural biases that prohibit consumers from taking up available services or vouchers, can point to some practical interventions to drive demand.

Loss aversion, where consumers fear the perceived loss of what they currently know and have more than they value the potential gains may go some way to explaining this behaviour. Helping consumers to understand the trade-offs between choices and the cost of their inaction, supported by evidence based communication methods can have a significant persuasive effect.

As well as the right messages, the communications vehicle used can also have a significant impact. Using, for example a 'trusted messenger' from the local community to work with local consumers and businesses to raise awareness, consult and engage, highlight that cost of inaction, and more practically, to support voucher applications can positively influence how consumers respond; more so potentially than a strictly government led initiative. Incentivising known and respected local voices to participate, either by appealing to their altruistic tendencies, or by more tangible means, could deliver noticeable improvements in take up.

These biases can be deeply ingrained and hard to disrupt. Understanding what is preventing people from adopting services, and setting in place a 'citizen transformation project' to identify and use these levers to bring consumers along could provide fertile ground for demand stimulation.

A number of councils have adopted broadband voucher engagement schemes to bring forward demand, and which typically centre on door to door community engagement. Applying an enhanced approach drawing on behavioural insights may serve to further increase the success of these initiatives.

#### 4.6.4. Other barriers and opportunities

In common with much of the UK, barriers and unexploited opportunities exist for providers of Digital Infrastructure across Mid Wales.

Some key examples include:

- **Investment funds**  
Although the independent sector generally considers that funding is now available, it may remain a barrier for some potential providers to Mid Wales.
- **Civils skills**  
In common with the UK in general several potential suppliers have indicated that capacity shortages in the civils market could be a constraint for Digital Infrastructure deployment in Mid Wales. As interest in Digital Infrastructure increases across the UK and within Wales, the concurrent demands for supplier support may severely test supplier availability. The added impact of COVID-19 is likely to exacerbate this further.
- **No standardised Section 106 approach**  
New developments do not yet automatically drive fibre delivery, and there is not a unified approach to co-ordinating all aspects of infrastructure planning.
- **Public Realm coordination**  
Although works are well managed in respect of planning and delivery, opportunities may be missed to deploy Digital Infrastructure at the same time as other public sector projects, when costs would be lower.
- **Underutilised assets**  
There are significant examples of digital assets in public and commercial sector ownership that are not used to their full potential, for example because they are stranded or have no route to market. Road, Rail and Canal curtilage and duct are a good example where more cross-infrastructure consideration could drive better Digital Infrastructure.
- **Digital Infrastructure for public sector use is not bought directly**  
The public sector typically buys connectivity services, often site by site, and often on short contract terms. The underlying infrastructure commercial model is at a larger scale and a longer term, so that it is not easily influenced by the services spend. Aggregating demand and buying the services or infrastructure on a longer term is a good way to spend the same money, or less, to get a better outcome.

This combination of supply-side obstacles and demand side structural problems drive up the cost of delivery across Mid Wales, and make our counties less attractive than other areas as a priority for market investment.

#### 4.7. The Case for Change: Current Initiatives

Many organisations are already working to resolve the problem of poor Digital Infrastructure across the UK, and across Wales.

By understanding this landscape, GMW can avoid duplicating the activities of others where they are better placed to deliver, build on the progress made by others where it complements and supports our aims, and consider how to plug the gaps where there is a lack of activity in a critical part of the region, or type of Digital Infrastructure deployment.

Understanding how the participants and their work fits together ensures that GMW can focus energy and investment into the right place. This section describes a range of the key existing Digital Infrastructure initiatives that are already under way.

#### 4.7.1. DCMS

The UK Government Department for Digital Culture, Media and Sport (DCMS) sets out the digital strategy for the UK. The FTIR sets out much of this landscape.

Building Digital UK (BDUK), part of DCMS, leads several funding programmes to stimulate the development and uptake of both fixed and mobile services. It often works with local bodies to set in place local projects to spend central funding, and relies heavily on local councils to lead or deliver many elements of the centrally driven initiatives.

The key examples of DCMS intervention projects are described below.

- Gigabit Hubs

The UK Government has stated its aim to deliver full fibre to more than 15 million premises and to have nationwide gigabit capable coverage by 2025.

DCMS has announced the successor programme to its earlier Local Full Fibre Networks (LFFN) and Rural Gigabit Connectivity (RGC) programmes. The programme offers £150m to provide gigabit capable connectivity to rural public sector buildings like schools, surgeries and fire stations.

- Gigabit Vouchers

In the latest iteration of DCMS' Gigabit Voucher Scheme (GVS) and Rural Gigabit Voucher Scheme (RGVS), businesses and residents are able to apply for a voucher to be put towards the cost of a Supplier installing fibre to their premises. These initiatives aim to stimulate demand for services, by providing an incentive to citizens. DCMS is trialling a voucher promotion approach.

In June 2020, the Welsh Government also announced a substantial top up to the DCMS value of the Rural Gigabit Voucher Scheme. As a result, the existing values of £3,500 for rural SMEs and up to £1,500 for rural residential premises, were doubled to £7,000 for SMEs and £3,000 for residential premises. This is expected to continue to offer significant encouragement for voucher take-up.

- Outside In



'Outside In' is a developing programme, aimed at delivering gigabit capable connectivity to business and domestic premises in the hardest to reach 20% of the country. The programme will be backed by a substantial £5bn government investment. It is currently understood that the programme will take a form similar to Superfast Cymru, in the sense that the service available for customers will be upgraded without them needing to participate. The identification for the Final 20%, and the mechanism by which premises will be identified is not yet clear.

Whilst there has been much discussion around the F20 and Ofcom Area 3, there does not appear to be a clear definition of the premises that are in those classifications. As such, it is very difficult to identify which premises within Mid Wales will be addressed by these proposals.

In addition, the local collation of Open Market Research (OMR) data is not typically encouraged, but obtaining centrally collected data has been difficult. Without these means to know detailed plans and which sites are eligible, GMW risks duplicate investment in sites which could be covered, and missing premises that won't.

- Final 1%

DCMS is understood to be planning a programme to address the final 1% of hardest to reach places, in addition to Ofcom's Universal Service Obligation. Details of the project have not yet been released.

- 5G Testbeds and Pilots

The 5G Testbeds and Pilots programme is a series of research and development focused funding rounds aimed at accelerating the deployment of 5G networks, maximising the benefits from 5G and creating 5G business opportunities for UK companies.

Around £100m has been distributed through funding calls for Use Cases, Industrial Testbeds, Urban Connected Communities, and Rural Connected Communities. The 5G Create funding call, which makes available £30m, is currently running.

- OfCom Universal Service Obligation (USO)

"Every home and business in the UK has the legal right to request a decent, affordable broadband connection" (Ofcom). The Universal Service Obligation came into being on 20th March 2020 to support this right and ensure that anyone unable to receive a download speed of 10 Mbit/s and an upload speed of 1 Mbit/s, request an upgraded connection.

The USO details the eligibility rules for consumers. Providers rely on a range of technologies to provide connectivity including existing fixed and wireless connections and satellite. The cost of the upgrade is determined upon survey.

- Shared Rural Network

The Shared Rural Network is a £1bn deal between the government and the 4 leading Mobile Network Operators to deliver 4G coverage to 95% of the UK

landmass by the end of 2025. Government funding is ensuring that the operators collaborate in rural areas by mast sharing and adding new masts. It means that all networks will be available in all areas instead of the inconvenient patchwork that exists today in many areas.

#### 4.7.2. Welsh Government

The Welsh Government has a range of complementary initiatives underway. The Welsh Government Digital Infrastructure Strategy Group is a forum to review plans and oversee all national DI initiatives, some key examples of which are described below.

- Superfast Cymru 2

Phase 2 of the Welsh Government's superfast broadband programme was announced in 2018 and is extending the reach of the programme into those rural communities not provided with connectivity under Phase 1.

The original aim was to provide connectivity to a further 26,000 premises by March 2021, using Openreach's gigabit capable FTTP technology. The work for this phase has been split into three lots: Lot 1 North Wales (which contains Ceredigion), Lot 2 East Wales (which contains Powys) and Lot 3 South West Wales.

Further updates to the plans have included an increase in site numbers, bringing it to 39000 premises, and an increase in funding to £56m. This is stated to include 2592 premises within Ceredigion, and 3516 premises within Powys<sup>11</sup>. The detailed list of premises that will be connected has not yet been released.

The Welsh Government recently launched an Open Market Review to confirm the premises in Wales which do not have access to broadband of at least 30Mbps and where there are no plans to deliver this infrastructure over the next three years. It has experienced some issues of smaller providers failing to provide a response, and consequently being overbuilt with the support of public funding.

- PSBA

The PSBA public sector network is managed by the Welsh Government through a contract with BT that has been extended until 2025. The network connects most public sector sites in Wales. When the contract is renewed, there may be opportunities to drive better infrastructure and further efficiency savings through the procurement.

---

<sup>11</sup> <https://gov.wales/written-statement-update-digital-connectivity-wales> 20th July 2020.

- Trunk Road Concession

The Trunk Road concession is a Welsh Government project that will improve fibre infrastructure by allowing access to the curtilage of the trunk roads network and to fibre assets deployed for smart roads. This allows the installation of fibre into new ducts, or into existing Welsh Government telecommunications ducts, as well as the use of surplus fibre. The project offers GMW an opportunity to drive strategic backhaul into Mid Wales.

- Network Rail Signalling

Network Rail is considering projects to upgrade fibre and duct for its own signalling use on the Cambrian Line and the Heart of Wales Line, and discussions are underway to consider the wider value of this infrastructure development to address backhaul connectivity opportunities in our region.

- Greenlink Project

The Greenlink project is a proposed electricity network interconnect to link the power markets in Ireland and Great Britain. The subsea cable would make landfall at Freshwater West, continuing to the National Grid's substation adjacent to Pembroke power station. The Welsh Government is considering a project for Greenlink to carry a data cable to bring additional internet capability to Wales. Combined with the Trunk Road Concession and other backhaul projects, Greenlink could provide an important backbone component for GMW.

- Fibrespeed

The Fibrespeed network, in partnership with Welsh Government, extends across North Wales, providing a backhaul option and connectivity to key business parks. A possible extension to Pwllheli and further south offers an opportunity to connect the northern part of our region with key internet hubs. Fibrespeed should be considered in the wider picture of publicly owned fibre and duct infrastructure, including road and rail curtilage use.

#### 4.7.3. Other Growth Deals and Regional Initiatives

Other nearby Growth Deals are also involved in initiatives to address the shortcomings in digital infrastructure in their areas. It is imperative that we monitor and liaise with our neighbours to avoid duplication and wasted investment, but also to maximise the opportunities for scale where they may be mutually beneficial.

- Swansea Bay City Deal (SBCD)

The Swansea Bay City Deal is a £1.3bn investment in 11 major projects across the Swansea Bay City Region, which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire, and Swansea.

One of the central aims of the Swansea Bay City Region deal is to create an "internet coast" in South West Wales, utilising a fibre-optic transatlantic cable from New York to Oxwich Bay to bring ultrafast broadband to towns along the region's

coastline. In addition, the Swansea Bay City Region deal contains several proposed initiatives around TV whitespace and making use of radio/ satellite technology to provide superfast broadband.

Swansea Bay City Deal (SBCD) also aims to “address shortfalls in the availability of digital connectivity in the region by investing in digital connectivity drive the uptake and quality of those services that are already available”.

The Digital Infrastructure challenges faced in Mid Wales are very similar to those in the north and west of the SBCD area. Many of the same initiatives cut across both the GMW and SBCD areas, and the same providers are active in both. There are likely to be synergies from working together.

- North Wales Growth Deal

The North Wales Growth Deal is a £1.1bn investment in 14 major projects across the six Council areas of North Wales, including three that directly border the GMW region.

A key part of the Connected North Wales theme is to “upgrade digital networks and infrastructure access the region to support the functionality, competitiveness and growth of the indigenous business sector with an emphasis on SMEs.”

The rural parts of the region have Digital Infrastructure challenges similar to Mid Wales. Some notable opportunities exist to work with North Wales, for example in considering a Fibrespeed extension, engaging with network providers together, and working with other public sector infrastructure users across the two regions.

- Other Collaborative Opportunities

Individual neighbouring areas have their own Digital Infrastructure projects, offering opportunities for joint working to increase scale and market attractiveness for interventions, and to share lessons learned.

Monmouthshire and Herefordshire both have joint venture engagements with Alternative Network (Altnet) broadband providers who have expressed an interest in extending networks in Mid Wales.

Opportunities to leverage public sector connectivity to drive wider benefits could be supported by close relationships with Dyfed Powys Police, Mid & West Fire and Rescue Service, and with Powys Teaching Health Board and Hywel Dda Health Board, as well as with other public and third sector bodies. These organisations need better infrastructure for their own service delivery, and working with them may make it possible to co-ordinate investment for wider benefit.

#### 4.7.4. Commercial Investments

High speed broadband provision in the region has changed dramatically in the last two years. Although Openreach continues to dominate the broadband infrastructure market, Altnets are beginning to provide a credible alternative, in part due to the option to use Openreach infrastructure components through its Passive Infrastructure Access (PIA) products. Openreach itself continues to extend its full fibre delivery across the region.

Voneus has recently acquired smaller providers with a footprint in Mid Wales. Spectrum Internet has ambitious plans to extend its use of the WG Trunk Road Concession. Gigaclear has a proven experience of delivering rural broadband, and has a growing footprint in Herefordshire. Other providers have expressed an interest in addressing the challenges of Mid Wales connectivity, particularly if the right projects come to market.

Commercial rollout is expected to continue without intervention, but it will be focused first on areas of highest population density. However, GMW has the opportunity to drive better broadband in rural areas more quickly by structuring interventions that make the business case for investors more compelling, and by stimulating a competitive market in the region. The key will be to attract commercial investments to Mid Wales quicker than they would otherwise be made.

#### 4.8. The Case for Change: Conclusion

There is a clear case for addressing Digital Infrastructure shortcomings in Mid Wales. Good Digital Infrastructure is essential for our economy, but provision falls considerably behind that in other places. Although work is already under way across Wales and more locally to address these problems, it may be too slow, and it may not be successful, and it does not address all aspects of the problem. Challenges posed by lack of available data and scheduling of national initiatives also make it difficult to identify the gaps which must be addressed.

Digital Infrastructure coverage and capacity already within our region falls short of today's requirements, and without action it will certainly also fall short of requirements in the next 3-5 years. Since Digital Infrastructure build has a long lead time, it is essential to intervene quickly.

A combination of supply and demand issues mean that the return on investment that suppliers can expect in Mid Wales may not be attractive. Higher costs per premise and low demand may mean that investment in our region is likely to be made only after other places with a more favourable business case, or that its rate of return falls below the markets minimum acceptable rate altogether.

The current state is unlikely to be resolved without interventions that address the problems driving the market investment case. The need to achieve a degree of scale to attract investment will be a feature of our plans and some interventions.

The lack of good Digital Infrastructure has been a persistent problem across Ceredigion and Powys. Mid Wales' superfast broadband availability still lags behind other parts of

the country, and there are strong indications that its ultrafast and 4G/5G availability will follow the same pattern.

Given these factors and without continued interventions, the status quo is likely to remain; our provision will be lacking and will be insufficient to meet the ambitions of our Vision and economic strategy.

#### 4.9. Investment Objectives

This PBC and the GMW Portfolio Business Case that it supports intends to address the issues in digital connectivity provision across Mid Wales.

The primary driver for better digital connectivity is economic performance, measured most simply through an increase in Gross Value Added (GVA). Through better quality, more widespread and better value Digital Infrastructure provision, we will support education and skills development, enable more businesses to locate and grow, increase sustainable employment opportunities, and create a more regionally balanced and prosperous Mid Wales economy.

It is crucial that the investment made under the Digital Growth Priority banner is focused to drive this GVA increase. The Investment Objectives for the PBC are therefore:

- Increase the contribution of existing public/private investment in digital infrastructure by £100m to deliver a RoI of £180m by 2030 (attracting investment, delivering economic return)
- Achieve a target of 80% of outdoor 4g mobile data coverage by all operators by the end of 2026 (Coverage and acceleration)
- Achieve a target of 60% full fibre coverage by the end of 2026 (Coverage and acceleration)
- Achieve a target of 98% superfast coverage by the end of 2026 (Coverage and acceleration)

#### 4.10. Benefits

Better Digital Infrastructure is widely considered to drive economic growth by enabling a range of outcomes for business and domestic users, such as lower costs, more employment opportunities, and more highly skilled jobs.

There are broadly three types of relevant benefits of digital connectivity provision:

- **Social Benefits**  
Quality of life, social cohesion, health, environmental and other benefits that are not typically measured financially
- **Economic Benefits**  
The benefits that contribute to GVA growth, as referenced by the Investment Objectives

- Public Sector Efficiency Benefits

The value to the public sector of faster and more reliable connectivity for its own buildings

However, Digital Infrastructure is not itself directly responsible for delivering the benefits associated with that use, as many other factors play a part. The difficulty in directly attributing socio-economic benefits to improved digital infrastructure provision is well recognised. Economic benefits are nonetheless reasonable to expect, and possible to infer.

Industry research <sup>12</sup>suggests that for every £1 of spend on Digital Infrastructure there is an £8 economic return on investment.

This research has some value as a benchmark, but it should be used cautiously. It is a relatively rare example of a specific measurement of the economic benefit of Digital Infrastructure. Since the research was commissioned by one of the leading Digital Infrastructure providers, its objectivity could be questioned. Other local government and commercial initiatives will also target GVA growth so that it will be difficult to identify that part of any eventual growth that is driven by Digital Infrastructure.

However, the rule of thumb does provide a useful indicator and allow us to model an increase in GVA as the primary proxy measurement of the effectiveness of interventions. Bottom up estimates of productivity and job creation suggest that the rule of thumb is a reasonable estimate.

The Growth Deal's ability to target and measure the results of intervention on the availability of fixed and mobile Digital Infrastructure is much stronger. There are a range of directly relevant indicators which can signify a change in the environment and so too can act as a proxy for the enabled benefits that can reasonably be expected to result from that change. These indicators, in addition to an increase in GVA, will serve as measures of our success. The indicators are:

- An increase in the number of premises that have superfast connectivity
- An increase in the number of premises that have gigabit capable connectivity.
- An increase in in-building mobile access to multiple operators
- The availability of in-vehicle mobile access
- The user experience of roaming on rural networks

---

<sup>12</sup> *Deployment of FTTP in Rural Northern Ireland, A DotEcon Report for NI Networks, 2018*

- The availability of 4g on key transport corridors
- The availability of 5g on key transport corridors

#### 4.11. Outcomes

The digital connectivity interventions undertaken by GMW will support the delivery of a broad range of economic outcomes. We expect accelerated provision to support:

- Growth in regional prosperity – through improved productivity, inward investment and the creation of new jobs.
- Creation of better-quality jobs for the local labour market – through targeted interventions in high value sectors to create new jobs.
- A more skilled workforce within the region: through supporting skills and training initiatives and targeted interventions in high value sectors to create opportunities.
- Improvements in standards of living across the region - inclusive growth that provides opportunities, reduces poverty, inequality and deprivation.

Beyond these primary economic outcomes, our investment could reasonably also be expected to enable:

- Improvements in individual wellbeing & community cohesion - by reducing social exclusion, improving sustainability, helping people to hold better control over their own lives, and enabling better connected individuals and communities.
- Reduced Health and Social Care costs - by supporting telemedicine and preventative care in the home and in the community, we hope to reduce the need for and impact on secondary health and social care provision together with associated costs
- Greater environmental benefit – through reducing the need to travel and so CO2 reductions and other benefits,

#### 4.12. Strategic Case Summary

The Strategic Case demonstrates the critical role that digital infrastructure plays in supporting economic growth, regeneration, and in the wake of COVID-19, the fundamental recovery of our local businesses sector.

The fixed and mobile provision in much of our region falls short of what we need and expect, and even where premises across Mid Wales are adequately served now, this is unlikely to be the case in 3-5 years' time.

The issues we face are clear; our region with its rural topology and limited population has not to date presented a sufficiently compelling business case to attract supplier investment. Consumer behaviour can also play a significant part in limiting build. Digital infrastructure can be expensive to deploy in a geography such as ours, and without a



guaranteed consumer base, Suppliers are likely to seek regions with a better Return on investment.

This poor business case is highly likely to continue to deter Suppliers from investing in our region. Without intervention, digital infrastructure may come much later than we need it, or possibly not at all in some of those areas in most need.

There are many features of our region that present real opportunities on which to build. Our links to North and South Wales, and across the border into neighbouring English counties means we are well positioned to exploit collaborative opportunities. We can both drive digital infrastructure build that is not constrained by geographical location, and drive collaborative initiatives that exploit and use that digital infrastructure to bring about shared economic benefits and growth. Pooling our resources where and when it makes sense to do so will increase our collective scale and attractiveness and provide greater market leverage to bring digital infrastructure to Mid Wales. We will be attuned to these opportunities but will not be held back if objectives or actions are not aligned.

GMW has a keen understanding of the issues that hinder investment. We understand the local features that pose obstacles to provision, but by the same token we know our local economy and our business sector, and so understand where opportunities can be found and exploited to bring the prosperity we seek.

GMW has a clear role to play but we will take account of the role of other bodies in bringing digital infrastructure to Mid Wales; we will complement not duplicate the activities of others. The environment is likely to continue to change over the next few years and we will need to be flexible in responding to the needs of our local economy and to the changing plans of others who seek to also effect change.

The interventions we will set in place will be targeted at the many and varied obstacles that prevent investment. We will act to reduce costs and bridge funding gaps, increase demand, and make Mid Wales an attractive location for prioritised investment. In doing so we will help improve the commercial case for Digital Infrastructure in rural areas by making it more attractive and viable to suppliers.

We will also encourage and demonstrate greater levels of demand and potential uptake of the services that Digital Infrastructure supports. Greater and more targeted engagement with our business, and citizen community, drawing on behavioural science principles will help to raise awareness and positively influence consumer behaviour, and stimulate demand for services, and take up of vouchers.

Our plans will address the low levels of supplier competition by stimulating the market and breaking down traditional barriers to investment and local deployment; we will further open our doors to suppliers and create effective relationships that deliver quality Digital Infrastructure.

There are many local, regional and national assets across the region already at our disposal, which offer strong foundations upon which to build, both commercially and of course physically.

In the wake of the COVID-19 pandemic we have an even more compelling need to act and drive action. Once our aims to stabilise and recover are achieved, we have great ambitions to drive real economic change and benefits across the region.

# GROWING MID WALES – TRANSFORMATION MAP OF DIGITAL INFRASTRUCTURE PROJECTS (DRAFT)

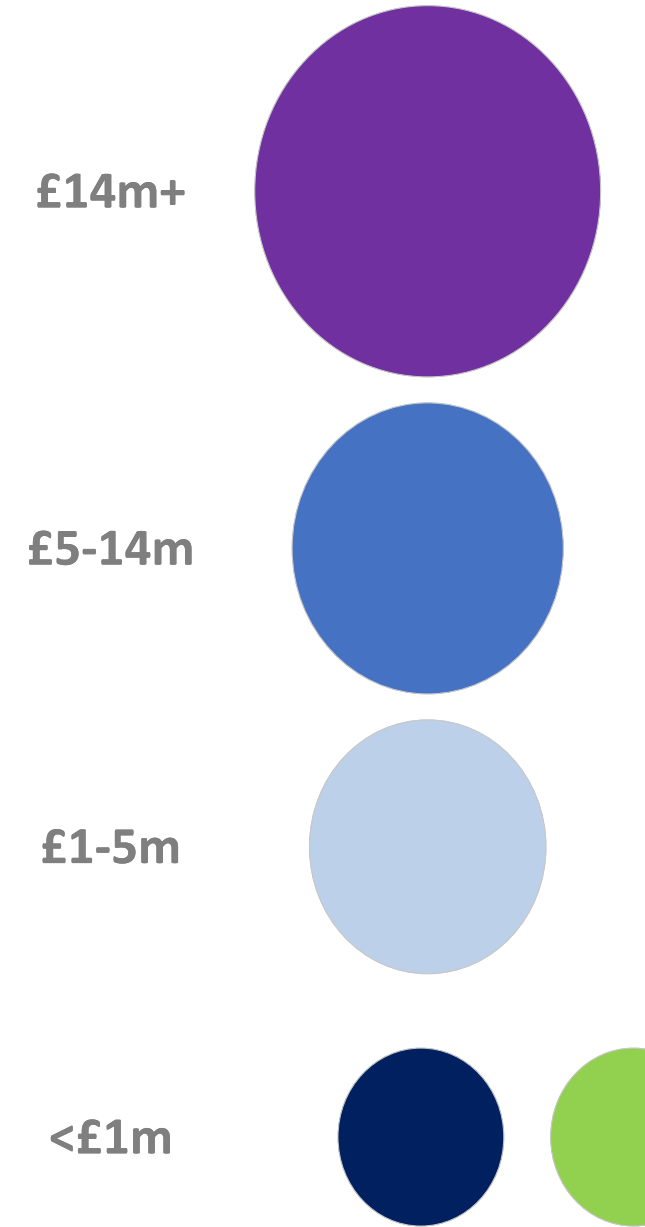
NOW: 0-2 years

SOON – 2-5 years

LATER – 5-10 years



KEY Estimated Value of Net Benefit



Note: Transformation Map and source data is under development and subject to some refinement – provided for illustrative purposes until finalised.

Projects grouped by primary focus: Build, Enable, Skills.

LATER

SOON

NOW

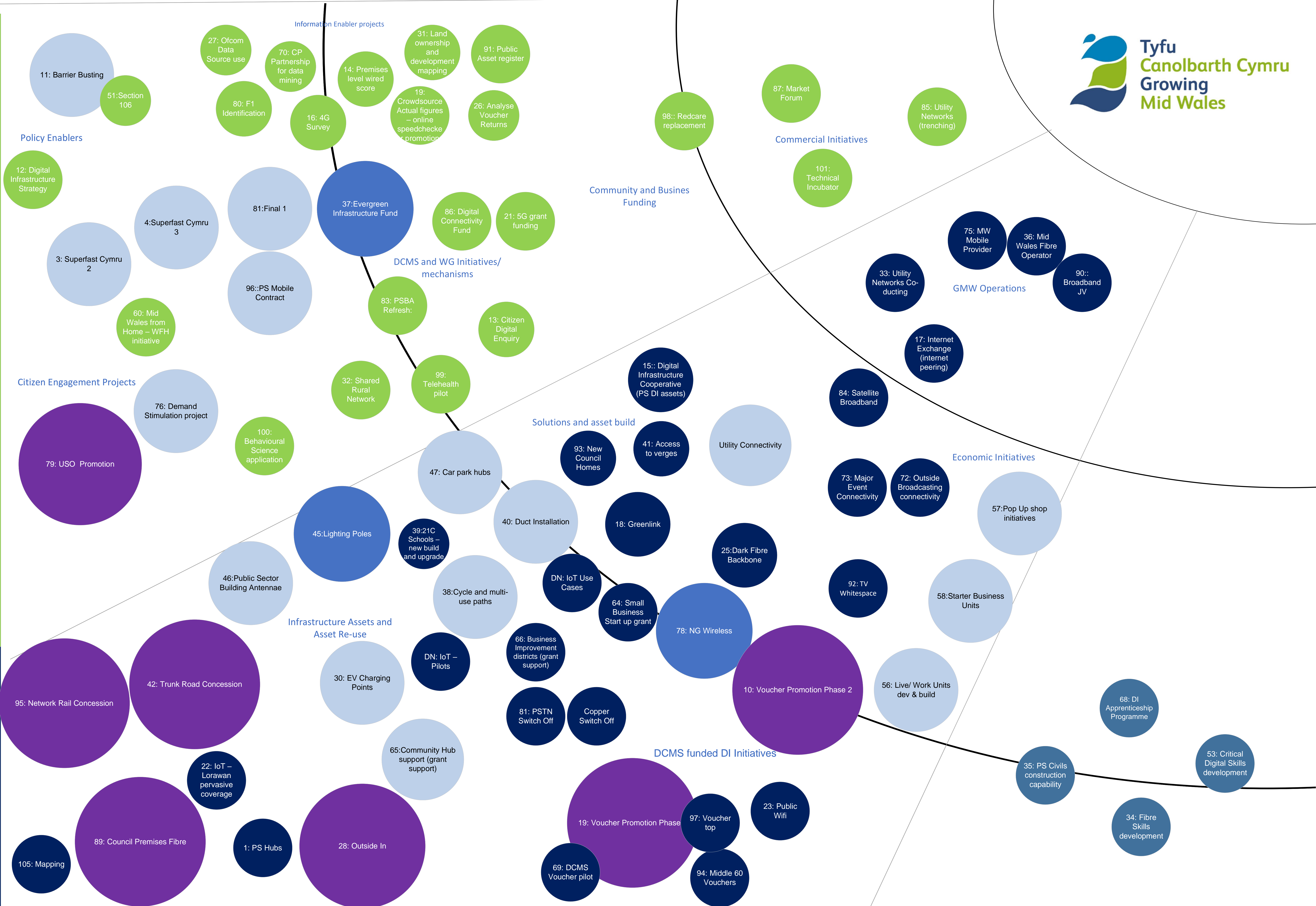
ENABLE – POLICY, PROCESS, ENGAGEMENT

Tudalen 197

BUILD

BUILD

SKILLS



Maer' dudu'alen hon wedi' gadael yri waq yri kiradul





## Mid Wales Region Employment Sites Premises Needs and Action Plan Powys, Ceredigion and Brecon Beacons

---

Final Stage 1 Report  
April 2020

## CONTENTS

1.0	INTRODUCTION.....	1
2.0	POLICY CONTEXT .....	3
3.0	ECONOMIC ASSESSMENTS AND FORECASTS .....	29
4.0	PROPERTY PROFILE .....	55
5.0	EMPLOYMENT SITES .....	83
6.0	EMPLOYMENT LAND PROJECTIONS.....	109
7.0	CONCLUSIONS AND RECOMMENDATIONS .....	142

Appendix 1 – Local Area Demographic Profiles

Appendix 2 – Vacancy Schedule

Appendix 3 – List of Consultees

Appendix 4 – Consultation Responses

Appendix 5 – Employment Forecasts

Appendix 6 – Bibliography

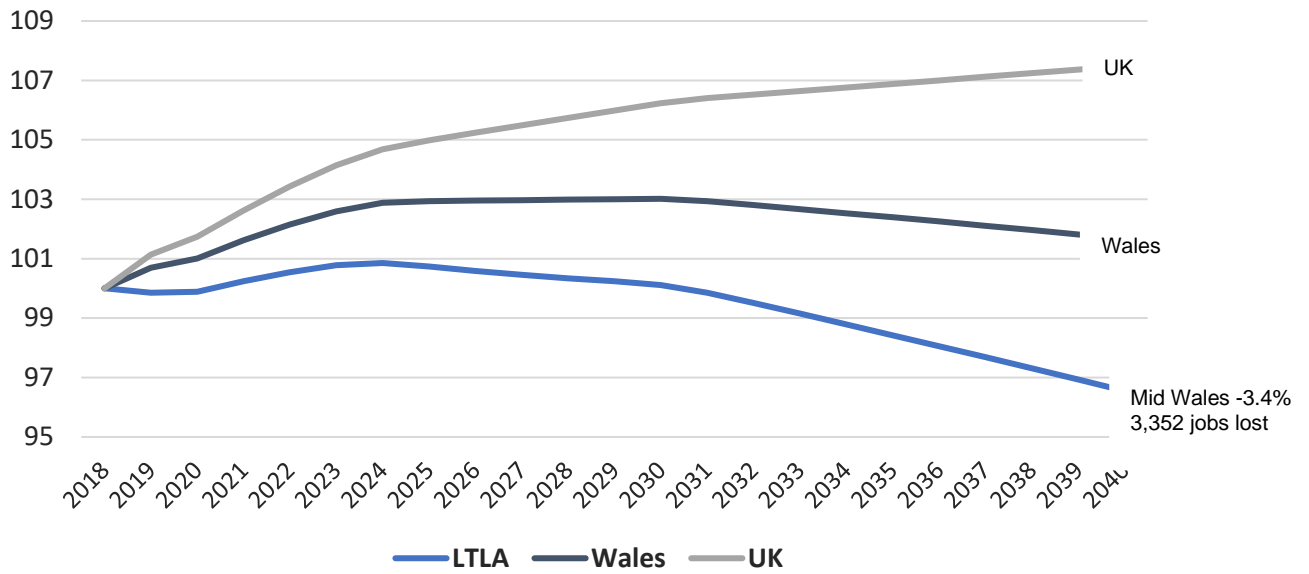
## EXECUTIVE SUMMARY

- i. The **Mid Wales Employment Sites and Premises Needs Assessment and Action Plan** has been prepared by BE Group, Hatch and Per Consulting on behalf of Ceredigion and Powys County Councils, Brecon Beacons National Park Authority and Welsh Government. This document is the Stage One report providing the employment sites and premises assessment. Stage Two is the Action Plan and Stage Three is an outline business case to support the Mid Wales Growth Deal.
- ii. The impetus for this report is the recognition that the Mid Wales economy is lagging behind Welsh and UK averages and this is set to continue if no action is taken. Baseline forecasts suggest that the Welsh economy is set to grow by 24,000 jobs to 2040, whereas Mid Wales is forecast to shrink by about 3,400 jobs. **Therefore, it is imperative that there are strong actions to support employment growth in the region, through interventions to drive development on employment sites and through broader support of key sectors.**

### ***Economic Profile***

- iii. The demographic and socio-economic profile of Mid Wales shows an ageing population and a proportionately low working age population. The workforce has reasonable skill levels and there is low unemployment. As one would expect in a peripheral, rural area, there is a high level of containment of the workforce within the area (i.e. workers live and work in Mid Wales). The relatively strong employment and low unemployment data masks low pay and underemployment and the high self-employment and home working data combined with low incomes is masking rural poverty which is a real cause for concern amongst local authorities and policy makers in Mid Wales. High seasonal employment, relatively low productivity and a lack of diversity across the Mid Wales economy all contribute to a high degree of economic vulnerability.
- iv. Further forecast population and employment decline is the likely outcome of a 'do nothing' approach in Mid Wales as the population continues to age and the economy lags behind. The figure below illustrates the forecast employment growth in Mid Wales, compared to the UK and Wales to 2040 assuming baseline trends continue.

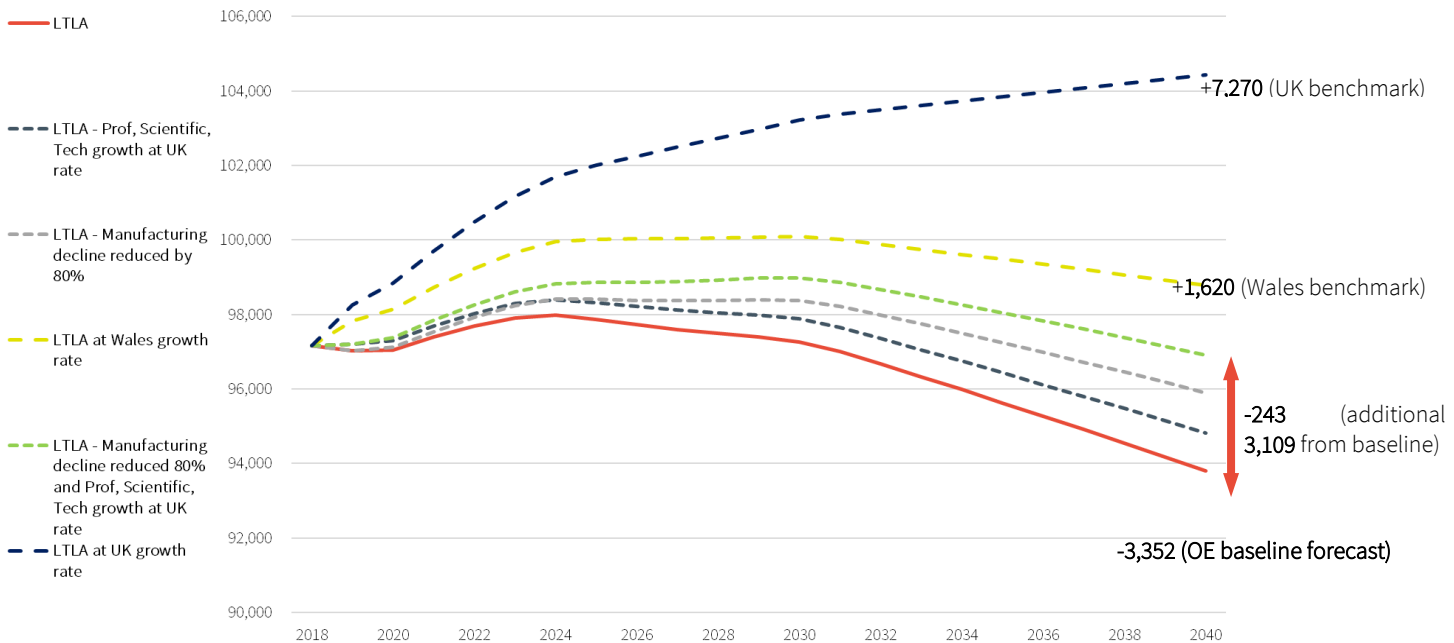
**Figure E1: Indexed Forecast Employment Growth (2018-2040)**



Data Source: Oxford Economics

- v. However, with targeted interventions, the declines forecasted in the baseline trend can be addressed. The below trajectory shows the potential growth for Mid Wales with interventions to support manufacturing and professional and technical services.

**Figure E2: Projected Employment Growth (2018-2040) – Policy On Scenario**



Data Source: Hatch analysis; Oxford Economics

**Property Market**



- vi. The Mid Wales' industrial market is dominated by Welshpool and Newtown, which benefit from proximity to the West Midlands. Other pockets in Aberystwyth, Llandrindod Wells and other towns provide important, but more localised industrial functions. Demand for industrial uses are for small to mid-sized units, including 200-500 sqm units and 1,000-2,000 sqm units. However, requirements/interest that has been cited in consultations with property stakeholders has included some larger units (5,000-10,000 sqm) thus there should be sufficient flexibility in the market to support such requirements.
- vii. The office market in Mid Wales is overwhelmingly comprised of smaller occupiers. The volume of the office market is smaller than the industrial market, both in terms of number of units transacted and the size of the individual units. The demand for office space in Mid Wales is for small units – less than 200 sqm for individual units.
- viii. Occupancy rates are very high in Mid Wales for industrial and office units. In particular, industrial units in Powys and office space in Ceredigion have very high occupancy levels, suggesting that businesses looking to enter the market would have difficulty finding appropriate premises. This is corroborated by the evidence gathered from the commercial agents, who report a lack of available stock limiting the market.
- ix. Viability of commercial development projects in Mid Wales is a major constraint to development. Commercial projects are not being progressed by the private sector as development costs far outweigh the potential income generated by the schemes.
- x. Specific market niches for the Mid Wales that would have employment land and premises requirements include:
  - Manufacturing:
    - High quality units in growth areas to enable expansion of existing businesses and enable new investment (e.g. Aberystwyth and Severn Valley)
    - Refurbishment of older stock where this is no longer fit for purpose
    - Network of small enterprise units to facilitate new business formations and grow on space
    - Small to mid units, particularly in key locations of Newtown, Welshpool, Aberystwyth, Brecon
    - Some plots to accommodate larger units

- Food and beverage:
  - Starter units for commercialisation, innovation and research
  - Processing and storage units
  - Rural based units to enable agricultural processing and value-adding
- Tourism:
  - Flexibility within employment land to accommodate hotel if required (Newtown) and where it does not impinge on the core intended employment uses of the site
- Sustainable technologies:
  - Starter units to support emerging businesses
  - Business park specifically for this sector (north-west Mid Wales)
- Defence and security:
  - Site for NSC
  - Starter units to support complementary businesses
  - Support for Parc Aberporth

### **Employment Sites**

xi. The employment allocations within the Local Development Plans of the three local authorities were critiqued and reviewed as to their on-going appropriateness for employment and realistic prospects of development. Overall, it was assessed that there is 57.21 ha of developable employment land across Mid Wales, including 30.44 ha in Powys, 23.66 ha in Ceredigion and 3.08 ha in the Brecon Beacons National Park. Critically, the majority of the sites are less than 2.0 ha, as seen in Table E3 below, thus limiting the development potential of the sites.

**Table E3 – Land Allocations by Employment Use (realistic supply)**

Area	<0.5ha	0.5-0.99ha	1.0-1.99ha	2.0-4.99ha	5.0-9.99ha	10.0+ ha
<b>Powys</b>	0 (0)	1.90 (3)	9.75 (7)	12.79 (5)	6.0 (1)	0 (0)
<b>Ceredigion</b>	0.29 (1)	0 (0)	1.78 (1)	21.59 (7)	0 (0)	0 (0)
<b>Brecon Beacons</b>	0.58 (2)	1.10 (2)	1.40 (1)	0 (0)	0 (0)	0 (0)
<b>Total</b>	<b>0.87 (3)</b>	<b>3.00 (5)</b>	<b>12.93 (9)</b>	<b>34.38 (12)</b>	<b>6.0 (1)</b>	<b>0 (0)</b>

Source: BE Group analysis of sites, 2020

\* does not include sites with no realistic supply of employment land

xii. There are some areas within Mid Wales with no or limited supply of available employment land, significantly limiting growth potential. In particular, the following have been identified from this analysis:

- **Newtown** has only one 2.0 ha site, which is very limited for one of the key employment nodes in Mid Wales, although there is scope to increase the site area if constraints are addressed.
- **Welshpool**, as another key employment node, has more available land than Newtown, though limited to two locations, one of which would have a narrow market appeal.
- **Aberystwyth** also only has two sites – the remaining parcel in Glanyrafon, which is sloped and difficult to develop; and the Llanbadarn Campus site, which is part of a mixed use site (housing, education, employment) and the employment component may be several years from development. Aberystwyth University has put forward candidate sites as part of the call for sites process with Ceredigion County Council for mixed use schemes that would include employment uses at Llanbadarn Fawr Campus, Penglais and Frongoch Farm and Wern Phillip Farm
- The **Llandysul/Lampeter corridor** has the highest amount of land available over four sites (8.9 ha). This will continue to be an important corridor for Ceredigion and in particular will have an important and expanding food and beverage role (Horeb Business Park). However, its location in the south west of Mid Wales means it will always have a relatively local function.
- **Llandrindod Wells** has two sites, including a reasonable amount of space at Heart of Wales Business Park (2.09 ha) and a remnant site within Ddole Road Industrial Estate (0.69 ha). These sites have been allocated and vacant for many years and have no obvious physical development constraints, though have not come forward.
- The **Cardigan** market has two sites, Parc Teifi (2.83 ha) and Parc Aberporth (1.78 ha). These provide opportunities for growth, the Parc Teifi site would service the Cardigan market and Parc Aberporth providing opportunities for sites around West Wales Airport.
- The south-east areas, including **Presteigne** (1.01 ha), **Knighton** (0), **Hay-on-Wye** (2.4 ha) and **Talgarth/Three Cocks** (3.83 ha) have limited opportunities for growth..

- **Brecon** only has two remnant parcels within existing employment areas to accommodate further growth, both of which are small sites. There is a need for additional land to accommodate current and future needs.
- **Ystradgynlais** has the remaining land within Woodside Business Park available (1.99 ha), which is Welsh Government owned. The remaining parcels have been vacant for several years, though are considered appropriate for local needs as required.
- At **Machynlleth**, the vacant site is neighbouring to Treowain Enterprise Park and provides an opportunity for the further growth of employment in this locality.

### **Employment Land Projections**

xiii. The potential employment land requirements within Mid Wales were assessed using the following approaches:

- Model One – extrapolation of past take-up rates of employment land
- Model Two Baseline – assessment of demand based on baseline employment forecasts
- Model Two Policy On – assessment of demand based on Policy On employment growth scenario

xiv. Given there is considerable uncertainty regarding employment land requirements to 2040, a buffer equivalent to five years of growth has been added to the forecast to enable some flexibility. The following table provides a summary of the forecast employment land requirements using the different approaches and compares to the estimated realistic supply of employment land as at 2019.

**Table E4 – Comparison of Employment Land Supply and Demand**

		Land Requirement 2019-40 (ha) including Five Year Buffer					
		Model One		Model Two			
Area	Realistic Employment Land Supply (ha)	Demand	Supply minus Demand	Baseline Demand	Baseline Supply minus Demand	Policy On Demand	Policy On Supply minus Demand
Ceredigion	23.66	23.4	0.26	2.46	21.20	3.73	19.93
Powys	30.44	33.8	-3.36	6.52	23.92	10.42	20.02
Brecon Beacons	3.08	5.3*	-2.22	1.40	1.68		

Source: BE Group analysis, 2020

\* *Within Mid Wales only*

- xv. It is recommended that the Model One approach is the most appropriate growth trajectory for Mid Wales. Under this model, it is estimated that **the demand for employment land in Mid Wales to 2040 is 62.5 ha (including buffer and including Brecon Beacons National Park areas within Mid Wales)**. As seen in the above table, under this approach, it is estimated that the demand to 2040 is higher than the current supply. Therefore, there is a need for further sites to become available within the planning period in order to satisfy demand.
- xvi. This analysis is based on the economy having the same market dynamics and sectors as in recent years. Emerging sectors that have been underrepresented in the market in previous years would not be accounted for in the growth trajectory. The land requirements that emerge from such sectoral growth should be considered over and above the baseline forecast requirement. Therefore, the recommended scenario – using the Model One approach, including buffer – should be seen as the minimum requirement to support economic growth in Mid Wales. The requirement for Mid Wales should be at least 62.5 ha to 2040.

#### ***Recommendations***

- xvii. From the analysis undertaken in Stage One of this study, it is recognised that the economic performance of Mid Wales is being impeded by its constrained property market. Therefore, if Mid Wales is to improve its economic performance, the property market will need to address:
- The investment required to bring the existing stock of commercial premises up to modern standards;
  - The market failure and commercial viability issues which results in the lack of development of commercial properties by the private sector;
  - The need to provide an appropriate mix of commercial premises to meet business requirements and facilitate future economic growth;
  - The limited supply of employment sites in the market, particularly in areas of high demand;
  - The need for appropriate employment sites and premises for emerging growth sectors.

xviii. To address these issues, the following recommendations have been outlined:

**Recommendation 1: Continue to plan at the larger than local level.** While a dispersed and disparate area, the Mid Wales region has some key economic interactions and commonalities and a region-wide approach to employment land planning is appropriate.

**Recommendation 2: The employment land need for the Larger than Local Area should be at least 62.5 ha to satisfy growth to 2040.** This includes a five-year buffer to account for uncertainties and compares to the current realistic supply of about 57.2 ha. Therefore, it is recommended to provide further choice in the market to ensure that there is sufficient supply over the planning period. This requirement of 62.5 ha should be considered as a minimum, with further land required to satisfy emerging sectors.

**Recommendation 3: A hierarchy of employment sites is recommended for Mid Wales.** Given the constrained market, it is important that all employment sites are brought forward within the planning period. However, there are particular locations of need in Mid Wales and thus the Action Plan should include a suite of priority sites that would form the core of targeted actions by the Councils and Welsh Government to drive delivery of further employment premises.

**Recommendation 4: New employment sites are located in strategic locations.** The priority locations for additional sites in Mid Wales should be Newtown, Welshpool, Aberystwyth, Brecon, Builth Wells, Knighton, Cardigan and Llandysul.

**Recommendation 5: New premises are provided in strategic locations that reflect local demand.** A larger range of unit sizes is required in Newtown and Welshpool, with a more moderate range in Aberystwyth. Small unit sizes are required in the market towns, including Brecon, Cardigan, Builth Wells, Knighton and Cardigan.

**Recommendation 6: Public sector interventions are required in areas of market failure.** It is recommended that the public sector continue to have a development role in the market through targeted interventions.

## 1.0 INTRODUCTION

1.1 The **Mid Wales Employment Sites and Premises Needs Assessment and Action Plan** has been prepared by BE Group, Hatch and Per Consulting on behalf of Ceredigion and Powys County Councils, Brecon Beacons National Park Authority and Welsh Government.

1.2 This report was produced in accordance with the Welsh Government Guidance on how to develop an evidence base to support Local Planning Authorities (LPAs) in their preparation of employment land strategies and policies. The Guidance complements Planning Policy Wales Edition 10 (2018) (para. 5.4.3) and stipulates data collection at two geographic levels: **Local** and **Larger than Local**. The term “Larger Than Local” refers to an area greater than a single local authority, preferably defined by more than one LPA for the purpose of providing information for a strategic study about economic development.

1.3 As stated in the brief the “*scope of the commission covers the geographic area of Powys and Ceredigion and aims to:*

- *Ensure the right supply and location of employment land allocations and commercial premises to facilitate economic growth in the region to 2040.*
- *Develop an action plan to provide a strategic and planned approach to help deliver future sites and premises provision over the short (0 - 5 years), medium (5 - 10 years) and long term (10 years +), and identify innovative solutions to help support the commercial property market and to stimulate private sector investment.*
- *Develop an outline business case for investment in the regional commercial sites/property market that can support the delivery of the potential Mid Wales Growth Deal.”*

1.4 This study also reviews potential key sectors of growth in Mid Wales and their potential requirements for land.

1.5 The Mid Wales study area includes the part of the Brecon Beacons National Park that is within Powys County Council’s administrative area (66% of the National Park is within Powys, including the National Park’s four towns). However, it is noted that parts

of other county and county borough councils, including Carmarthenshire, Rhondda Cynon, Taff, Merthyr Tydfil and Monmouthshire and also within the National Park. While not directly within the scope of this study any elements of relevance within the broader Brecon Beacons National Park area have been considered.

- 1.6 The impetus for this report is the recognition that the Mid Wales economy is lagging behind Welsh and UK averages and this is set to continue if no action is taken. Baseline forecasts suggest that the Welsh economy is set to grow by 24,000 jobs to 2040, whereas Mid Wales is forecast to shrink by about 3,400 jobs. **Therefore, it is imperative that there are strong actions to support employment growth in the region, through interventions to drive development on employment sites and through broader support of key sectors.**
  
- 1.7 This report is Stage One of the Mid Wales Employment Sites and Premises Needs Assessment and Action Plan. Stage One comprises the analysis of employment land requirements from both a Larger than Local and a Local perspective. The report reviews the economic evidence base that would influence the property demand and supply dynamics as well as direct research on the property and employment land market in the Study Area. The study has had regard to the relevant policies at the national, regional and local levels. The economic assessment has presented the quantitative evidence on demographics, labour market, current and future state of the economy. The property and employment land assessment has reviewed the current market characteristics of the commercial property sector (transactions volumes, locations, supply) and the availability of allocated employment sites, drawing on the supply detailed in the Local Development Plans (LDPs) of the constituent local planning authority areas.
  
- 1.8 Forecasts of employment land needs have been prepared, including scenario testing, up to 2040. These forecasts have informed this study and will also inform the subsequent stages of this study, which are the preparation of an Action Plan to drive delivery of the sites (Stage Two) and the development of an outline business case to support the Mid Wales Growth Deal (Stage Three).



## 2.0 POLICY CONTEXT

2.1 The relevant policy framework across the Mid Wales area has been reviewed, to provide the context for the analysis undertaken in this study.

### **Welsh Government**

#### ***Wellbeing of Future Generations Act (2015)***

2.2 The Wellbeing of Future Generations Act is to improve the social, economic, environmental and cultural well-being of Wales. The Act identifies seven goals to ensure that public bodies work within a common framework and an integrated approach, which are:

- A prosperous Wales;
- A resilient Wales;
- A healthier Wales;
- A more equal Wales;
- A Wales of cohesive communities;
- A Wales of vibrant culture and thriving Welsh language; and
- A globally responsible Wales.

2.3 The Act requires public bodies to consider the long-term impacts of decisions. Public bodies have a duty to undertake sustainable development.

#### ***Consultation Draft: National Development Framework 2020-2040 – Welsh Government (2019)***

2.4 The National Development Framework (NDF) is a 20-year plan for Wales up to 2040, which is at Consultation Draft Stage. It covers key areas such as the economy, where nationally significant developments should take place, where key growth areas are and what infrastructure and services are needed. The draft NDF sets out development policies for Wales as a whole and for the North Wales, Mid and South West Wales and South East Wales regions.

2.5 The draft NDF sets out 11 Outcomes of where it wishes Wales to be in 20 years' time. While all are important in the overall planning for regions, it is worthwhile highlighting the following for this Mid Wales employment study. Outcome Number Two is that "*In rural areas, job opportunities and community services will be supported to help attract*

*and retain people.” (Pg. 20) Number Five is that “Cities and large towns are magnets for jobs and investment, while people are drawn to live and work there for the economic and social opportunities they provide.” (Pg. 20) Number Six is that “Development Plans will have a forward thinking, positive attitude towards enabling economic development, investment and innovation.” (Pg. 20)*

- 2.6 In terms of the regions, the Welsh Government proposes each region prepares a Strategic Development Plan which will establish, amongst other things, strategic employment provision. (Policy 16)
- 2.7 For Mid and South West Wales, the document recognises the area’s diversity and large size, which includes rural and sparsely populated areas as well as urbanised and industrialised areas. The document supports a collaborative and holistic approach to regional planning and states that *“Housing, economic development and connectivity infrastructure should be co-ordinated and planned across the whole region.”* (Pg.56) From the national perspective, it suggests that there are *“two broad spatial subregions – the built up areas around Swansea, Neath Port Talbot, southern Carmarthenshire and the Haven towns, and the dispersed settlements in a wider rural hinterland across north Pembrokeshire, Ceredigion, Powys and northern Carmarthenshire.”* (Pg.56) However, it is also stated that it is up to local planning authorities to determine how regional planning proceeds and that the Welsh Government will support approaches that focus on a sub-region where it is demonstrated that it is appropriate.
- 2.8 Policy 24 of the draft NDF outlines the regional centres within the Mid and South West Wales region which include the towns of Llandrindod Wells, Newtown and Aberystwyth. These towns *“will be the focus for managed growth, reflecting their important sub-regional functions.”* (Pg.58)
- 2.9 The consultation period ended in November 2019. As it is a draft document, there may be changes in policies that emerge from the consultation stage and are incorporated into the final document. The NDF is set to be published in September 2020.

***Planning Policy Wales, 10<sup>th</sup> Edition – Welsh Government (2018)***

- 2.10 Planning Policy Wales (PPW) 10<sup>th</sup> Edition, sets out the planning policy of the Welsh Government. It is supplemented by a series of Technical Advice Notes (TANs).

Together with several circulars and policy clarification letters, PPW and the TANs comprise the national planning policy for Wales. When published, the NDF will have development plan status.

- 2.11 PPW states the importance of the planning system supporting economic growth and ensuring that there is sufficient land to meet the needs of the employment market at both a strategic and local level. *“Development plans should identify employment land requirements, allocate an appropriate mix of sites to meet need and provide a framework for the protection of existing employment sites of strategic and local importance.”* (Pg.83, para 5.4.3)
- 2.12 Plans and decisions need to be based on an up to date and locally/sub-regionally specific evidence base which demonstrates the *“suitability of the existing employment land supply as well as future provision in relation to the locational and development requirements of business.”* (Pg.83, para 5.4.7) That evidence base should include an Employment Land Review (ELR).
- 2.13 *“Planning authorities should work with each other and with relevant economic fora in order to prepare an ELR. The review should include an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/ floorspace. This should be calculated for offices, industrial and warehouse uses separately. This evidence should help inform an economic vision for the area. Employment Land Reviews should be kept up to date and relevant to prevailing market conditions and the needs of the development plan.”* (Pg.83, para 5.4.8)

**Technical Advice Note (TAN) 23: Economic Development (2014)**

- 2.14 This TAN provides guidance on planning for economic development at a strategic level, identifying and assessing the economic benefits of development proposals and establishing an evidence base to support the economic development policies of LDPs.
- 2.15 The TAN advises that local planning authorities should aim to provide the land that the market requires (unless there are good reasons to the contrary). *“Local planning authorities should recognise market signals and have regard to the need to guide economic development to the most appropriate locations, rather than prevent or discourage such development.”* (Pg.5, para 1.2.5)

- 2.16 Local authorities are encouraged to work jointly in sub-regional groups to prepare joint economy evidence bases, including an analysis of the sub-regional commercial and industrial property market. Such sub-regional strategies should also focus on identifying strategic sites of national and regional importance.
- 2.17 In producing LDPs, local planning authorities should:
- Develop a broad vision for the Plan which *“must be consistent and coherent so that the economic, social and environmental considerations support each other”* (Pg.13, para 4.3.1)
  - Set land provision targets which meet the market demand for land. Local authorities should work together to steer development to sustainable locations.
- 2.18 In terms of forecasting future growth, the TAN, echoing PPW, advocates *“a broad assessment of anticipated employment change by broad sector and land use”*. Specifically, this will require *“the preparation of possible future economic scenarios with plans developed in a way which ensures they are robust across the more likely scenarios and contain the flexibilities necessary to adjust to changing circumstances. The starting point for scenarios would normally be past trends at a regional level. Such scenarios could be adjusted to reflect different policy or demographic assumptions.”* (Pg14, para 4.4.1)
- 2.19 The TAN accepts that such forecast modelling can often be imprecise – *“Models of future economic scenarios are surrounded by a large margin of uncertainty, and often more so for individual authorities than for larger areas. Modelling may be most successful when based on functional economic areas such as travel to work areas and housing market areas.”* (Pg14, para 4.4.1)
- 2.20 Where projected local authority growth differs markedly from that expected for the wider region, *“the authority should provide an evidence-based justification for these differences, much as they would have to in respect of population projections for their area.”* Predicted employment figures should usually be expressed as a range of scenarios to reflect different economic outcomes and policy options. Ultimately however, *“the level of growth envisaged must be realistic, able to withstand scrutiny*

*and be consistent with the other aspirations of the plan including population and housing projections.” (Pg14, para 4.4.2)*

***Practice Guidance: Building an Economic Development Evidence Base to Support a Local Development Plan (2015)***

- 2.21 This Practice Guidance provides a methodology for LPAs to help meet these requirements, and to *“produce robust evidence bases to underpin sound plans and development management decisions.”* The guidance aims to *“address common technical problems and help achieve greater consistency in the approach to collecting data across Wales.”* LPAs may choose to depart from or add to the methods contained in this document *“but in either case make clear the reasons for their preferred methodology in their evidence base studies and LDP as the outputs should be robust enough to withstand scrutiny along with other supporting evidence for LDPs.”* (Pg.8, para, 1.1.2)
- 2.22 This Practice Guidance predates the most recent edition of Planning Policy Wales, though refers to earlier editions, including that it provides policy advice about LDPs and the economy, including the need for:
- An economic vision for the area
  - Quantitative targets on the provision of land for employment (B-Class) uses over the plan period
  - Site-specific policies for new and established areas
  - Criteria-based policies to guide development management decisions on sites not specifically identified in plans
- 2.23 Chapter 4 establishes that the Employment Land Review (ELR) is an integral part of establishing an evidence base to support the strategies and policies of an LDP. *“While ELRs have typically been conducted, and deal with data, at a local authority level, PPW and Technical Advice Note (TAN) 23 strongly support joint studies with neighbouring authorities where this is practicable. The information collected in the ELR study will also help inform the more strategic assessment of economic development taking places at a larger than local level.”* (Pg.21, para 4.1.1)

2.24 The Employment Review includes four stages. *“The Employment Land Review is essentially a two-part process, an appraisal of the present situation (stages 1 & 2) followed by an assessment of future needs (stages 3 & 4):*

- *Stage 1: Property Market Assessment*
- *Stage 2: Audit of Employment Sites*
- *Stage 3: Future Land Requirements*
- *Stage 4: Policy options and recommendations.”* (Pg.21, para 4.1.3)

***Prosperity for All: The National Strategy – Taking Wales Forward (2017)***

2.25 The Taking Wales Forward programme of Welsh Government provides the headline commitments to be delivered to 2021. The National Strategy *“takes those key commitments, places them in a long-term context, and sets out how they fit with the work of the wider Welsh public service to lay the foundations for achieving prosperity for all.”* (Pg. 2)

2.26 The National Strategy has five priority areas as having the greatest potential contribution to long-term prosperity and well-being – early years, housing, social care, mental health and skills and employability. Interventions to address these priority areas will be targeted to the specific needs of each region of Wales.

2.27 This document states that local authorities *“will be an important partner in delivering this agenda. Achieving our ambitions for Wales will require a different relationship not just between the Welsh Government and local authorities, but also between local authorities themselves. It is only through closer working, on a consistent regional basis, that the resilience and responsiveness of services can be maintained in the future.”* (Pg.5). This Mid Wales Employment Sites and Premises Needs Assessment is consistent with such an ambition.

***Prosperity for All: Economic Action Plan (2017)***

2.28 The purpose of the Economic Action Plan launched in December 2017 is to support the delivery of Prosperity for All – the National Strategy for Wales. The Plan sets out a vision for inclusive growth, built on ‘supercharged industries of the future’ and productive regions. (Pg.44) The Plan supports the twin goals of growing the economy and reducing inequality. It simplifies the Government approach to sector prioritisation, recognising that traditional sector boundaries are increasingly blurred and identifying three thematic sectors for proactive government support:

- Tradable Services (e.g. fintech services and online insurance)
- High Value Manufacturing (e.g. compound semiconductors and new composites manufacturing)
- Enablers (e.g. digital, energy efficiency, renewables).

2.29 The plan also recognises the importance of Foundation Sectors - tourism, food, retail and care – committing to develop cross-government enabling plans to maximise impact.

#### ***Natural Resources Policy (2017)***

2.30 The Natural Resources Policy is the Welsh Government's statutory document underpinning the approach to its natural resources, in line with the Prosperity for All documents. The Policy outlines the key challenges for Wales regarding natural resources, namely:

- Improving ecosystem resilience
- Climate change and the decline in biological diversity
- The UK's withdrawal from the European Union (Pg.11)

2.31 In responding to these challenges, the Policy outlines national priority areas for managing Wales' natural resources:

- Delivering nature-based solutions
- Increasing renewable energy and resource efficiency
- Taking a place-based approach (Pg.16)

2.32 The report discusses sectoral policies on natural resource management, including agriculture, fishing and marine, tourism, transport and renewable energy. This Policy provides impetus to supporting green jobs and a circular economy, improving productive use of materials and reducing waste.

#### ***Rural Development Programme (2014-2020)***

2.33 The Welsh Government Rural Communities – Rural Development Programme 2014-2020 is a European Commission 7-year investment programme aimed at: (i) fostering the competitiveness of agriculture; (ii) ensuring the sustainable management of natural

resources and climate action; and (iii) achieving a balanced territorial development of rural economies and communities, including the creation and maintenance of employment.

### ***Delivering a Digital Wales***

2.34 The Welsh Government’s “Delivering a Digital Wales” framework maps out a digital future for everyone in Wales, through its vision: ‘Wales – a Truly Digital Nation’. Its aim is to help deliver digital skills for everyone: improve online public services, faster infrastructure and enhanced mobile coverage providing a wide-ranging base for economic growth. The framework proposes:

- Everyone in Wales will enjoy the benefits of digital technologies
- Solid ICT skills for children and adults
- More convenient and efficient public services with joined-up delivery of education, health and social care
- A thriving economy driven by our technology research and development
- Flourishing Welsh cultural creativity
- Enhanced mobile and wireless coverage across Wales.

### ***Well-being of Future Generations Act (2015)***

2.35 Enacted in 2015, the Well-being of Future Generations Act requires public bodies to act in pursuit of the economic, social, environmental and cultural well-being in Wales, in a way that accords with the sustainable development principle. Public bodies are required to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

2.36 The Act sets out seven well-being goals for Wales: 1) prosperity, 2) resilience, 3) more equality, 4) better health, 5) communities’ cohesiveness, 6) vibrancy of culture and language, and 7) global responsibility.

## **Regional**

### ***Growing Mid Wales Report: Evidence Based Programmes of Interventions – Baseline Report – 2018***



2.37 This report identified the economic development strategy for the region that articulates the level of ambition and opportunity for economic growth in Mid Wales. It outlines a clear vision for the Mid Wales region and identifies the priority interventions that can drive growth and productivity over the next 15 years.

2.38 The report identified that employment land allocations across Mid Wales accounted for 169.31 ha of employment land spread across 28 allocated sites, drawing on the information in the individual authorities' LDPs.

***Strategic Economic Priorities for the Mid Wales Region – 2019***

2.39 This report follows on from the Growing Mid Wales Report and “*outlines the priority programmes required to deliver sustainable economic growth, more productive jobs and support prosperous communities in Mid Wales by 2033*”. (Pg.3)

2.40 The report provides an overview of the components of the Mid Wales economy, providing comment on opportunities and priorities for interventions to support growth. Regarding employment sites and premises the report states that there “*is a need for a long term targeted programme of investment in employment sites and premises to support future economic growth in the region, help address issues of market failure and enable private sector investment*.” (Pg.6)

2.41 The Strategic Economic Priorities include the following objectives:

1. An innovative and skilled Mid Wales
2. A competitive and sustainable Mid Wales
3. A connected and distinctive Mid Wales

2.42 Within each objective a programme of interventions is proposed, divided into transformational, high priority and supporting interventions. Within the Property section, the transformational intervention is an investment in key strategic employment sites throughout Mid Wales. “*Sites are likely to be identified in relation to their strategic geographic location, links with key sector and investment opportunities and the potential to deliver an integrated package of business support*.” (Pg.33). The high priority intervention for Property is an innovative and targeted employment sites and premises investment package, which is to include direct investment funding for new land and premises, as well as supporting infrastructure (e.g. roads, utilities).

**Framework for Priority Property Interventions for Economic Development in Wales - 2017**

- 2.43 This framework is a study prepared by JLL as advice to the Welsh Government on recommended priority interventions that are required to address identified gaps in the provision of employment premises in the market, updating earlier work. Having this regard of proposed new employment floorspace, the document recommends a property procurement and development programme split into short, medium and long term objectives.
- 2.44 The study provided a series of recommended property interventions, including a programme of new employment property provision. For Mid Wales, the recommendations for new employment properties that were in the report are replicated in the table below. These recommendations were intended as a medium term programme (12-36 months)

**Table 1 – Recommended Medium Term Priorities for Mid Wales**

<b>Location</b>	<b>Type of Employment</b>
Severn Valley LGZ (Welshpool/Newtown)	2 x 12,500 sqft starter unit schemes 2 x 30,000 sqft units
Brecon LGZ	1 x 10,000 sqft starter unit scheme 2 x 5,000 sqft industrial units
Teifi Valley LGZ (Aberporth/ Parc Teifi/ Llandyssul)	1 x 15,000 sqft starter unit scheme 2 x 5,000 sqft industrial units

Source: Framework for Priority Property Interventions for Economic Development in Wales, 2017

- 2.45 One of the recommendations was for a pilot scheme to provide Property Development Grant (PDG) funding for refurbishment of premises. The pilot scheme was recommended for areas outside of Mid Wales, though indicates policy interest in addressing the need for refurbishment and could result in a wider roll-out.

**Local Authorities**

**Ceredigion County Council**

**Ceredigion Local Development Plan 2007-2022**

- 2.46 The LDP is a statutory plan which sets out policies and specific proposals for the development and use of land for a 15 year period up to March 2022.

- 2.47 There are 18 objectives identified to set out how the vision will be achieved in order to address the key issues. These objectives provide guidance and direction for growth in Ceredigion and include objectives on housing, rural economy, retail, tourism, form of development, environment, response to climate change and infrastructure.
- 2.48 A range of policies are presented to achieve these objectives. Policy S01 sets out the level of economic growth projection for the plan period as being circa 4000 new jobs in a sustainable manner, either on:
- a. *“The 39 hectares (net) allocated land (23 ha Aberystwyth Area and 16 ha in the Cardigan Area) as set out in the Settlement Group Statements and shown on the Proposals Map (Pg.56). or*
  - b. *Sites that have not been allocated in accordance with policies LU11-LU21.”*  
(Pg.56)
- 2.49 Policies S02-S04 provide additional clarity as to the scale of development that would be appropriate in various locations in accordance with the Settlement Strategy, specifically, Development in Urban Service Centres (S02), Development in Rural Service Centres (S03) and Development in Linked Settlements and Other Locations (S04).
- 2.50 Policies guiding land use proposals are also provided, including specific policies for B1, B2, B8 and sui generis uses.
- Policy LU11: Employment Proposals on Allocated Sites (pg.90)*  
*Policy LU12: Employment Proposals on Non-Allocated Sites (Pg.91)*  
*Policy LU13: Change of Use in Relation to Existing Employment Land or Buildings*  
(Pg.93)
- 2.51 Annual Monitoring Reports have reviewed the progress of the LDP against key metrics, with the most recent monitoring report released in 2018.

***Ceredigion Replacement Local Development plan 2018-2033 (LDP2), Preferred Strategy, 2019***

2.52 The document is the first formal publication in preparation of LDP2. It outlines the changes proposed to accommodate the key issues identified in the formal review of its predecessor. These include lower population projections; allocation of sites to housing, employment, retail and renewables; housing delivery and Joint Housing Land Availability Study (JHLA); affordable housing availability; growth strategy; new legislation; and, Welsh Language. Whilst the main elements of the LDP are maintained, changes have been made to the scale of growth, the settlement groups, the settlement strategy and to some of the land use and development management policies. Additionally, the plan has been updated to reflect broader legislative changes. A review of all service centres and allocated sites resulted in changes to accommodate shifting growth patterns. Although LDP2 runs from 2018 to 2033, the proposed policies will only be in effect after its adoption, expected in late 2021.

***Ceredigion Employment Land Survey, 2019***

2.53 Evidence from sites identified and surveyed between April 2016 and March 2017 inform the findings of the review. It confirms the LDP1 expectations of economic growth, concluding that the provision of undeveloped land and churn of existing sites can cope with the anticipated development pressures. A total of 283.76 ha of employment land by use class and locality is identified, the majority of which is of good quality in terms of accessibility, internal/external site development and absence of constraints. It recommends consideration of whether in preparing LDP2 potential additional land should be identified, given the asset-based approach of the Growing Mid Wales Partnership to Ceredigion's economic development. (Pg.1)

***Ceredigion Rural Economy and Employment, Topic Paper, 2019***

2.54 The paper summarises key issues of relevance to the local economy. It recognizes the need to retain young people locally by securing growth opportunities, accessible housing and community facilities. The sustainability of rural areas is threatened by poverty, as evidenced by the disparity between rural and urban incomes. Key workforce characteristics are high levels of self and part-time employment, homeworking and long-distance commuting. In the future, the level and type of the workforce will be determined by the aging population. Additionally, employment-led growth is not suited to the dynamics of the dominant economic sectors of education, tourism, leisure, public services and agriculture. Given the workforce and area characteristics, ICT investment is deemed critical for maximizing productivity. The paper suggests that medium to small scale inward investment projects (requiring high-

quality/prestigious sites) and indigenous business growth should be encouraged to locate on business and employment sites. Correspondingly, the type of sites on offer should exhibit variety. With regards to the policy context up to date, the paper finds that the policies in place have shown the capacity for flexibility and for supporting growth (whenever sustainable to do so). Going forward, policies should also be able to facilitate the emerging plans of Growing Mid Wales.

- 2.55 In this regard, the Mid Wales context that should be kept in mind is summarised through a SWOT analysis. Namely, the region exhibits sectoral strengths in several key sectors (food, agriculture, tourism, advanced manufacturing). It is home to two universities, one of which produces high quality research. The area is rich in natural resources and the natural environment is of high quality. The quality of life is high, with low overall deprivation levels. On the downside underemployment and seasonal employment, low productivity and wages are issues of concern. Poor transport infrastructure, as well as physical and digital connectivity, pose barriers to development. The outward migration of young, an aging and declining population cumulatively threaten the demographic balance of the area. (Pg. 31)
- 2.56 Given this landscape, the area should capitalize on its tourism industry and natural environment. An effort to maximize the contribution of anchor institution procurement, brought about by importance of the public sector, is an opportunity worth investigating. To tackle underemployment, employee upward mobility is advised. Finally, businesses should be encouraged to adopt new technologies. Mobile and broadband technology extension across Mid Wales is crucial, in this respect. Other than the shifting demographic structure, threats to the economic vitality of Mid Wales come from Brexit uncertainty, as it relates to key EU funding (in agriculture, for instance), and public sector budget cuts. The narrow economic base of the region increases its susceptibility to negative shocks. Finally, insufficient infrastructure investment limits the potential for growth.

***Ceredigion Local Well-being and Improvement Objectives, Performance Report, 2018***

- 2.57 The report predicts that demands on health and social provision will increase going forward, due to an aging population. The main economic pressure comes from higher levels of automation, which reduces job availability. It is recognised that the area's prominent employment sectors (hospitality and tourism, health and care, academic research) are relatively more robust to this change. Additionally, the report states that

responding to the uncertain impact of technology on service provision becomes increasingly important. In terms of climate change, the most likely challenges are more extreme weather conditions and increased risk of river and coastal flooding. A warmer and drier climate hosts opportunities and threats. A longer tourist season could come at the cost of water shortages, more heat-related deaths and more pathogens. The findings of this assessment informed the formulation of the Ceredigion Well-Being Plan 2018-33, the objectives of which are reflected in the corporate strategy of the authority.

***Corporate Strategy 2017-22***

- 2.58 The policy priorities of the Corporate Strategy focus on four areas: boosting the economy; investing in people’s future; enabling individual and family resilience; and, promoting environment and community resilience. The strategic priorities also incorporate the Well-being and Improvement Objectives, for the next five years.

**Table 2 – Strategic Priorities**

<b>Corporate Priorities</b>	<b>Well Being Objectives</b>	<b>Outcomes</b>	<b>Success Indicators</b>
Boosting the economy	Promote/provide employment opportunities; Enhance prosperity through collaborative innovative partnership programs; Develop 21 <sup>st</sup> century infrastructures	An agile, multi-skilled workforce and adequate infrastructure that attracts high quality employment opportunities; Close public-private links; Direct employment paths between HE and the council	Number of multi-skilled employees; Number of (high-skilled) employment opportunities/jobs; Average earnings; Forums promoting public-private sector partnerships; National/international investments in industries (Inc. Agriculture and Tourism); Access to digital/physical infrastructure
Investing in People's Future	Improve learning/employment opportunities; Protect from poverty/maximise incomes; Promote healthy/active lifestyles; Promote/facilitate bilingual culture and local identity	Sustainable population age profile; Citizens can lead active/healthy lives and realise their potential locally; maintained Welsh cultural heritage; Safety net for citizens at greater risk	Decrease out-migration (esp. of younger people); Improved working-age to older population ratio; Increase in average household incomes; Higher physical, social and cultural activity levels; Higher levels of formal/non-formal qualifications
Enabling individual and family resilience	Safe, affordable and accessible homes to promote well-being of individuals/families; Early intervention/prevention to protect the most vulnerable; Enable individuals/families to regain/maintain independence	Improved quality of life through support networks for families, community networks/voluntary groups facilitating early intervention and improved choice/quality of housing	Lower numbers of vulnerable people needing care/support plan; Improved life quality measures; Availability of housing to vulnerable/low-income households
Promoting environmental and community resilience	Engage in programs to minimise contribution to climate change/bio-diversity loss; Provide infrastructure to accommodate future needs; Assist communities to become self-resilient	High standards of environmental/biodiversity stewardship and resilience to climatic challenges, including the safety of citizens at coastal regions	Rates of recycling; Rates of waste sent to landfills; Carbon emission rates; Improved measures of community resilience; Improved physical/organisation infrastructure for risk communities

Source: Corporate Strategy 2018-2022

### ***Powys County Council***

#### ***Local Development Plan 2011-2026 – Adopted April 2018***

2.59 The Powys LDP sets out the Council's policies for the development and use of land in Powys up to 2026. It is applicable to all of Powys except the Brecon Beacons National Park, which is covered by the Brecon Beacons National Park Authority. The LDP has been prepared to provide sufficient land through its policies and proposals to meet a

dwelling requirement of 4,500 dwellings. Policies within the LDP include the provision of employment land and policies to meet the needs of the economy.

- 2.60 The LDP identifies a vision and objectives based on understanding of the characteristics, issues and needs of the county and the community. The objectives were grouped into five key themes. Of particular note for this study, Theme 2: Supporting the Powys Economy states that:

***Theme 2: Supporting the Powys Economy***

- Supporting a diverse, robust and vibrant economy including key economic sectors and the rural economy (Pg.24, para 3.1.3.C)
- Enabling the regeneration and renewal of Powys' built environment to ensure vital, viable and attractive town centres and employment premises that meet the requirements of modern businesses. (Pg.24, para 3.1.3.d)

- 2.61 The LDP distributes this development according to a hierarchy of settlements. Sites allocated in towns and larger villages for dwellings and employment act as service centres for wider communities. In the small settlements and open countryside of Powys, policies enable local needs to be met through small scale development.

***Growth Strategy***

- 2.62 The LDP evidence base identifies an Employment Land Provision of 45ha. It did not identify a strong relationship between population growth and the employment land requirement, acknowledging the LDP, should not be employment-led. The assessment did, however, find that the greatest need for employment land would come from the need to replace and upgrade premises. (Pg.29, para 3.2.6)

***Strategic Policy SP2 – Employment Growth***

- 2.63 To meet employment needs between 2011-2026, the LDP identifies 45 ha of land for employment purposes. There will be 39 ha of new B1, B2 and B8 employment development and six hectares of mixed-use sites. The allocation of 45 ha of employment land is the higher estimate of future land required, and thus was intended to provide flexibility to support economic growth and cater for any peaks and troughs in demand. (Pg.36)



2.64 Policies are also included in the LDP to facilitate small scale employment development to support new and existing businesses as the study also identified a high level of business start-ups, self-employment and micro and small businesses.

2.65 The Welsh Government has put in place Local Growth Zones (LGZs), regeneration initiatives being taken forward within Powys as an alternative model to Enterprise Zones to help encourage and support jobs and growth within the county.

***Policy DM16 – Protection of Existing Employment Sites***

2.66 A number of important employment sites will be retained for economic uses and are safeguarded by the LDP through Policy E4. Proposals for the use of existing employment sites for alternative uses will be permitted where:

- The land and premises are no longer required for employment purposes
- The proposal would not lead to an under provision of employment land or premises in the sub/local area
- Prejudice the existing or future operational use of surrounding employment sites and premises. (Pg.73, para 4.2.102)

***Economic Development Strategy for Powys County Council – 2016***

2.67 The economic development strategy identifies the mechanisms that will be used in delivering the Council's economic development interventions. The document identifies that the Powys economy has high employment rates with higher than average self-employment.

2.68 The four objectives of the strategy include:

- Grow Powys' strategic business sectors
- Attract new business
- Increase visitors and visitor spend
- Increase Powys' economically active population (Pg.4)

2.69 Eleven ideas have been identified to help identify where effort would be best concentrated. These ideas are shown in detail in the document and include

infrastructure delivery, funding, promoting Powys for visitors, residents and businesses and improving skills. (Pg. 4)

***Employment Land Site Allocations – Approach for the sequential testing and determining of sites – 2016***

- 2.70 This report provides an explanation of Council's methodology and decision making to identify and allocate employment sites in Powys for the LDP 2011-2026. It provides a useful document to tracking past assessments of previous candidate sites.
- 2.71 The sequential testing approach identified 17 sites which evidence indicated were deliverable and thus were suitable for allocation for employment land or mixed use with an employment component totalling 45.09ha. There is a further 11.7ha of employment land upon which the plan is not reliant could be potentially available through supportive policies within the LDP but this has not yet been allocated. (Pg.15, para 4.7)

***Economy – Employment and Economic Development, Topic Paper, 2015***

- 2.72 The paper informs the priorities and strategy set out in the Powys Local Development Plan. It notes that the global economy and public sector/European funding constraints pose challenges not only to Powys' key economic sectors (of agriculture, manufacturing, tourism, services and the public sector), but also the broader economy. The prevalence of SMEs in Powys compounds the significance of these challenges. Because of the rural character of the local economy, peak oil and rising energy costs are also significant causes of concern. To ensure sustainability, it becomes increasingly important to adapt to rising costs and transit to low carbon/green economy.
- 2.73 In Machynlleth, there is an alternative energy expertise centre. In the Severn Valley and Ystradgynlais areas, the manufacturing sector is of particular economic significance. This partly reflects their closeness to motorway networks, workforce skill and availability and external markets. It is also noted that a source of competitive pressure for the manufacturing sector is the aging stock of premises, which need to be refurbished or relocated to energy efficient sites. Based on the above observations, the paper points to the importance of the spatial distribution of employment land in promoting business and innovation. It also recognizes that the size and settlement dispersion of Powys means that a range of employment sites and supportive policies

are needed to meet the employment needs of businesses. The relatively high levels of self-employment and part-time employment, prominence of small and micro businesses and high rates of new businesses and start-ups merit attention. Finally, it recognizes the need to support initiatives and activities that boost economic and social regeneration and sustainable transport options.

### ***Towards 2040, The Powys Well-being Plan, 2018***

- 2.74 Powys County Council is a member of the Powys Public Service Board (PSB), which aims to deliver improvements for local people and communities. In line with the Well-being of Future Generations (Wales) Act 2015, it has committed to deliver the PSB Vision 2040, through the Towards 2040, The Powys Well-being Plan. Powys vision for 2040 centres around four objectives, informed by the Well-being Assessment (2017): deliver a stable and thriving economy; deliver a sustainable and productive environment to its residents; ensure that residents will be healthy, responsible and socially motivated; and, connect residents through vibrant communities and culture. The plan sets out the 12 well-being steps, by which the county intends to deliver these objectives.

### ***Well-being assessment, 2017***

- 2.75 The assessment uses a variety of evidence, data and research to assess the impact of social, cultural, environmental and economic factors on the well-being of the County's residents. Overall, 31 issues have been identified, but emphasis is placed on the most prominent ones, including better understanding the way in which the rural character of Powys impacts well-being. Access to transport, accommodation suited to the needs of people who are older or live independently and poverty and deprivation are the three factors that have the most negative effect on wellbeing. Sources of positive impact include good health prevention, childcare provision, tourism and Powys' environment.

### ***Vision 2025: Our Corporate Improvement Plan 2018-23***

- 2.76 The Corporate Improvement Plan aims to deliver the Council's Vision for 2025. It sets out four clear priorities, centring around the economy, health and care, learning and skills and residents and communities. It is informed by a few key strategies, including the Towards 2040, The Powys Well-being Plan.

**Table 3 – Corporate Priorities - Powys**

Corporate Priority	Outcome	Objectives	Success Indicators
Economy	Develop a vibrant economy	Provide support to grow businesses; Promote Powys as a place to live, do business and visit; Improved availability to sustainable/affordable housing; Support regeneration/investment through improved infrastructure; Improve residents' skillset and access to good quality jobs	Proportion of revenue spent with Powys based suppliers/providers; Attainment of Welsh Government Welsh Housing Quality Standard; Number of people employed, post employability activity participation; 250 new affordable homes by 2030
Health and Care	Lead the way in the provision of effective, integrated health and care in a rural environment	Focus on wellbeing; Early support and help; Provision of joined-up care; Development of a workforce for the future; Create innovative environments; Develop digital solutions; Deliver transformation through partnerships	Number of children living away from their families; Number of people supported through assistive technology at home; Number of medical staff
Learning and Skills	Strengthened learning and skills	Improved educational attainment; Support for young families; Improved school infrastructure; Improved skills/employability of young people/adults	% of 11-year old's achieving the Level 2 threshold; Proportion of schools with Green/Yellow categorisation; % of pupil attendance of compulsory school age
Residents and Communities	Support for residents and communities	Strengthen community development/resilience; Support community independence/reduce demands on public services; Stronger relationship with communities and residents; Better understanding of residents needs and improved service delivery	Agreement of Place Based Plans; 10% increase in volunteer engagement in local community initiatives; Agreement by all County Councilors to promote the Community Pledge to their constituencies by 2020

Source: Powys – Vision 2025 (Pg.2)

### **Brecon Beacons National Park Authority**

#### **Brecon Beacons National Park Authority Local Development Plan 2007-2022**

2.77 The LDP provides for population and economic growth within the National Park to 2022. Having regard to their Environment Act 1995 (s62) duty, nine Unitary Authorities have responsibilities for the promotion or improvement of the social and economic well-being (Local Government Act, 2000) of larger or smaller parts of the 520 square miles of the National Park. Some 66% of the National Park is within Powys and thus is within the Mid Wales Study Area.

2.78 The LDP outlines a vision for the National Park and 25 objectives to achieve that vision, which are grouped into the following three categories:

- National Park Purposes; Special Qualities; Potential for Growth
- Sustainability and Climate Change
- Foster the social and economic well-being of local communities

2.79 The third category includes objectives on employment, including supporting a sustainable economy with strong links between local employment and housing supply, as well as supporting retail and town centres and the tourism sector.

2.80 The LDP recognises that 70% of workers are in sectors outside the traditional B-class employment sectors and this dominance is anticipated to continue. The document highlights agriculture and tourism as key sectors in the local economy.

2.81 LDP Policy 32 states that the identified requirement for employment land over the planning period is 1.5 ha, to be met through employment allocations and mixed-use sites.

2.82 Annual monitoring reports have been prepared that measure the progress within the National Park on key metrics since the adoption of the LDP. These monitoring reports have been utilised in this study.

2.83 The Authority is in the process of preparing a replacement LDP, referred to as LDP2, with a plan period of 2018-2033.

***Brecon Beacons National Park Local Development Plan, Review Report, April 2018***

2.84 The review of the local development plan concluded that although a large part of the existing strategy maintains its relevance, a replacement plan is required to address the following concerns. Firstly, the Authority failed to maintain a 5-year housing land supply (attributed to the constraints placed by water infrastructure in the primary key settlement of Brecon). Secondly, the cumulative effect of important changes to other parts of the plan is considered significant. Thirdly, the authority wishes to address concerns raised by various stakeholders in a recent non-statutory consultation. The

review finds that, the plan was successful in terms of delivering affordable housing, employment completions within allocated sites and granting permission to renewable energy schemes, amongst other.

### **Preferred Strategy - 2019**

- 2.85 The Preferred Strategy for LDP2 (2018-2033) was released for consultation in July 2019. The Preferred Strategy outlines the overall strategic direction for the National Park to 2033 and will be the guiding document for the preparation of the LDP2.
- 2.86 The Preferred Strategy proposed a housing requirement of **1720 dwellings** over the planning period to enable the redevelopment and best-use of previously developed land, whilst also mitigating the level of commuting into the National Park by attempting to draw a sufficient working-age population to support, as a minimum, the existing number of jobs in the National Park. Regarding B-class employment land the Strategy states that to “*facilitate sustainable economic development and provide a range and choice of land for new economic development (B1, B2, B8), up to 3 ha of employment land will be allocated.*” (Pg.31)
- 2.87 The Strategy also lists the existing employment areas to be safeguarded as:
- Brecon Enterprise Park, Brecon;
  - Ffrwdgrech Industrial Estate, Brecon;
  - Talgarth Business Park, Talgarth
  - Elvicta Business Park, Crickhowell
  - Granda Park Industrial Estate, Crickhowell
  - Wye Valley Business Park, Hay-on-Wye
  - Greenfield Industrial Estate, Hay-on-Wye
  - Gilwern Park Industrial Estate, Gilwern (Pg.31)

### **Brecon Beacons National Park Employment Land Review – June 2019**

- 2.88 The Employment Land Review is intended to assist the Brecon Beacons National Park Authority in its assessment of the future direction of the economy and its associated employment land requirements. As there is substantial overlap in the approach, objectives and analysis between an Employment Land Review and this Mid Wales Employment Sites and Premises Needs Assessment and given that the Employment

Land Review is very recent, this report will not replicate the earlier work unnecessarily. However, it is noted that the forecast period for the Employment Land Review is to 2032, compared to the Mid Wales study looking to 2040. (Pg.2, para 1)

- 2.89 The economy in this area is varied and is mainly dominated by non-B-class sectors predominantly tourism, agriculture and retail. The report anticipates that these sectors will continue to account for a large proportion of future employment within Brecon Beacons. (Pg.2, para 3)
- 2.90 Between 2001 and 2016 a total of 80,819 sqm of B class employment space was completed. Approximately half of this floorspace related to new employment units while the remaining space constituted changes of use and extensions to existing units. (Pg.3, para 16)
- 2.91 This document recommends that the emerging LDP should make provision for the development of between **1.5ha and 3ha** of land for B class employment purposes to 2032. The study assesses potential employment sites to cater for this recommended development, listing the sites.
- 2.92 Consultation was undertaken with a range of stakeholders. Key points summarised as follows:
- Property Agent and Council Officers*
- Economic conditions were described as ‘improving’ and hot spots for businesses were identified as Brecon, Crickhowell and Hay-on-Wye
  - The distance from the M4 was considered to be a key reason why the National Park was not attracting big new employers, although it was recognised this has helped to maintain the National Park character
  - More employment allocations specifically around Brecon Enterprise Park were identified as a potential opportunity
  - The challenge of viability was identified as a key factor that would impact upon delivery of new employment development
  - The businesses looking to locate in the National Park were thought to be smaller scale industries
  - The vacancy rate in the National Park is lower than average. The current supply of employment land was identified as having an impact upon business

growth and it was suggested that the National Park Authority could give more thought to how the planning system can provide more flexibility

- In terms of the future, it was identified that more B1 employment land was required, particularly for light industrial uses. It was also identified that it was unlikely there would be a need for new-build office space with demand for predominantly small-scale units
- It was noted that there is a need for joined-up thinking between Powys and the National Park. (Pg.3, para 17)

### ***Business***

- Brexit was considered to have created challenging market conditions for business. A further challenge was local authority budget cuts which has had implications upon businesses that service the public sector
- Compared to other areas in Powys, the National Park economy is perceived to be more prosperous although the scale and nature of development that can be accommodated within the sensitive environment can be limited. The natural environment was however a key economic strength
- Small business units were thought to be needed for the future. To meet this need it was suggested that there are opportunities to change the use of some existing areas of land to employment. (Pg.4, para a)

### **Existing employment locations**

- 2.93 The study identified nine existing B class employment sites, 60% found to be reviewed as ‘very good’ or ‘good’ and the remaining classed as ‘average’. It is important to consider the future shape of the local economy and to understand how this impacts possible land allocations when seeking to understand the amount of employment likely to be required within the Brecon Beacons National Park. Based on the analysis of the current economic context, consultations and an assessment of potential future economic trends it was found that all characteristics point towards a low level of demand for additional B class employment land. (Pg.5, para 18)



***Brecon Beacons National Park Management Plan 2015-2020***

2.94 The Management Plan 2015-2020 builds upon the Plan for 2010-2015 and is prepared in the context of the Environment Act 1995. The Management Plan has six themes:

- Managing Park landscapes to maximise conservation and public benefits
- Conserving and enhancing biodiversity
- Provide opportunities for outdoor access and recreation
- Raising awareness and understanding of the Park
- Building and maintaining sustainable communities, towns and villages
- Sustainable economic development (Pg.8, table 1)

2.95 For each theme, the Management Plan identifies the challenges for Brecon Beacons National Park and a list of Actions to address the challenges. The Plan includes measurable indicators to assess the progress of the actions.

***Brecon Beacons National Park Authority Well-Being Objectives***

2.96 The National Park Authority has seven Well-being Objectives, which are outlined in the Corporate Plan 2019/2020. The seven Well-being Objectives are:

- Conserve and enhance the cultural heritage of the Park's communities including Built Heritage, the Historic Environment and the use of the Welsh Language;
- Engage partners and the public to define the priorities, source the evidence and deliver the actions of the Nature Recovery Action Plan - 'A Future with Nature at its Heart';
- Enable a diverse cross section of society to gain health and wellbeing benefits from the National Park;
- Identify key challenges to and innovative solutions for sustainable living in the National Park;
- Encourage, provide for and manage sustainable outdoor access and recreation opportunities for health, education and wellbeing and economic benefits,
- Collaborate with partners to develop economic benefit from the special qualities of the NP and support growth in sustainable businesses within the environmental and social capacity of the area; and
- Grow sustainable tourism and outdoor recreation. (Pg.6)

- 2.97 These Well-being Objectives are aligned with other policy and strategic direction documents for the Brecon Beacons National Park.

***Assessment of Housing Needs Interim Update, 2019***

- 2.98 The assessment will form part of the evidence base used to prepare the LDP2. The gross level of housing to be needed is assessed using different demographic, economic and housing led scenario modelling. According to demographic-led scenarios, 181 to 630 dwellings will be needed. The issue of a decline in the number of jobs supported in the area, due to a trend toward an aging population, is raised. Based on a conservative estimate of anticipated economic growth, employment-led scenarios suggest the provision 1,881 additional dwellings. If the higher than expected trend experienced over the recent past is continued, the figure could reach 2,591 dwellings. Based on past levels of delivery, housing-led scenarios suggest that the delivery of 870 to 1,305 is possible. The assessment concludes by recognising that the proposed housing requirement figures, need to be subjected to policy tests, based on environmental capacity and infrastructure constraints, as well as the overall spatial vision for the area. (Pg. 41 & 42)

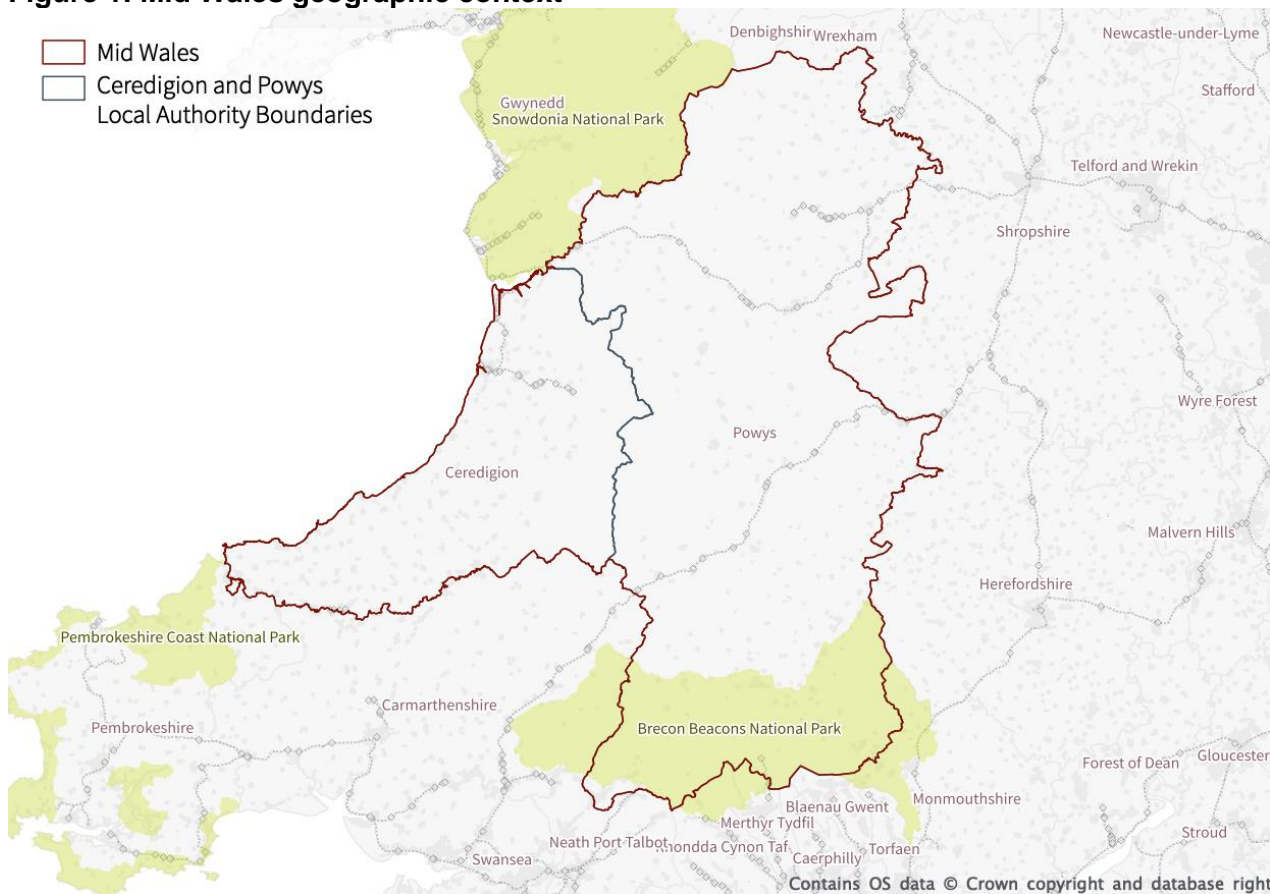
### 3.0 ECONOMIC ASSESSMENTS AND FORECASTS

3.1 The following provides an overview of the socio-economic and demographic characteristics of Mid Wales, as well as exploring potential employment growth scenarios for the region. Individual assessments for the local authority areas are provided in Appendix One.

#### ***Mid Wales Larger than Local Area***

3.2 The Mid Wales Larger Than Local Area (LTLA) of this Study comprises the combined area of the two local authorities of Ceredigion and Powys. Note – in this report LTLA (particularly in some charts) refers to Mid Wales.

**Figure 1: Mid Wales geographic context**



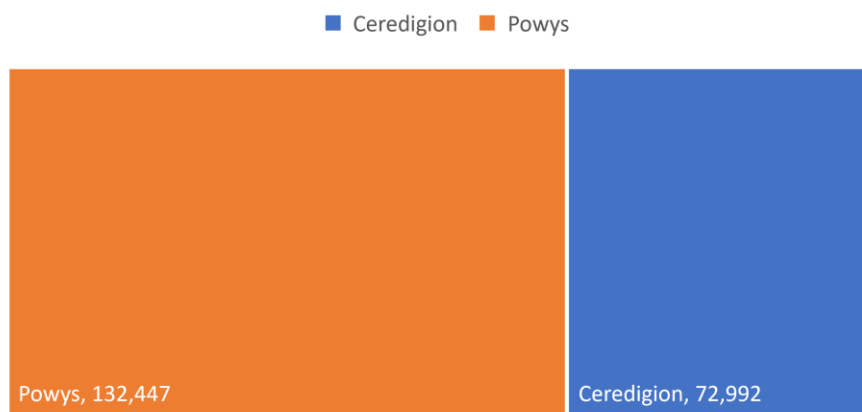
3.3 The report is in two stages: section one presenting the quantitative evidence on demographics, labour market, current and future state of the economy and section two sets out key findings and a 'policy-on scenario'.

## Demographics and Labour Market

### Population

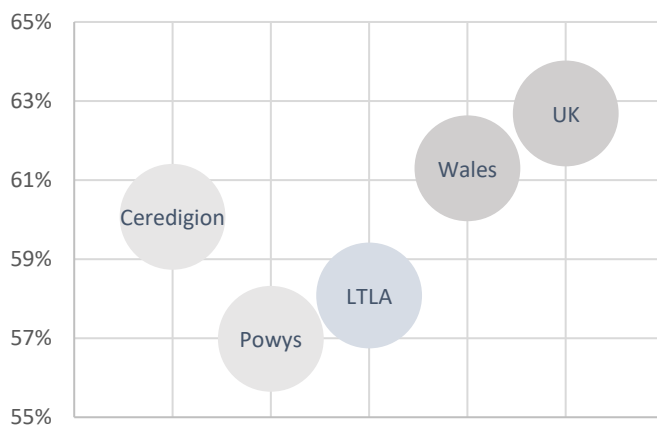
3.4 As of the 2018, Mid Wales has a population of approximately 205,000. Working age people make up a lower share of the population in the LTLA, especially in Powys, compared to Wales and the UK. The relatively small share of working age people is driven by high proportions of 50-64 and 65+ year olds. Comparatively, Mid Wales has proportionally fewer people below the working age (16 years). Figures 2 and 3 illustrate the Mid Wales population, firstly the comparative sizes of Powys and Ceredigion (Figure 2) and secondly the percentages of the population of a working age (Figure 3).

**Figure 2: Population Size (2018)**



Data Source: ONS 2018

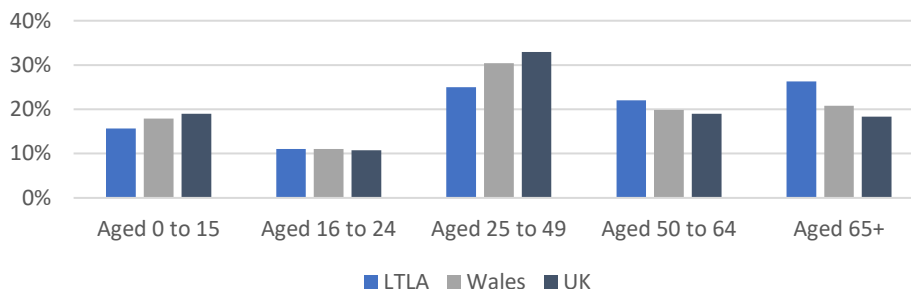
**Figure 3: Share of working-age population (2018)**



Data Source: ONS

3.5 The comparative analysis of population age structures is presented in the chart below.

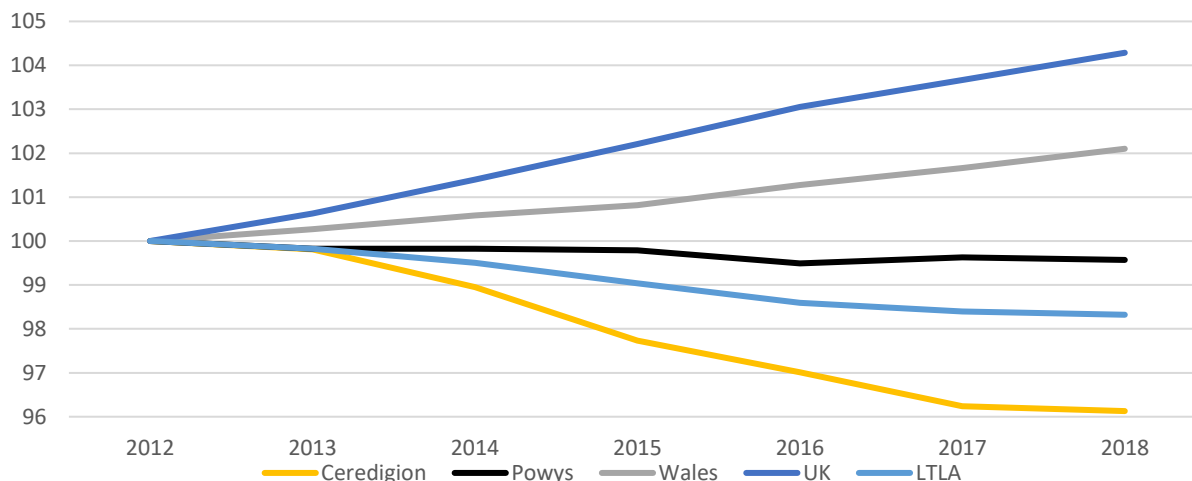
**Figure 4: Population age structure (2018)**



Data Source: ONS

3.6 Figure 5 shows that since 2012, the population of Mid Wales has decreased by approximately 1.7%, driven by a substantial decline in Ceredigion of almost 4%. This decline is in contrast to steady growth in Wales over the period and quicker growth in the UK.

**Figure 5: Indexed Population Growth (2012=100)**



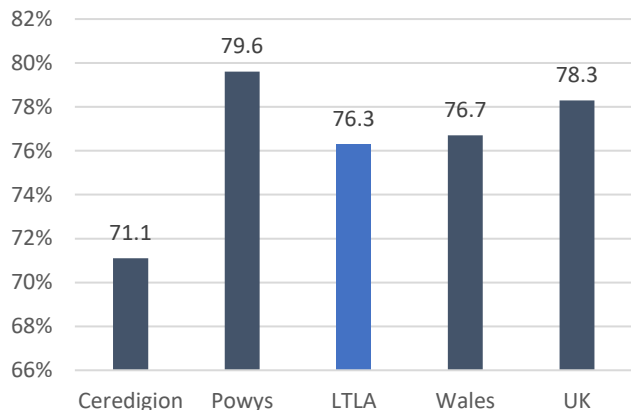
Data Source: ONS 2019

### **Labour Market**

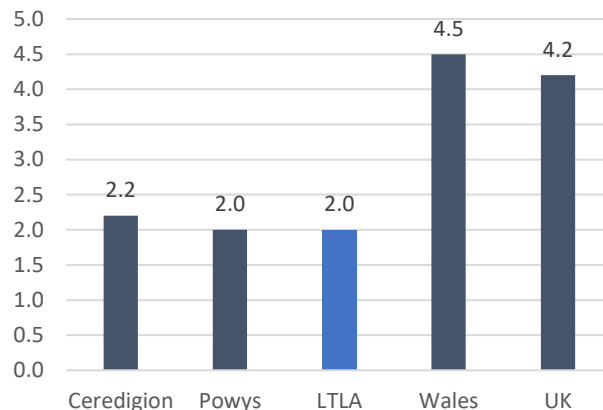
3.7 Figures 6 & 7 show economic activity and unemployment respectively. The Mid Wales unemployment rate, which tracks the number of people who do not have a job but are looking for one, was below half that of the UK in 2018. However, the area's economic activity rate, which is the proportion of employed and unemployed out of the total working age population, was lower than Wales and the UK in 2018. This means that Mid Wales had a greater proportion of working age people uninvolved in the labour market than the UK national average. Within Mid Wales, Ceredigion had a slightly

higher level of unemployment, and a substantially lower economic activity rate compared to Powys.

**Figure 6: Economic Activity Rates (2018)**



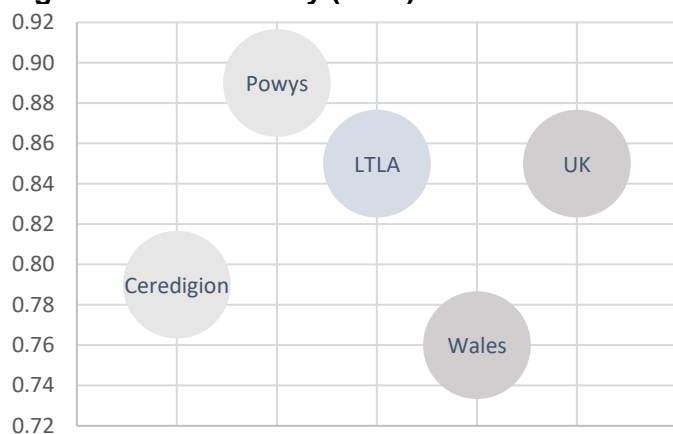
**Figure 7: Unemployment Rates (2018)**



Data Source: ONS, Annual Population Survey

3.8 Figure 8 illustrates the relative job densities in Mid Wales compared to the UK and Welsh averages. This is defined as the ratio of jobs in an area to the resident population of a typical working age (16-64 years).

**Figure 8: Jobs Density (2017)**



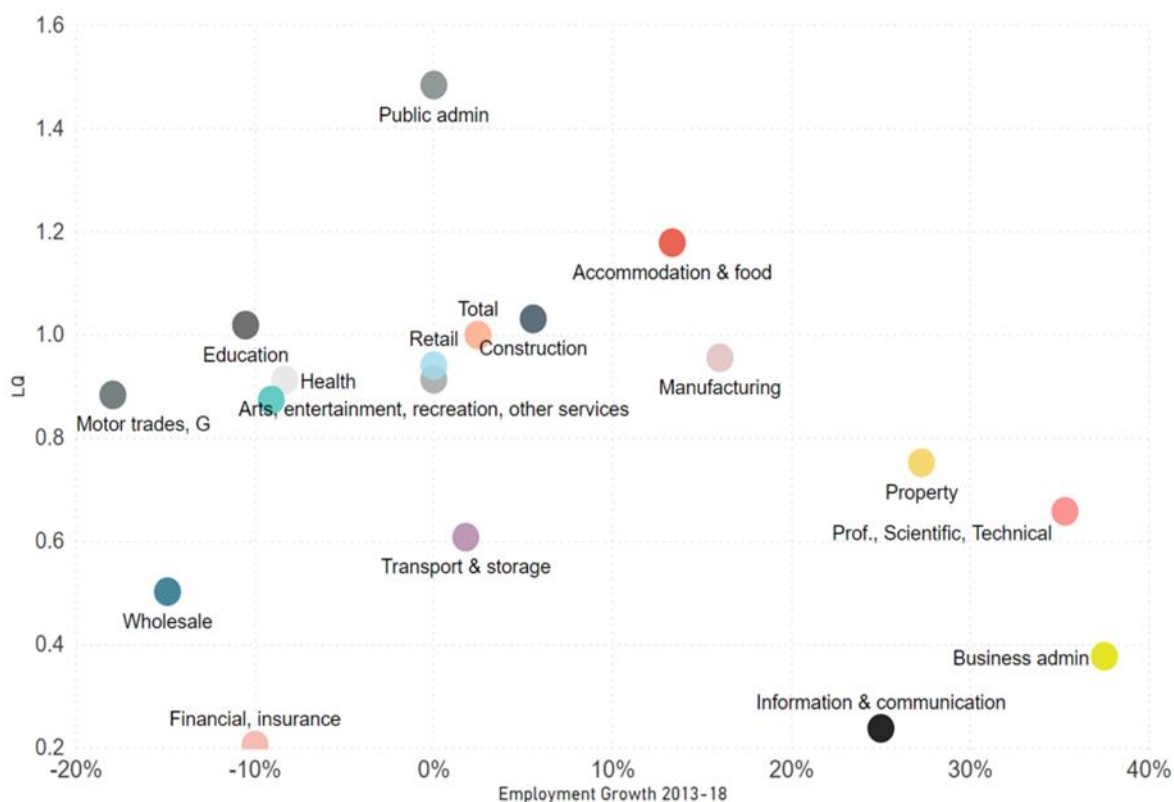
Data Source: ONS

3.9 Figure 9 shows the relative specialisation of sectors and employment growth. In interpreting this graph, the Y-axis measures the Location Quotient (LQ), which is a measure of the sector’s specialisation in the area. An LQ of 1.0 for a sector means that the proportion of employment within that sector is the same as the proportion at the UK level. An LQ of 2.0 means that the proportion of employment is double that of the UK. Therefore, agriculture with an LQ of 15.1 is a highly specialised sector in Mid

Wales. Other sectors with specialisation in Mid Wales are Public Administration and Accommodation and Food Services. Interestingly, a number of sectors, including Information & Communication, Business Administration and Support Services, and Professional, Scientific and Technical Services, are currently less concentrated in Mid Wales compared to the UK, but are growing rapidly – this combination of underrepresentation and dynamic growth often highlights further growth potential. Furthermore, some of these rapidly growing sectors (manufacturing, professional, scientific and technical) are key opportunity sectors explored later in this report.

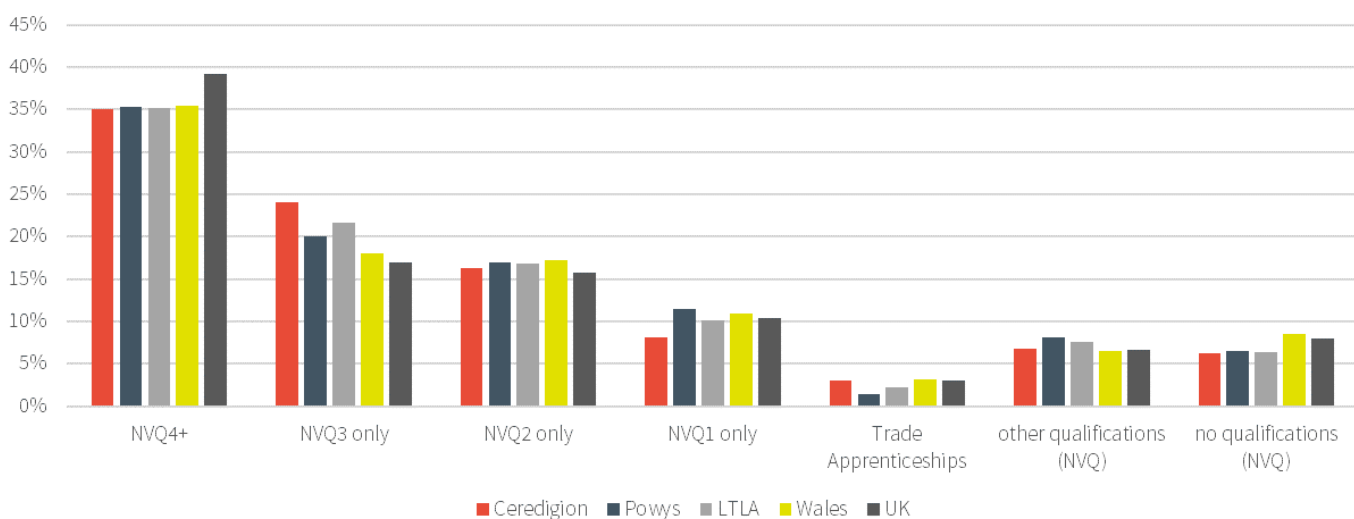
- 3.10 Tourism, a key economic area for Mid Wales, is not a distinct sector in the data, rather businesses in several sectors, such as Accommodation and Food Services, Retail and Arts, Entertainment, Recreation and Other Services, would identify as in the tourism market.
- 3.11 Specifically looking at sectors that have demand for B-class employment land, it is encouraging for the Mid Wales region that some of these sectors have shown positive recent growth, including typical office-based sectors (Business Administration, Professional, Scientific and Technical, Information and Communications) and industrial-based sectors (Manufacturing)

**Figure 3: Specialisation (LQ) and Employment Growth, 2018** (NB Agriculture omitted from plot area – LQ of 15.1 with 0% growth), LTLA



3.12 Figure 10 below sets out the qualifications profile of the Mid Wales residents which is broadly similar to the UK and Wales, apart from a 5% shortfall in the proportion of people with NVQ4+ (degree-level) qualifications compared with the UK, whilst the proportion of those with NVQ3+ was higher in Mid Wales than both Wales and the UK.

**Figure 4: Proportion of aged 16-64 holding NVQ4+ or no qualifications (2018)**



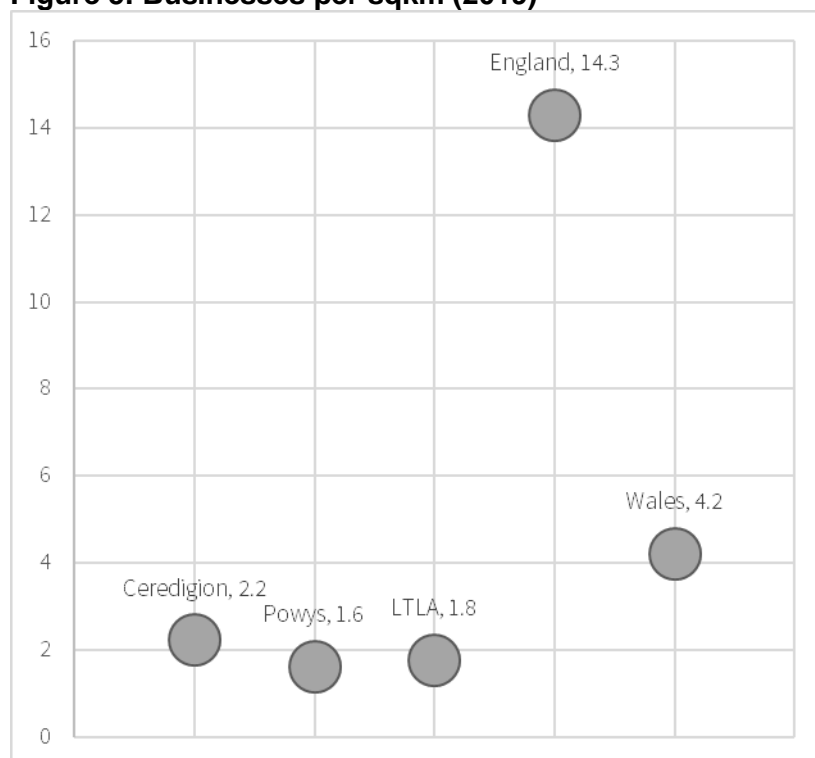
Data Source: ONS, Annual Population Survey



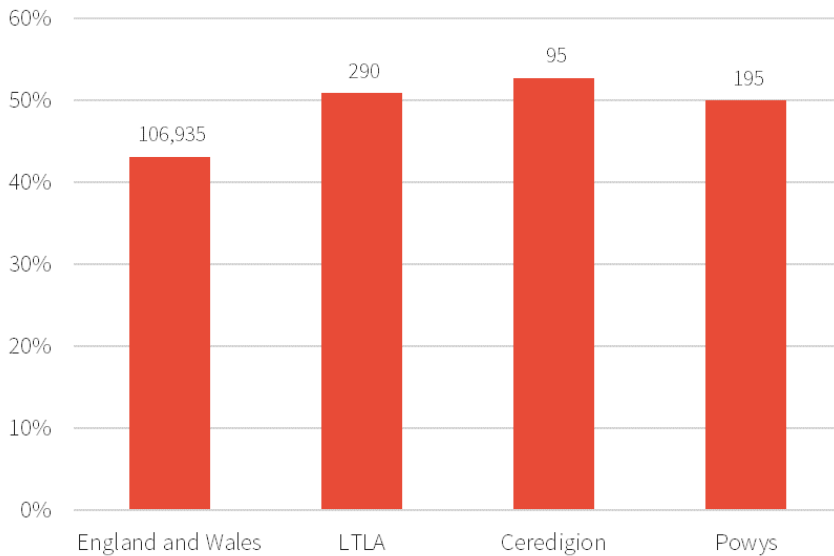
### Businesses

3.13 Unsurprisingly given the rural composition of the LTLA, business density, as shown in Figure 11, is lower than in Wales and the UK. However, the 5-year business survival rates (Figure 12 and based on the number of business incorporated in 2012 still operating in 2017) were significantly better in Mid Wales than England & Wales.

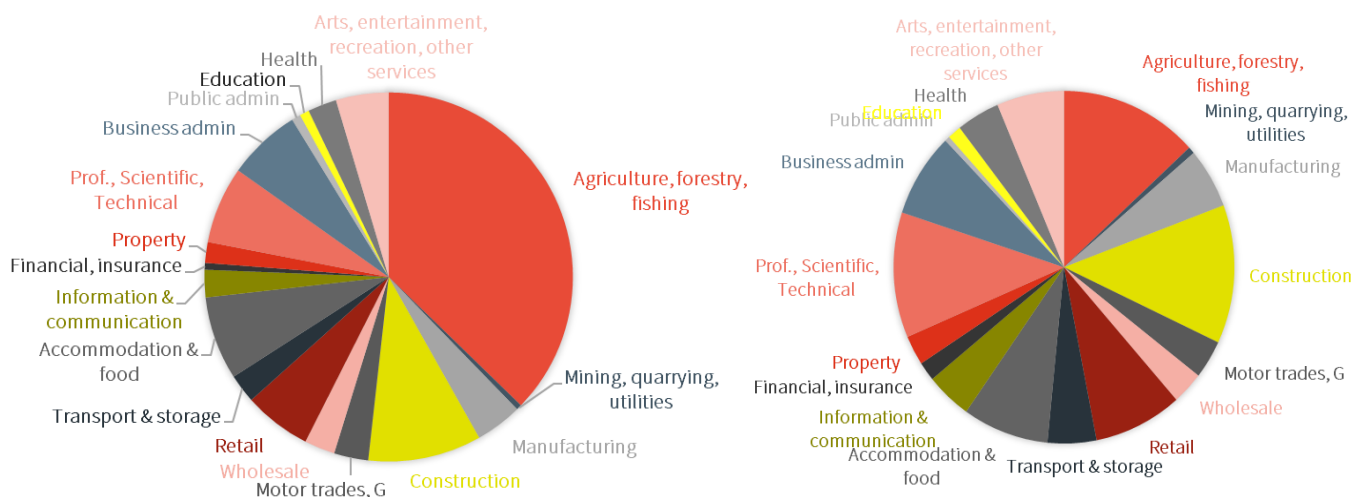
**Figure 5: Businesses per sqkm (2019)**



**Figure 6: 5-year business survival rates (% - 2012-17) with total number of businesses surviving after 5 years**



**Figure 7: Sectoral distribution of businesses, Mid Wales (L) vs Wales (R), 2019**



3.14 Figure 13 above shows the sectoral split of businesses. As might be expected, a significant proportion of businesses in Mid Wales are based in agriculture, to a much greater extent than Wales. Construction, Accommodation and Food Services, Professional, Scientific and Technical Services, and Business Administration Services are other significant sectors in terms of business counts – which is also true of Wales.

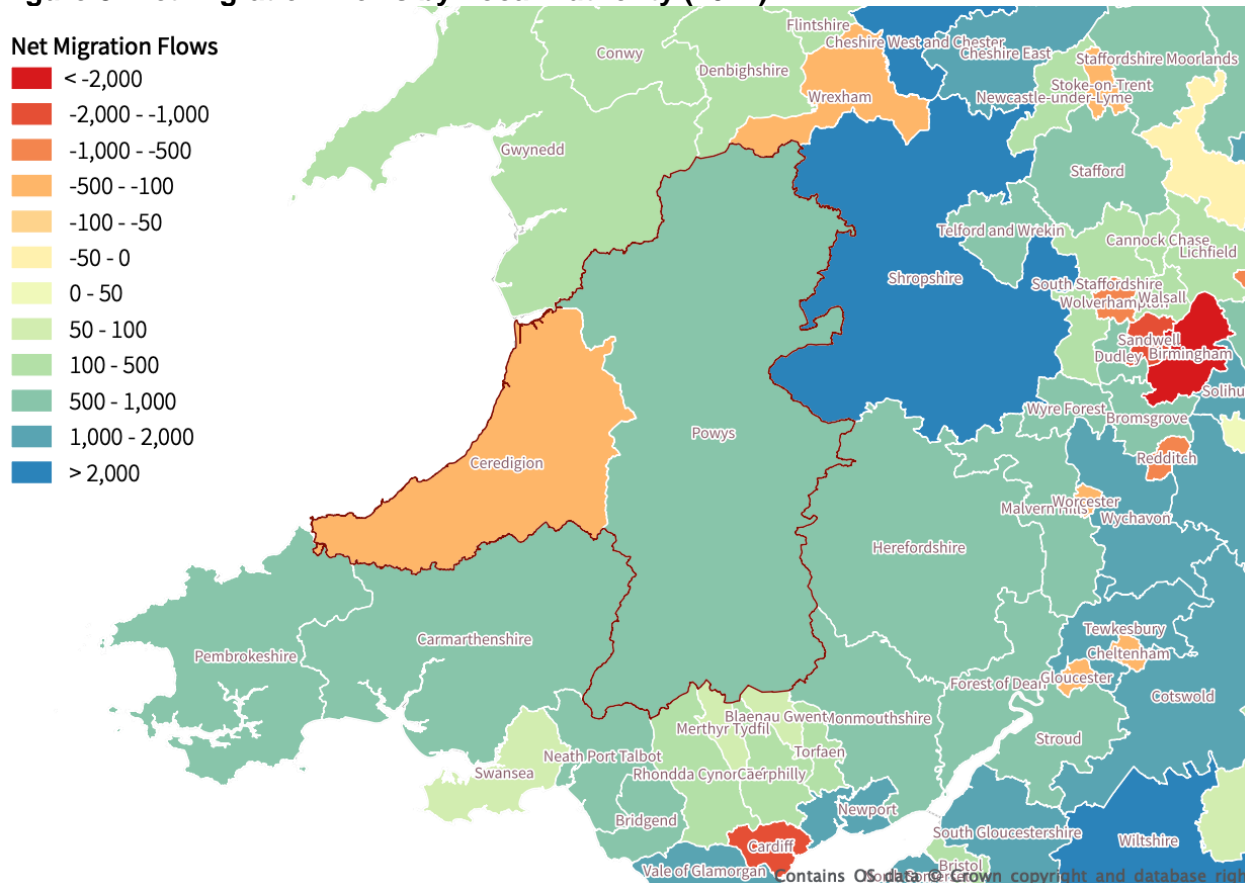
### Flows Analysis

#### Migration

3.15 There is almost an equal amount of people migrating to the LTLA (11,300) than migrating from it (11,200). Birmingham and Cardiff are the largest net recipients of

people migrating from Mid Wales, whilst Shropshire, Wiltshire and Cheshire are the largest net origin locations of people migrating to Mid Wales.

**Figure 8: Net Migration Flows by Local Authority (2017)**



Data Source: ONS, Migration Statistics

**Table 4: Migration Flows (2017)**

	Inflows	Outflows	Net Flows
<b>Powys</b>	5,800	-5,250	550
<b>Ceredigion</b>	5,500	-5,950	-450
<b>Mid Wales</b>	11,300	-11,200	100

Data

### **Commuting**

3.16 In terms of commuting flows, Mid Wales has a net flow of -3,512 – meaning on balance residents of Mid Wales work elsewhere. Furthermore, according to the last census (2011), Mid Wales had a high home-working rate of 22% - approximately twice that of England & Wales. Anecdotal evidence suggests this rate will still be high and perhaps will be slightly higher in the next Census.

**Table 1: Commuting Flows**

	Ceredigion	Powys	LTLA
<b>Total Inflow</b>	4,118	8143	11,611
<b>Total Outflow</b>	4,135	11638	15,123
<b>Net Change</b>	-17	-3,495	-3,512

Data Source: ONS, Census 2011

**Table 5: Home working (2011)**

	Work mainly from home No. / %	
<b>Ceredigion</b>	<b>6,780</b>	<b>21%</b>
<b>Powys</b>	13,621	23%
<b>LTLA</b>	<b>20,401</b>	<b>22%</b>
England & Wales	2,723,998	11%

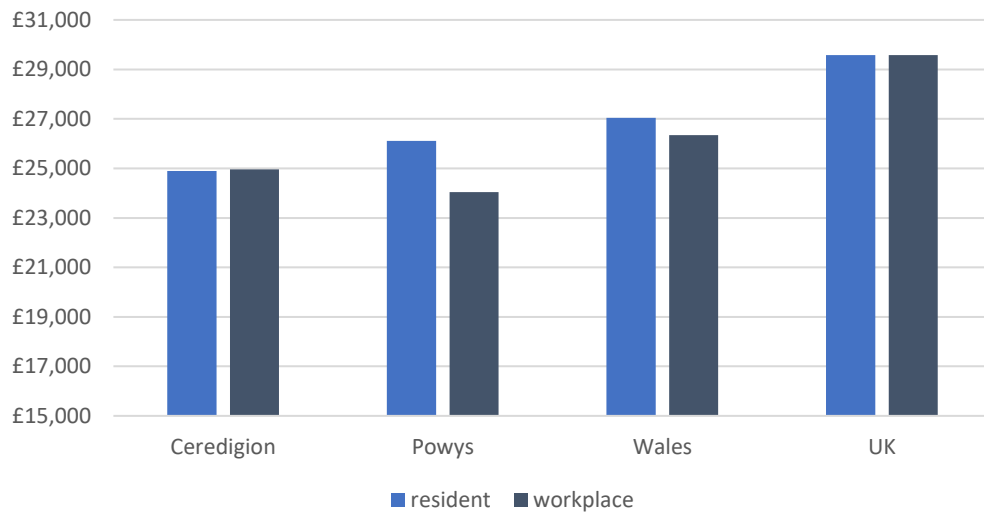
Data Source: ONS, Migration Statistics

### **Earnings**

3.17 Flow patterns are also underpinned by workplace earnings differentials, with commuters normally travelling longer distances for jobs commanding a higher pay. In the chart below, the resident indicator is the wage earned by the residents of a local authority/country, while the workplace indicator is the wage paid by jobs of a given local authority/country.

3.18 Whilst resident and workplace earnings are virtually identical in Ceredigion, resident earnings are approximately £2,000 per annum higher than workplace earnings in Powys. Given that Powys accounts for approximately 2/3 of employment in the LTLA, this differential will hold – albeit to a smaller extent – in the LTLA.

**Figure 9: Earnings – Annual Gross (2018)**



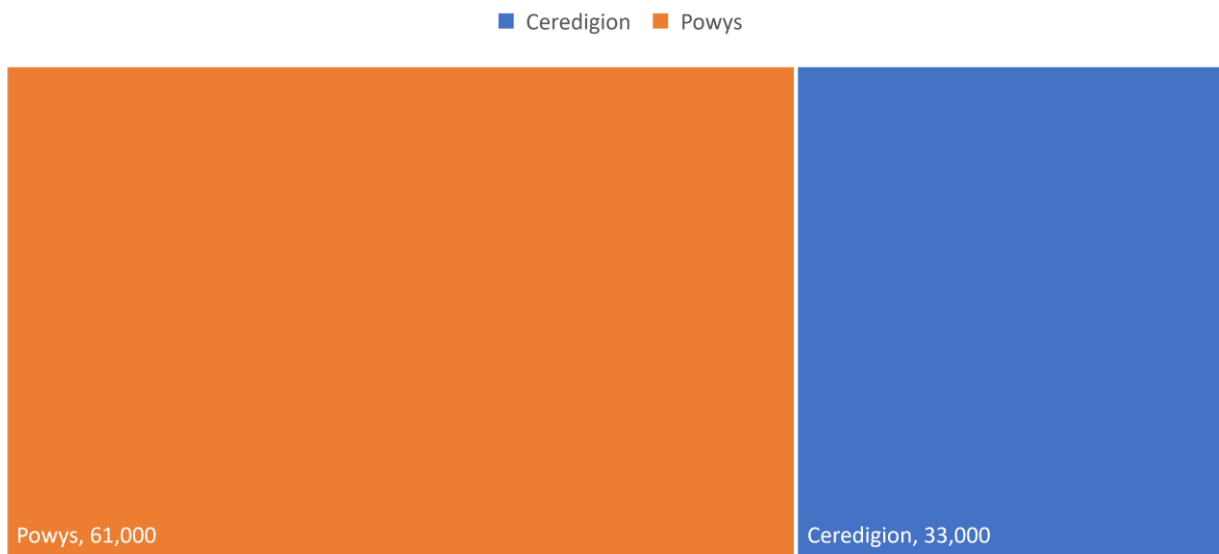
Data Source: ASHE, resident and workplace analysis

NB: LTLA figure omitted, as the average of Powys and Ceredigion medians may not be representative of the true median for the LTLA

**Employment**

3.19 Overall, Mid Wales supports 94,000 jobs, with almost 2/3 of these in Powys.

**Figure 10: Comparative Employment Size (2017)**



Data Source: BRES

**Sectorial Distribution and Specialisation**

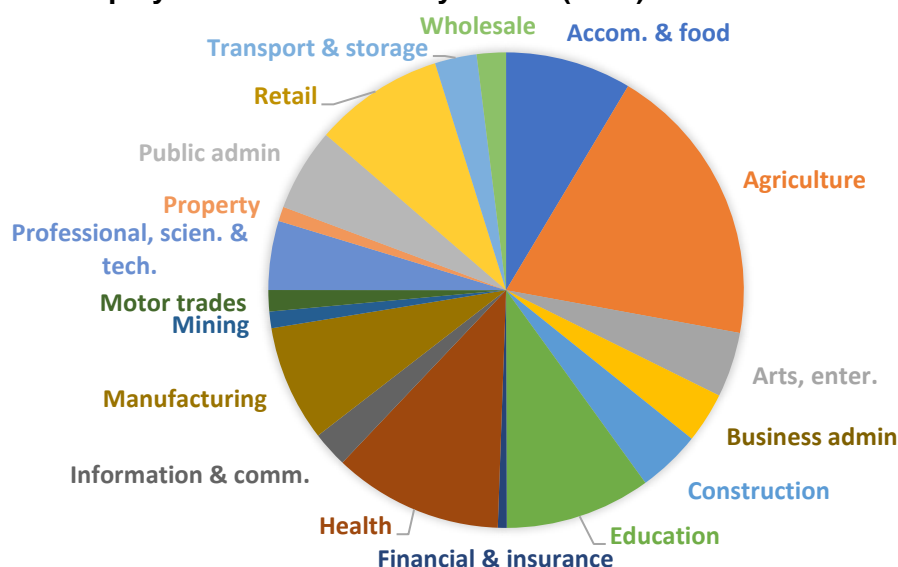
3.20 Figure 17 and Table 6 present, respectively, LTLA’s employment distribution by sector and the degree of specialisation of each sector against the average for Great Britain.

As discussed above, the degree of specialisation is measured by the LQ, where the

higher the numbers above 1, the higher the degree of specialisation, the lower the numbers the lower the degree of specialisation.

3.21 Reflecting the sectoral composition of businesses, employment is heavily based in agriculture, with accommodation and food services also being important. However, education and health contribute far more to employment in Mid Wales than would be suggested by business counts, and this demonstrates the key role of the public sector as a source of jobs in Mid Wales.

**Figure 11: LTLA - Employment Distribution by Sector (2017)**



Data Source: BRES

**Table 6: LTLA - Location Quotients – Specialisation by Sector against GB (GB=1)**

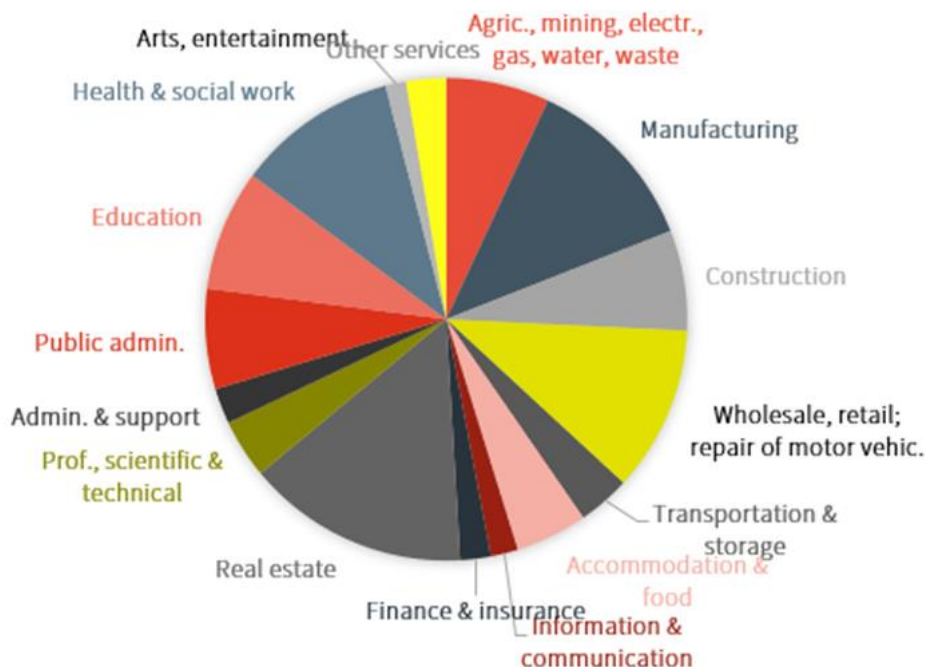
Sector	LQ	Sector	LQ
Agriculture	12.14	Construction	0.87
Public admin	1.37	Motor trades	0.82
Accom. & food	1.16	Transport & storage	0.61
Education	1.15	Information & comm.	0.58
Manufacturing	0.99	Property	0.56
Arts, enter.	0.97	Professional, scien. & tech.	0.55
Retail	0.93	Wholesale	0.52
Health	0.89	Business admin	0.39
Mining	0.88	Financial & insurance	0.18

Data Source: BRES

3.22 Figure 18 below shows the annual GVA contribution of Mid Wales to the economy which is £3.63 billion. The largest contributors by sector are manufacturing, real estate and wholesale and retail. This contrasts markedly with the employment breakdown

which shows the dominance of agriculture which is high in employment terms but delivers low GVA to the Mid Wales economy.

**Figure 18: Sector composition of GVA (2017 total £3.63 billion),**



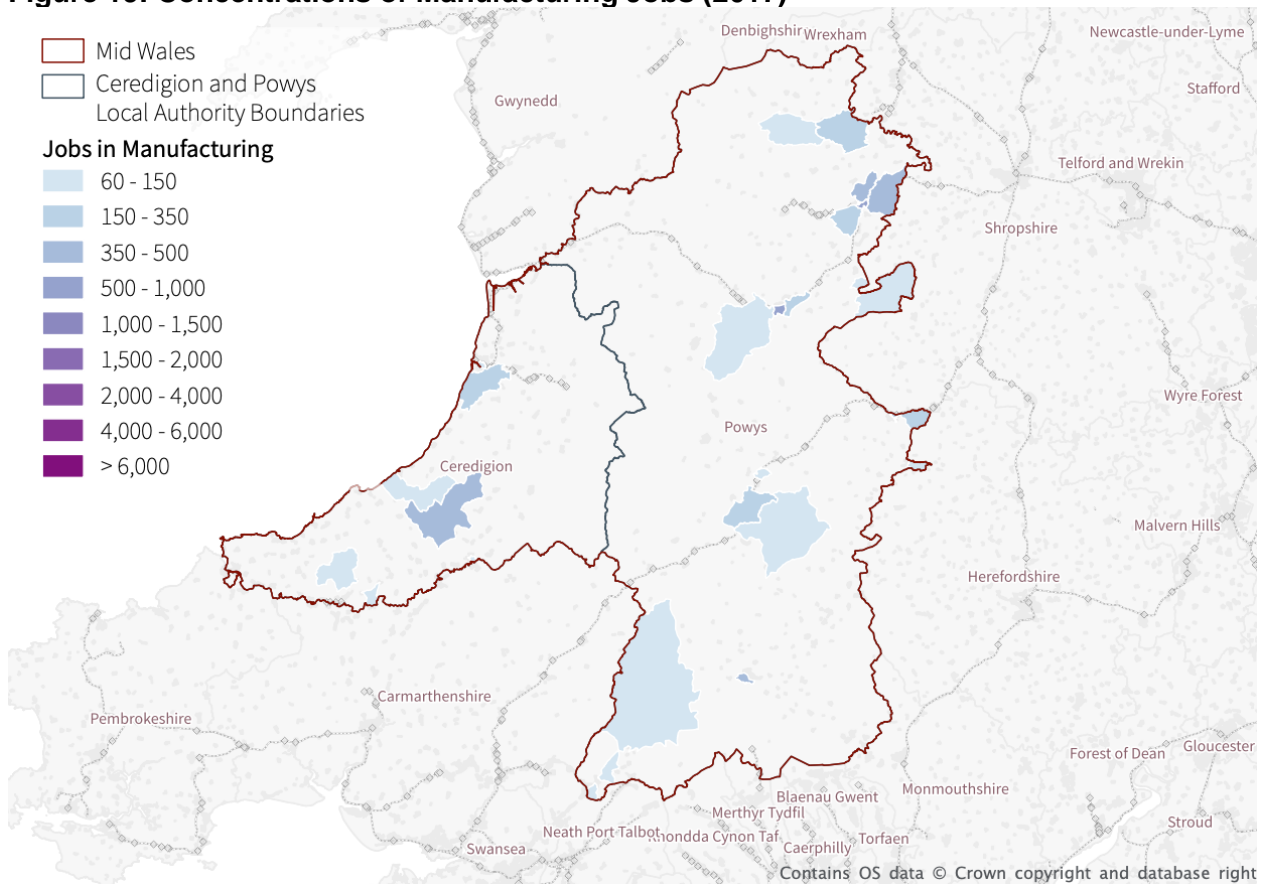
Data Source: BRES

### **Employment Concentrations**

3.23 The following maps depict where economic activity of selected sectors takes place within Mid Wales. The maps highlight those geographic statistical units (LSOA) where the number of jobs for selected sectors is higher, with darker areas showing higher concentrations of employment. LSOAs are designated on population densities, not jobs', and given that some regions within Mid Wales are rural, some LSOAs will be disproportionately larger than others, meaning that care should be taken when interpreting the maps. Figure 19 highlights the high concentrations of manufacturing activity in parts of Mid Wales.

3.24 This shows the concentrations in Welshpool, Newtown, west of Cardigan on the A482 (e.g. Aeron Valley Enterprise Park) and Brecon. It also shows that while the north-east of the region is an important aggregation of manufacturing jobs, there is wider dispersal of manufacturing employment throughout Mid Wales.

**Figure 19: Concentrations of Manufacturing Jobs (2017)**



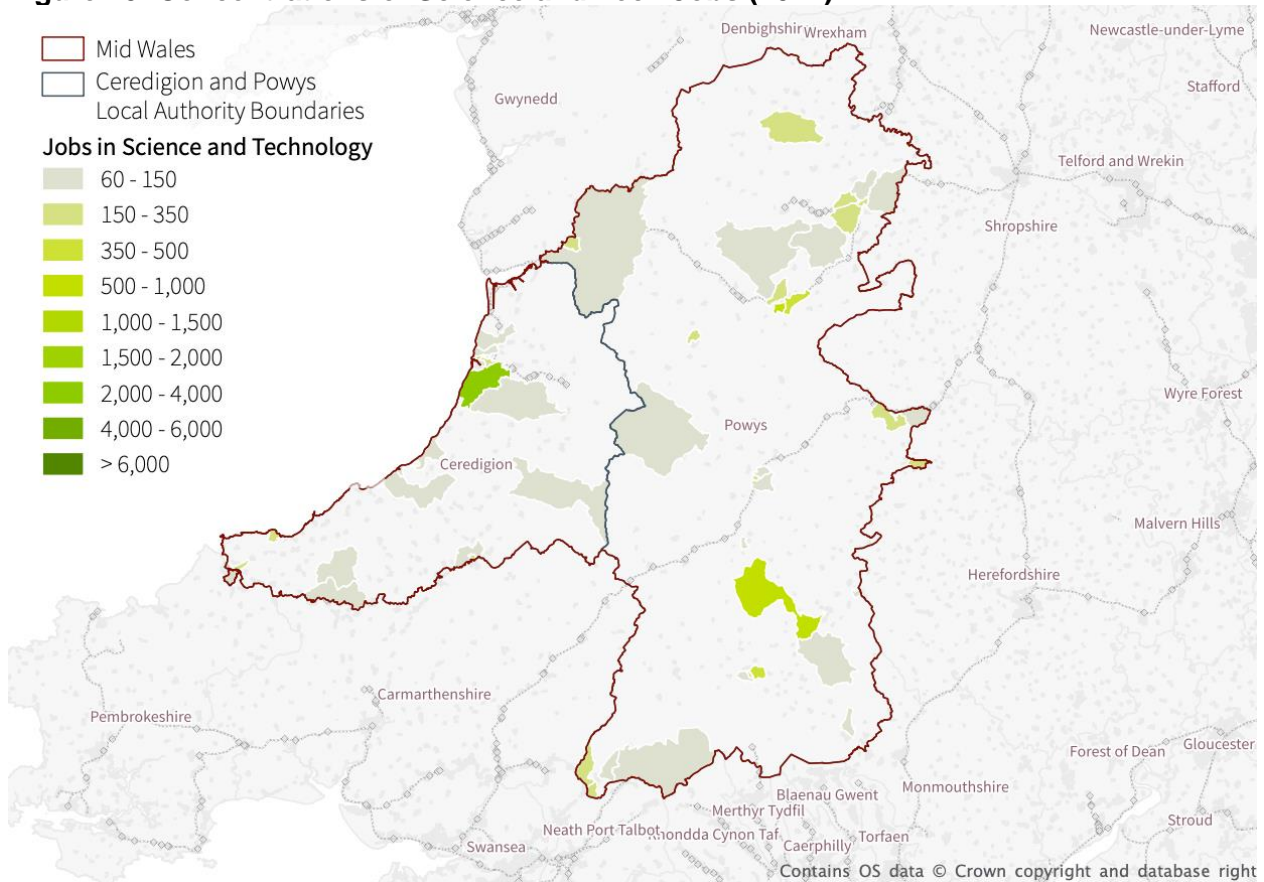
Data Source: BRES

3.25 Figure 20 depicts concentrations of employment in Science and Technology. This categorisation follows ONS’ definition of Science and Tech economic activities that include Digital Technologies, Life Sciences & Healthcare, Publishing & Broadcasting, and other Science & Tech Manufacturing and Services.

3.26 The highest concentration of science and technology jobs around Aberystwyth. Aberystwyth University, including its innovation and research centres, would influence this concentration. Other areas of concentration include Newtown, Brecon, Welshpool and Three Cocks.



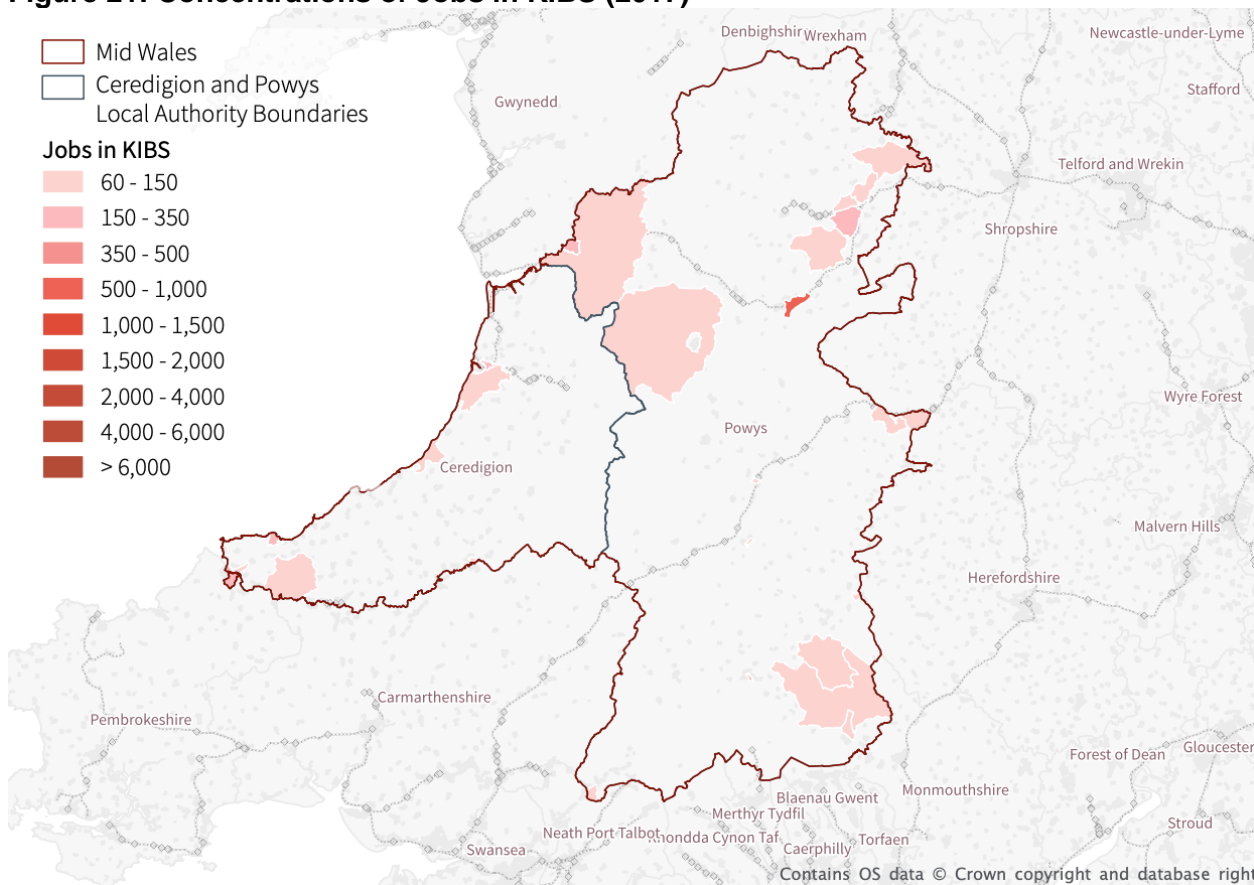
**Figure 20: Concentrations of Science and Tech Jobs (2017)**



Data Source: BRES

3.27 Finally, Figure 21 shows where concentrations of Knowledge Intensive Business Services (KIBS) jobs are present within Mid Wales. These are less distributed throughout Mid Wales than the above sectors, with the highest concentration in Newtown. These are generally office based jobs.

**Figure 21: Concentrations of Jobs in KIBS (2017)**

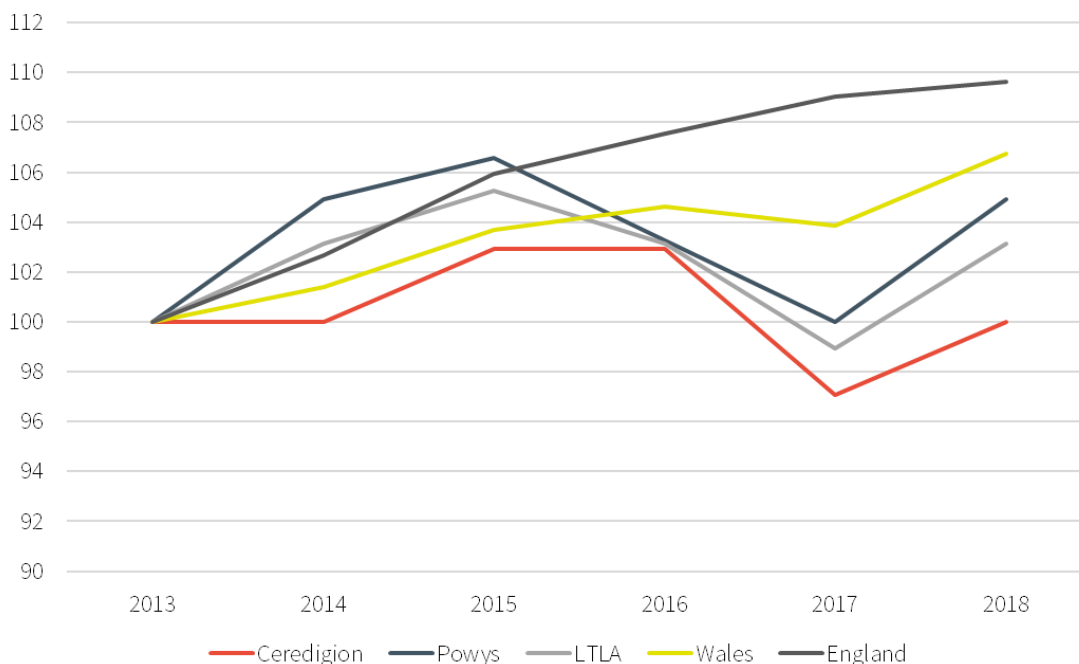


Data Source: BRES

### **Recent Economic Performance**

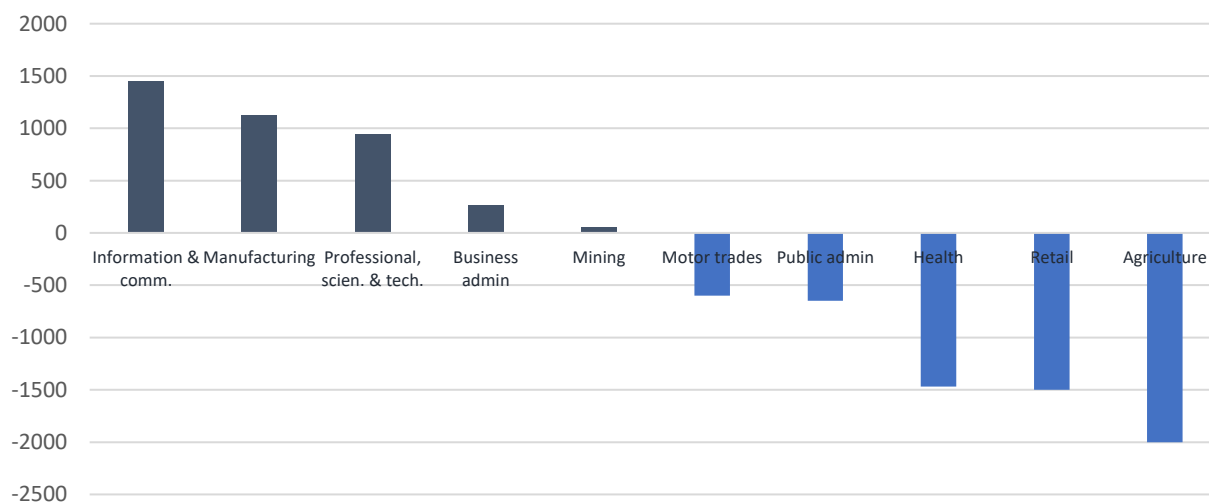
3.28 Figure 22 shows that over the last five years, employment in Mid Wales has grown by around 3%. However, annual fluctuation in Mid Wales was greater than in Wales and England over the past five years with big changes in both local authority areas (explained in more detail in the local reports). Figure 23 gives the sector dynamic of change and shows that the sectors showing largest increases in employment growth were predominantly knowledge-based services: information and comms, professional and tech etc with the exception of Manufacturing which saw over 1,000 additional jobs during 2012-17. Agriculture and retail saw the biggest declines in jobs (2,000 and 1,500 respectively).

**Figure 22: Indexed Employment Growth (2013-2018)**



Data Source: BRES

**Figure 23: LTLA - Top 5 and bottom 5 net employment changes (2012-2017)**



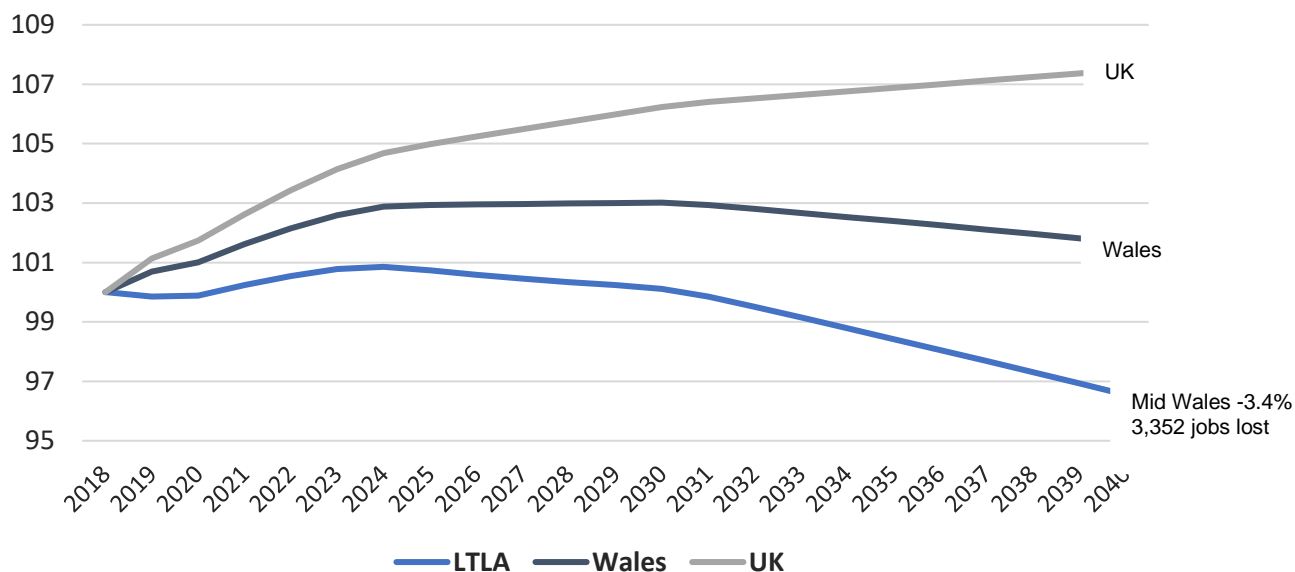
Data Source: BRES

**Mid Wales Employment Forecasts to 2040**

3.29 An aggregate forecast model for Mid Wales was developed by Hatch using the Oxford Economic Forecast Model 2019 for both Ceredigion and Powys (separate forecasts for both Authorities and the Brecon Beacons National Park are set out in the Local Reports in Appendix 1). This has enabled Hatch to produce a Mid Wales employment forecast to 2040.

3.30 **Baseline employment growth compared to Wales and UK is shown in Figure 23 below with Mid Wales lagging significantly behind both comparators. The Welsh economy is set to grow by 1.7% during the period 2018-2040 adding over 24,000 jobs to the economy while the Mid Wales economy declines 3.45% which is a reduction of 3,352 jobs (UK grows by 7.4% over the same period).**

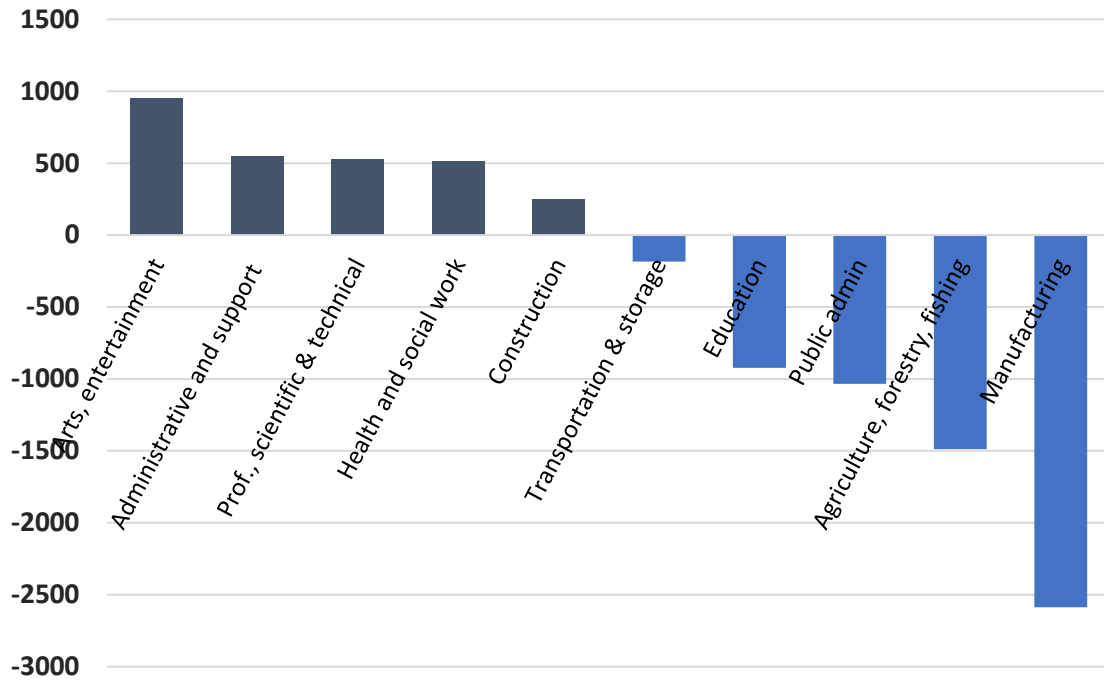
**Figure 24: Indexed Forecast Employment Growth (2018-2040)**



Data Source: Oxford Economics

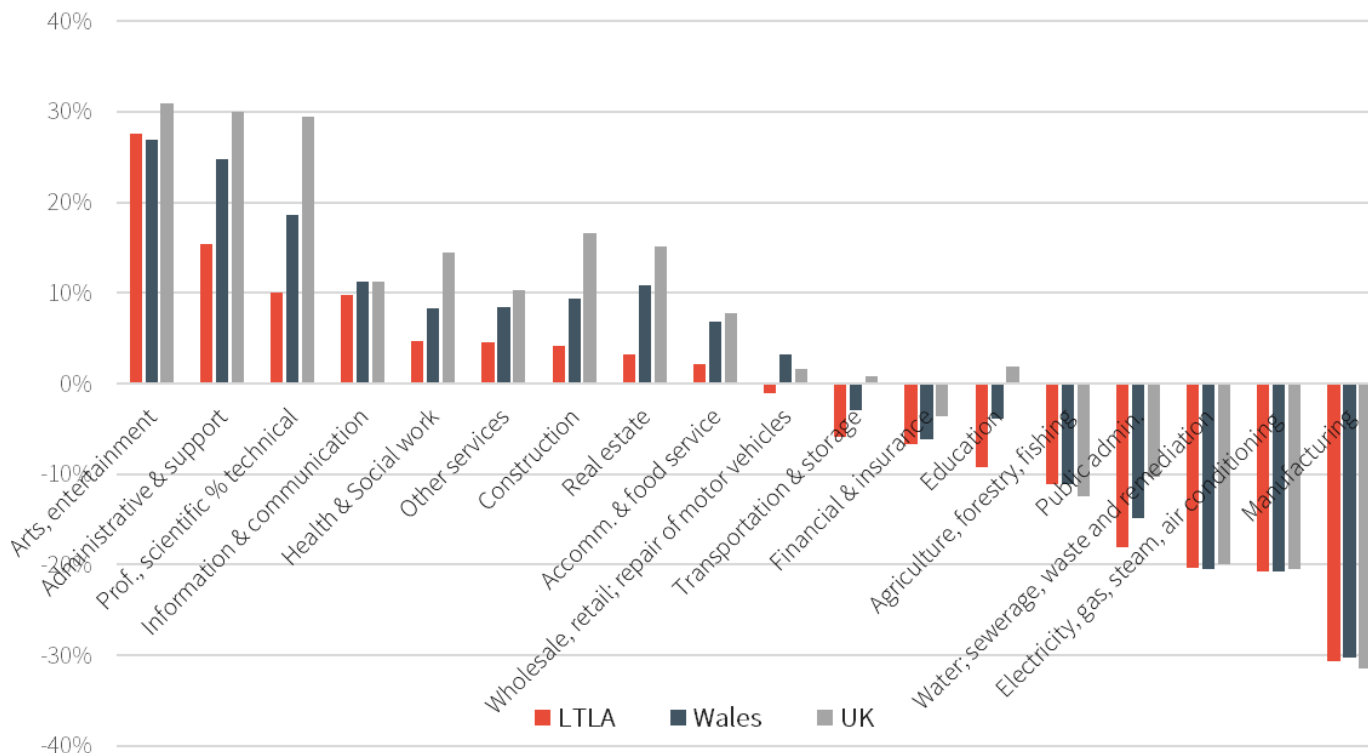
3.31 The Forecasts model shows (summarised in Figures 25 & 26 below) strong growth in Arts, Entertainment, Administrative Support and Professional, Scientific and Technical Services employment but significant decline in Agriculture and Manufacturing. It is important to note that this emphasis differs slightly to the recent economic growth analysis which shows growth in manufacturing - this difference is explored later in the policy-on scenario development section.

**Figure 25: Mid Wales - Top 5 and bottom 5 net forecast employment changes (2018-2040)**



Data Source: Oxford Economics

**Figure 26: Proportional change in employment, 2018-40**



Data Source: Oxford Economics

### **Mid Wales – A vulnerable and declining economy .... summary findings from the Local Studies (Appendix One) and the Mid Wales analysis**

3.32 The following section sets out our summary findings from the economic analysis and the implications for interpreting the employment forecasts and developing a policy response:

- The demographic analysis shows an ageing population across Mid Wales illustrated by the population profile diagrams for each of the local authorities (in the local studies) which demonstrates the ‘pinched middle’ of a relatively high older population and a proportionately low working age population;
- The workforce in both local authorities in Mid Wales are characterized by reasonable skills and qualifications and the area has a good occupation profile. There is low unemployment across both local authorities with Ceredigion showing relatively low economic activity (ageing population plus students);
- The rates of resident and workplace employment differed little with the high degree of containment one would expect in a rural and relatively peripheral area;
- The relatively strong employment and low unemployment data masks low pay and underemployment and the high self-employment and home working data combined with low incomes is masking rural poverty which is a real cause for concern amongst local authorities and policy makers in Mid Wales;
- High seasonal employment, relatively low productivity and a lack of diversity across the Mid Wales economy all contribute to a high degree of economic vulnerability; and
- The forecast demographic decline combined with key challenges on the horizon including: BREXIT, public sector uncertainty and rising energy costs, forecast decline in Agriculture and Manufacturing present a precarious economic picture.

3.33 ***These factors taken ‘in the round’ highlight the high opportunity cost of ‘doing nothing’ to address this situation in Mid Wales. Failure to mitigate the vulnerability and risk factors outlined above will risk the decline of the Mid Wales economy alongside further depopulation, changing the nature of the communities permanently.***

3.34 ***Population decline will make it very difficult to justify and fund public services and the Mid- Wales economy will continue to fall behind the Wales and UK averages and will be insufficiently vibrant and diverse to attract a sufficient***

***working age demographic. This situation requires a ‘step change’ set of interventions to reverse or at least slow down decline and provide the basis for new higher value economic growth and attract new economically mobile population.***

***Towards a policy-on scenario – moving towards a high value rural economy, adding value to agriculture, retaining manufacturing, harnessing R&D strengths, the low carbon economy and energy transition...***

**3.35 *It is clear from the analysis in this report that the economic baseline forecasts for Mid Wales run counter to recent recognised economic trends in some sectors. The following potential drivers of higher value employment growth are important when considering how a more positive economic projection might be achieved.***

- Scientific and Professional services, ICT – strong recent growth suggests that Mid Wales could capture more growth and generate more high value jobs locally if appropriate locations and sites are available;
- Manufacturing has shown strong growth over last 5-6 years and with appropriate support could continue to do so bucking the trend indicated by the baseline forecasts. Decline in overall terms in manufacturing maybe inevitable but clearly there are sub-sectors in Mid Wales which show more promise including high value food & drink production, automotive supply chain;
- Local specialisms in high value research-intensive sub-sectors have the potential to attract talent and investment and create modest numbers of high value jobs. These include Agri-tech, food & drink and bioscience, building on key assets such as Institute of Biological, Environmental and Rural Sciences (IBERS) and the Food Centre Wales;
- New farm diversification will be critical as the regional economy faces up to the changes brought about by BREXIT and climate change responses. Exploiting digital technologies and data analytics and support existing and emerging businesses within Mid Wales’ agri-tech and food sector will be essential. Expansion of the Food Centre Wales can be a component of supporting this sector;
- The low carbon economy and particularly technology around smart grids, energy transition, hydrogen economy fuel cells, fuels and energy storage are



components of a potentially buoyant sector locally and source of employment and GVA;

- Defence related innovation and R&D is also critical to the future of Mid Wales which has segregated airspace for testing of drones etc. and this creates a distinctive opportunity for high value tech employment in related sub-sectors; and
- Tourism spend has increased locally and visitor numbers are stable. Arts, entertainment and leisure employment is forecast to grow particularly strongly.

***A major initiative such as a Growth Deal as part of a wider regional economic strategy should be considered to address decline and to transition into a higher value greener economy***

3.36 Taking these factors in the round it would seem reasonable to assume that a coherent set of initiatives aimed at creating competitive locations and supporting businesses and skills locally in those high value sectors which are demonstrating growth potential locally (or are associated with competitive assets and centres of excellence locally) would be appropriate.

3.37 For example, a programme of interventions including a Growth Deal could combine a series of interventions aimed at providing a competitive sites and premises offer, with an improved skills base and targeted business support for technical and scientific sectors including agri-tech and food and drink. Such a Growth Deal could also target growing the visitor economy and diversifying and introducing new tech into farming.

3.38 Experience shows that in order to bring about sustainable economic growth in a peripheral area such as Mid Wales measures intended to improve skills and business competitive need to be underpinned by a strategy which seeks to create the conditions for growth. This would include making sure the right type of housing is available for working families and young people which is close to employment. A programme to provide competitive and well connected employment sites across Mid Wales should be developed in parallel and as part of any Growth Deal and should any intervention include consideration of Enterprise Zone (EZ) measures to stimulate and attract investment in activities such as energy transition.

3.39 The potential quantitative impact of a ‘step-change intervention’ is set out in the charts below.

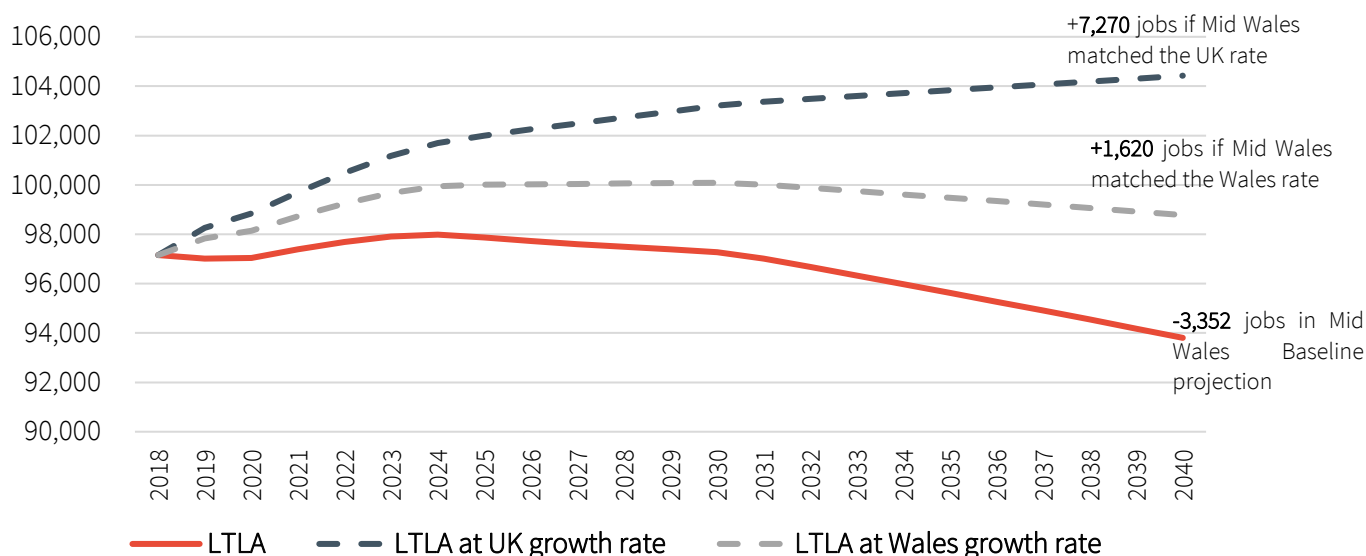


### The Policy-On Scenario

3.40 In the following section some variants to the Oxford Economics baseline forecast for Mid Wales are developed. These are separate projections and should not be treated as forecasts. They are used to help understand the potential impact of a highly targeted significant intervention on the economy (such as a Growth Deal or EZ). The rationale behind any adjustments made to the baseline in alternative projections is that they reflect the recent trends analysis that the Hatch/BE Group team have undertaken on the Mid Wales economy and also incorporate intelligence from the business and property stakeholders consulted on the ground.

3.41 Figure 27 sets the Oxford Economic Baseline forecasts for Mid Wales in context. Over the projection period from 2018-2040 Mid Wales loses 3,352 jobs. If Mid Wales were to grow at the same rate as the wider Welsh economy 1,620 jobs additional would be created over the same period and 7,270 if Mid Wales grew at the same rate as the UK economy. This chart highlights the degree of structural economic decline facing Mid Wales relative to the rest of the economy.

**Figure 27: Projected Employment Growth (2018-2040) -if the Larger than Local Area matched the UK growth rates**

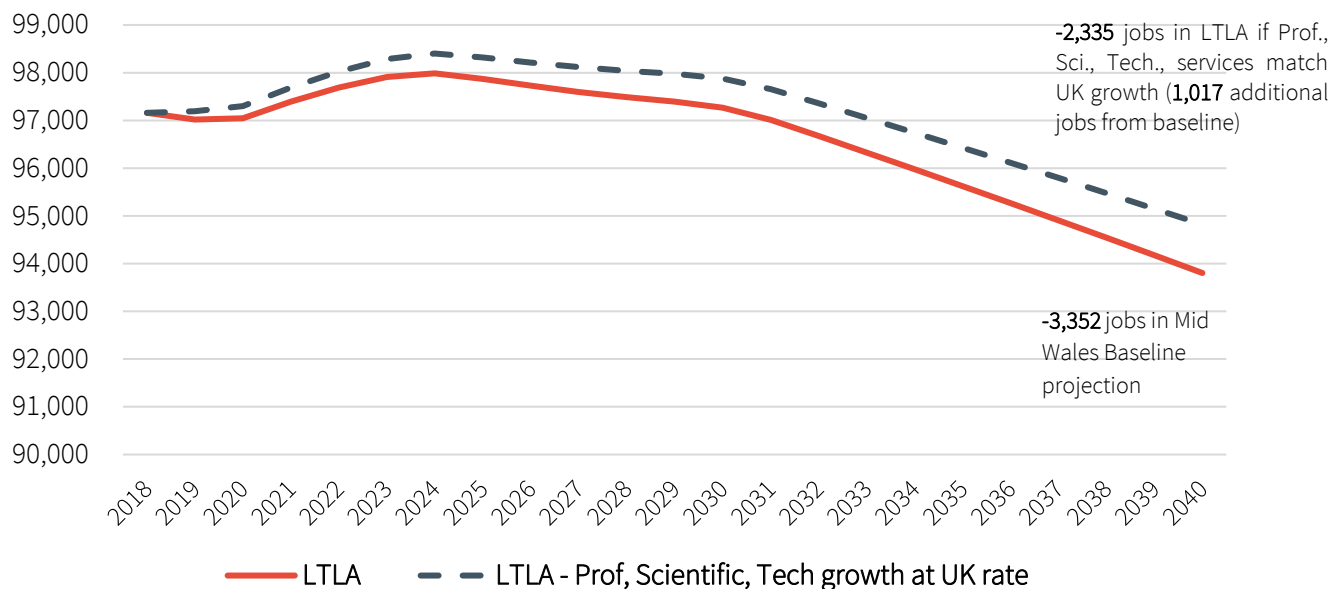


Data Source: Oxford Economics

3.42 In Figure 28 below an adjustment is made to the baseline forecast on Professional, Scientific and Technical Services forecasts which shows very modest growth especially when compared to the performance in this sector over the past 5 years in Mid Wales-see Figure 22 in this report and the Local Reports. In the revised 'policy-

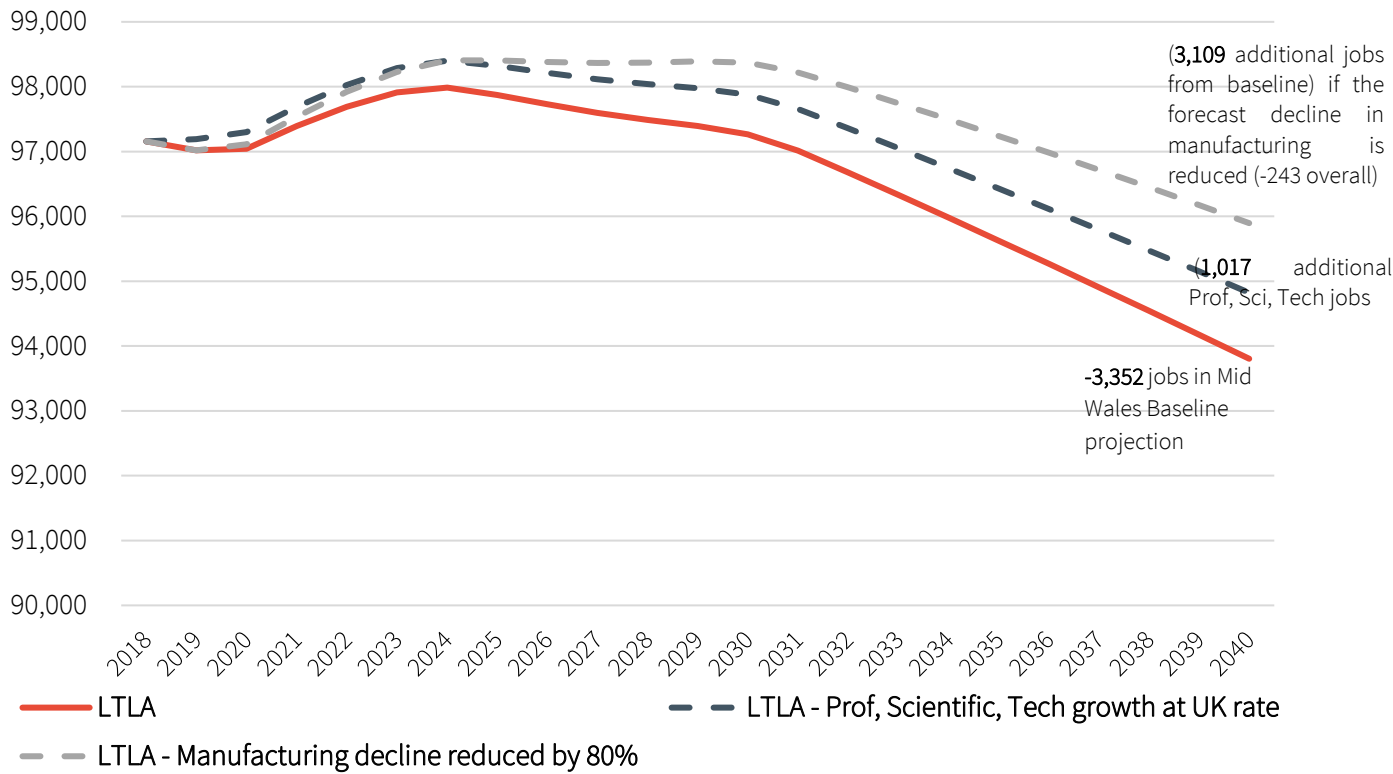
on’ projection (Figure 28 below) it is assumed an additional **1,017 additional jobs** are created in this broad growth sector over the period 2018-2040 reducing the overall job loss from 3,352 as shown in the baseline to 2,335.

**Figure 28: Projected Employment Growth (2018-2040) – if Professional, Scientific and Technical Services matched UK growth**



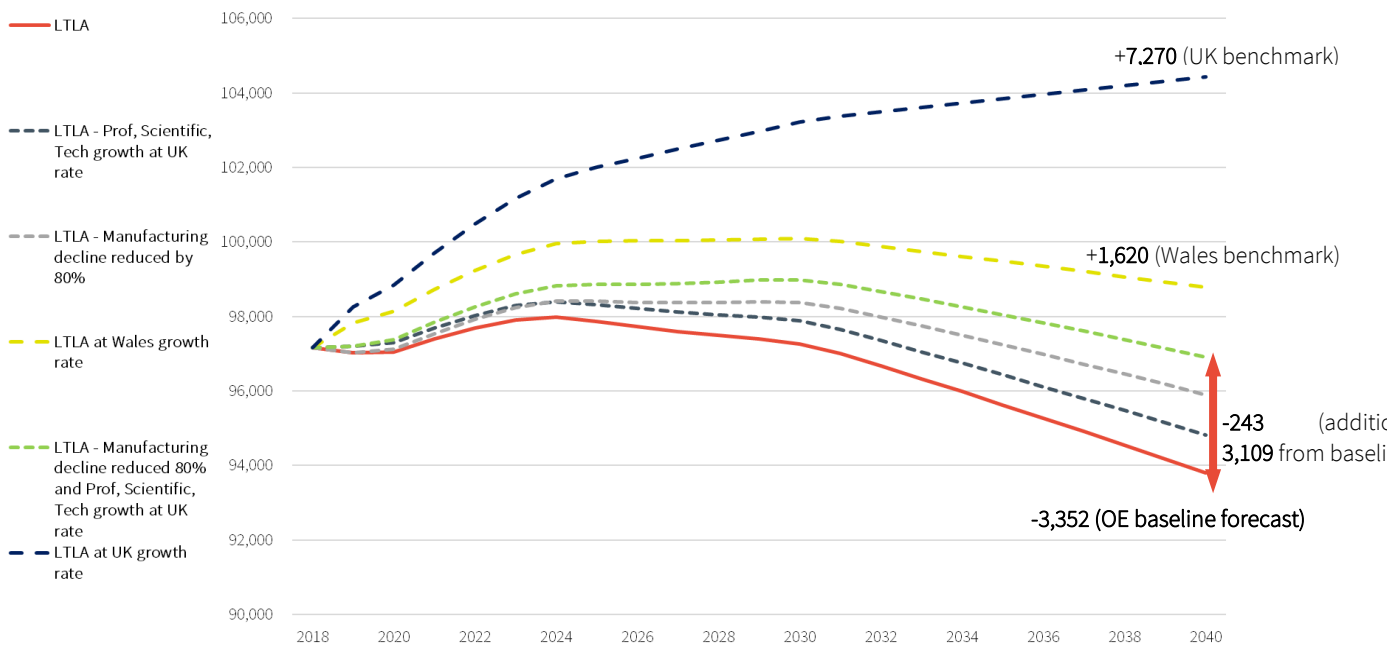
3.43 In Figure 29 below a second further adjustment is made to the baseline forecast on Manufacturing. The analysis on the Mid Wales economy highlights the strong performance in manufacturing locally over the previous 5 years. It is clear that in overall terms Manufacturing employment is set to decline in numbers but locally and across Wales there has been strong resilience in the sector and some higher value sub-sectors have performed well. In this context it is not unreasonable to assume that if there is a consistent targeted policy of support to high value manufacturing across Mid Wales some of the forecasts decline can be offset. **It is also possible that the current baseline forecast overstates the potential decline as it mirrors recent performance of the Manufacturing at UK level where the sector has been less buoyant than in Mid Wales. Figure 29 shows the combined impact of stronger growth in Professional, Scientific and Technical employment and a reduced decline in Manufacturing which is 3,109 additional jobs over the projection period.**

**Figure 29: Projected Employment Growth (2018-2040) – if decline in Manufacturing is reduced**



Data Source: Oxford Economics

**Figure 30: Projected Employment Growth (2018-2040) – all above benchmarks**



- 3.44 The red arrow in Figure 30 shows the uplift in the baseline forecast from making the two adjustments for Manufacturing and Professional, Scientific and Technical Services. In overall terms the economy is still in decline and the new 'Policy – On' curve shown in green at the top of the red arrow shows a small net decline of -243 jobs from the original baseline figure of 3,352 (the red curve) at the bottom.
- 3.45 Further adjustment could be made to the 'policy -on' curve for example to reflect changes in agricultural productivity, farm diversification and visitor economy etc. Uncertainties about the impact of BREXIT on the Welsh economy and in particular on agriculture is difficult to predict and quantify so the recommendation is that this process is revisited in 12 months' time where more is known about the nature of any trade deal with the EU.
- 3.46 In conclusion, the analysis set out above points to the need for a significant intervention (such as a Growth Deal) to reverse or slow down the declined of the Mid Wales economy. The scenario work undertaken would suggest that a targeted approach to support those sectors with the potential to drive growth could generate between 3,000-4,000 jobs in Mid Wales by 2040.

## 4.0 PROPERTY PROFILE

4.1 This section provides an overview of the commercial property market for the Mid Wales area reflecting on market trends across Ceredigion and Powys. The report draws on information gathered from a variety of market reports produced by national agents, specific dialogue with local property agents and other stakeholders as well as our own reflection on emerging trends and prospects.

### **Office Markets**

4.2 Across the UK, the occupier office market has become increasingly polarised towards the major cities with more limited, “local-demand” outside these core centres. In Wales, Cardiff dominates the office market spurred-on recently by the Central Quarter regeneration underpinned by the BBC. Although one of the smaller UK cities, Cardiff achieves a ten-year average take-up of around 46,500 sqm (500,000 sqft) of office floorspace per annum. This compares with the Birmingham market of around 65,000 sqm (700,000 sqft) per annum

4.3 Within the Mid Wales context, office demand is primarily focussed around local professional services with only Aberystwyth commanding anything like a pronounced office market and to a lesser extent Newtown. Market rents are about £85-130/sqm (£8-12/sqft) with demand remaining for small office suites.

4.4 This contrasts with more established office locations such as Cardiff where prime office rents are currently rising between £215-£270/sqm (£20-£25/sqft), which in turn contrasts with the stronger regional office markets such as Bristol in the South West and central Birmingham in the Midlands commanding rental values around £376/sqm (£35/sqft) and attracting positive investor interest.

### **Serviced Offices**

4.5 One of the strong market trends recently is the surge in demand and occupier interest in serviced office (and other) accommodation and coworking environments. This provides occupiers with maximum flexibility to increase or decrease space requirements as business needs change. Occupiers no longer need to be tied to long-term, fixed lease agreements but instead are prepared to pay a premium accommodation charge (often inclusive of services) to benefit from “easy-in/easy-out” licensed arrangements.

- 4.6 This, in turn, has generated growth in new operators entering this growing market. Whilst operators such as Regus have been around for some time, other operators include WeWork (London, Birmingham, Cambridge, Edinburgh, Manchester); Easy Offices (Birmingham, Bristol, Cardiff, London) Spaces and the Office Group (London, Leeds, Bristol). Many of these national (indeed international) operators are now taking longer-term head-leases on larger buildings (often at a discounted headline rent), creating flexible sub-lease packages on furnished or unfurnished basis to suit individual end-users.
- 4.7 Whilst this is creating new market dynamic within the larger cities across the UK there is also strong underlying demand for smaller scale facilities within the smaller town centres and many established local business parks. The Welsh Government recently established a string of Enterprise Hubs across Wales, including facilities in the Pryce Jones complex in Newtown providing small, flexible business suites, on-site business advice and links to Aberystwyth University and Colleges.
- 4.8 Whilst the main-stream commercial office market is considered likely to continue to focus on core cities given the wider regional labour market accessibility, there is considerable demand potential for smaller scale, flexible work-hubs across Mid Wales. These would be ideally located close to town centre facilities and local public transport hubs providing sustainable transport connectivity across the region and the national rail-network.

#### **Industrial market**

- 4.9 The industrial market across Wales has remained relatively buoyant in recent years with key focal points related to strategic road network and centres of population/labour. Dominant market areas, therefore, include Newport and Cardiff fringes around the M4, the Heads of the Valleys strategic corridor, Swansea Bay/Port Talbot and Deeside in North Wales which also benefits from Enterprise Zone designation.
- 4.10 Most demand is currently for industrial units in the 1,900-4,600 sqm (20,000 – 50,000 sqft) range with limited choice in terms of available property across Wales. There is also demand for smaller workshop units around 185 – 465 sqm (2,000-5,000 sqft). There are indications of private sector led speculative development in North Wales responding to strong demand enquiries. A joint venture between Midlands based Trebor Developments and Maple Grove Developments is bringing forward three units ranging from 930 – 4,600 sqm (10,000 – 50,000 sqft) in Deeside. Elsewhere, the Local

Authorities of Blaenau Gwent Bridgend, Caerphilly and RCT are progressing Property Development Grant assisted schemes for multi-let units up to 1,900 sqm (20,000 sqft) and Neath Port Talbot Council have committed to the refurbishment of the former 37,000 sqm (400,000 sqft) Crown Packaging unit in Neath.

- 4.11 Mid Wales, being somewhat further removed from larger population centres than South Wales or Deeside, has a lower concentration of industrial units. However, within Mid Wales, the areas that have better links with population centres (e.g. Welshpool, Newtown linking with West Midlands and North West England) have seen the most significant concentration of industrial units within Mid Wales.

#### **Logistics market**

- 4.12 Across the UK, demand for big sheds (i.e. over 9,000 sqm or 100,000 sqft) from the logistics sector has been largely driven by the on-line retail market which has grown exponentially in the last few years. Ten-year average take-up has been around 1.9-2.0 million sqm (20-22 million sqft); although exceeded 2.8 million sqm (30 million sqft) in 2018. While 2019 was lower than the peak of 2018 at about 2.5 million sqm (27 million sqft), this was still significantly above the decade average.
- 4.13 Much of the market demand for space is concentrated in the East Midlands (37% of UK total in 2019) which provides easy access both from the East Coast Ports and for redistribution to the whole of the UK via the central motorway network. The South East region also accounts for around one-third of the UK market reflecting demand from the largest population area in the UK with the West Midlands capturing some 17% of the UK market.
- 4.14 The West Midlands market returned to above average take-up levels in 2019, from a poor 2018, recording about 0.4 million sqm (4.4 million sqft) in take-up. CBRE report that about 40% of these deals were with motor industry companies. Quoting Grade A logistics property rents are currently around £73/sqm (£6.75/sqft).
- 4.15 Wales has seen very little of this new upsurge in large scale logistics and distribution activity since the 74,300 sqm (800,000 sqft) Amazon warehouse opened near Swansea in 2007. This contrasts with investment success at the Severn Side area near Avonmouth serving the South West region with some 246,000 sqm (2.6 million sqft) has already been developed attracting major occupiers including Farm Foods, The Range, Lidl and another 46,500 sqm (500,000 sqft) Amazon fulfilment centre.

- 4.16 With the site benefiting from the abolition of the Severn Bridge Tolls and shortly to gain direct junction off the M49, developers have committed to bringing speculative units forward in a variety of unit sizes from 900-4,600 sqm (10,000 – 50,000 sqft) and are commanding initial rental values ranging from £75-£90/sqm (£7.00-£8.50/sqft).
- 4.17 Mid Wales has very little activity in +10,000 sqm (+108,000 sqft) logistics space. However, there would be some opportunities for ‘final mile’ distribution centres for UK companies or Wales based businesses looking for a central location. An example in recent years is the Charlies garden centre headquarters and distribution centre at Welshpool, with the business moving in to a 10,000 sqm facility at Offa’s Dyke Business Park in 2018.

### Property Markets of the Local and National Park Authority Areas

- 4.18 The following provides an assessment of the property indicators in the Mid Wales area, including the individual local and national park authority areas. This review includes recent transactions and estimates of currently marketed premises.
- 4.19 Table 7 shows that, on average over the last decade, about 10,500 sqm of industrial floorspace has been transacted per annum in Powys. By comparison about 2,000 sqm per annum of industrial floorspace has been transacted in Ceredigion. The median floorspace of industrial space transacted was similar across the Mid Wales area, though slightly larger in Powys.

**Table 7 – Summary Indicators of the Property Markets in Local and National Park Authority Areas**

	Powys**	Ceredigion	Brecon Beacons (within Powys CC)**
<b>Average Total Transacted Floorspace Per Annum (2010-19)</b>			
Industrial (sqm)	10,500	2,030	750
Office (sqm)	740	200	240
<b>Median Unit Size Transacted (2010-19)</b>			
Industrial (sqm)	290	230	280
Office (sqm)	70	150	60
<b>Vacant Premises*</b>			
Industrial (sqm)	21,290 (39)	18,520 (11)	1,600 (11)
Office (sqm)	6,830 (53)	1,600 (11)	660 (11)

Source: Radius Data Exchange; local commercial agents; BE Group assessment, 2019/20

\* number of units available provided in brackets

\*\* BBNP figures are included in Powys totals



4.20 Currently marketed premises in the local authority areas were reviewed to provide an approximation of vacant stock in the market. Powys had the most floorspace available and the most units on the market. This matches the higher volume of past transactions, with considerable higher volume of floorspace in Powys.

### Transactions

4.21 The tables below detail the transactions (leases and occupational sales) which have occurred over the last 10 years for each of the three local authority areas for offices and industrial premises. The Powys transactions include those with the Brecon Beacons National Park. However, the National Park's transactions are also provided separately.

### Powys

**Table 8: Powys Industrial Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001 - 5,000	5,001 - 10,000	10,001+	Unknown	Total
2019	Total Floorspace (sqm)	72	423	2,453	923	2,678				6,549
	No. of Properties	1	3	7	1	2				14
2018	Total Floorspace (sqm)	175		653	2,517	3,647				6,992
	No. of Properties	3		2	3	2				10
2017	Total Floorspace (sqm)	419	470	2,306	2,155	8,572	6,800			20,722
	No. of Properties	8	3	11	3	2	1			28
2016	Total Floorspace (sqm)	90	329	2,084	658	3,146				6,307
	No. of Properties	2	2	6	1	2				13
2015	Total Floorspace (sqm)	395	158	2,620	653	10,103	8,163			22,092
	No. of Properties	6	1	8	1	3	1			20
2014	Total Floorspace (sqm)	400	736	2,749	1,687	10,113				15,685
	No. of Properties	6	5	7	2	4				24
2013	Total Floorspace (sqm)	133		557	1,714	4,634				7,038
	No. of Properties	2		2	2	2				8
2012	Total Floorspace (sqm)	37	282	1,204	971	1,842				4,336
	No. of Properties	1	2	3	1	1				8
2011	Total Floorspace (sqm)		304	242	784	1,556				2,886
	No. of Properties		2	1	1	1				5
2010	Total Floorspace (sqm)	86		2,663	3,291	6,387				12,427
	No. of Properties	1		8	4	3				16
Total	Total Floorspace (sqm)	1,807	2,702	17,531	15,353	52,678	14,963	0	0	105,034
	No. of Properties	30	18	55	19	22	2	0	0	146

Source: Radius Data Exchange, 2020

- 4.22 147 deals were completed during 2010-2019 with a total floorspace of 105,034 sqm transacted. 2017 saw the total number of transactions peak at 28 along with the highest amount of floorspace at 20,722 sqm. This was due to three large transactions between 1,000–10,000 sqm. The largest deal occurred in 2015 with a transaction of 8,163 sqm. This occurred at Buttington Cross Enterprise Park and consists of one large industrial unit, currently owned by Morland (part of Newmor Group Ltd). The remaining vacant land on this site has also been developed.
- 4.23 Most of the transactions were for properties between the sizes 201–500 sqm, with a median floorspace of 290 sqm. However, importantly, some 16% of deals were above 1,000 sqm in Powys, which reflects a reasonable percentage and demonstrates that this demand segment would need to be addressed in further employment land provision.
- 4.24 An average rent of about £59/sqm (£5.5/sqft) has been achieved in Powys for industrial units since 2017, although this is based on a reasonably low volume of transactions as not all recorded deals include price points.

**Table 9 - Powys Office Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001+	Unknown	Total
2019	Total Floorspace (sqm)	56	134		890			1,080
	No. of Properties	2	1		1			4
2018	Total Floorspace (sqm)	206		519	725			1,450
	No. of Properties	4		2	1			7
2017	Total Floorspace (sqm)	235		223				458
	No. of Properties	4		1				5
2016	Total Floorspace (sqm)	135	126					261
	No. of Properties	2	1					3
2015	Total Floorspace (sqm)	28						28
	No. of Properties	1						1
2014	Total Floorspace (sqm)	165	202	451	911			1,729
	No. of Properties	3	2	1	1			7
2013	Total Floorspace (sqm)	238		597	930			1,765
	No. of Properties	6		2	1			9
2012	Total Floorspace (sqm)	157						157
	No. of Properties	3						3
2011	Total Floorspace (sqm)			273				273
	No. of Properties			1				1
2010	Total Floorspace (sqm)	17	136					153
	No. of Properties	1	1					2
Total	<b>Total Floorspace (sqm)</b>	1,237	598	2,063	3,456	0	0	7,354
	<b>No. of Properties</b>	26	5	7	4	0	0	42

Source: Radius Data Exchange, 2020

4.25 The number of office deals transacted over this period is significantly lower than industrial deals. A total of 42 deals were transacted with a total floorspace of 7,354 sqm. Therefore, at only about four transactions per annum over the Powys area over the last decade, the volume of office stock transacted in the area is very small.

4.26 2013 saw the highest number of office transactions completed during a single year (nine), along with the highest amount of floorspace transacted during a single year of 1,765 sqm, though the following year recorded a similar amount of floorspace across seven transactions. 2013 accounted for 22% of total floorspace transacted throughout the decade. In this year the largest single transaction was 930 sqm of space on Free Street, Brecon (also recorded in the Brecon Beacons National Park specific information later in this chapter).

4.27 All three transactions in 2012 were for the same site, Ladywell House, Park Street, Newtown. In total there was 157 sqm of floorspace transacted here. There were two further transactions for the building in 2013. Ladywell House has since been purchased by Powys County Council (2018).

4.28 2014, out of the total seven transactions, four were for Talgarth Business Park, Brecon with a total of 169 sqm of floorspace transacted here within this year. 2014 also saw the second largest transaction of 911 sqm at Brecon Enterprise Park. Therefore, in the office market, Brecon Beacons National Park has been an important component of the Powys activity over the last decade.

### ***Ceredigion***

4.29 The volume of stock transacted for both industrial and office premises was lower in Ceredigion than in Powys.

**Table 10 – Ceredigion Industrial Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001 - 5,000	5,001 - 10,000	10,001+	Unknown	Total
2019	Total Floorspace (sqm)	130	799	1,552	514					2,995
	No. of Properties	2	5	5	1					13
2018	Total Floorspace (sqm)			287	591					878
	No. of Properties			1	1					2
2017	Total Floorspace (sqm)	70	195	276						541
	No. of Properties	1	1	1						3
2016	Total Floorspace (sqm)	140	200		1,371					1,711
	No. of Properties	2	1		2					5
2015	Total Floorspace (sqm)	268		353						621
	No. of Properties	4		1						5
2014	Total Floorspace (sqm)	140	280	1,078						1,498
	No. of Properties	2	2	4						8
2013	Total Floorspace (sqm)		149	460						609
	No. of Properties		1	2						3
2012	Total Floorspace (sqm)			1,156						1,156
	No. of Properties			3						3
2011	Total Floorspace (sqm)			785	605	1,590	6,508			9,488
	No. of Properties			3	1	1	1			6
2010	Total Floorspace (sqm)		149	324	650	1,593				2,716
	No. of Properties		1	1	1	1				4
Total	<b>Total Floorspace (sqm)</b>	748	1,772	6,271	3,731	3,183	6,508	0	0	22,213
	<b>No. of Properties</b>	11	11	21	6	2	1	0	0	52

Source: Radius Data Exchange, 2020

4.30 52 industrial/warehouse deals were completed in Ceredigion over the decade, with a total of 22,213 sqm of floorspace transacted. This figure is significantly smaller than the figure for industrial properties transacted in Powys.

4.31 The largest floorspace take up during a single year in Ceredigion occurred in 2011 with 9,488 sqm transacted from 6 deals. This was influenced by the decade's largest individual deal occurring in 2011 with 6,508 sqm of space at Aeron Valley Enterprise Park. In total between 2010-2019 there have been four transactions for Aeron Valley Enterprise Park. All these transactions have been large and result in 51% of the total floorspace transacted within the decade.

4.32 Importantly for Ceredigion, 2019 recorded the largest number of industrial transactions over the decade, with 13 deals reported, significantly above the decadal average of

about five per year. This is an indicator of good levels of recent activity and interest in the local market.

- 4.33 Glan Yr Afon Industrial Estate and Pentood Enterprise Park are two sites that saw a significant volume of transactions in this time period. Glan Yr Afon Industrial Estate had 15 transactions between 2013-2016, or 29% of all the transactions in the decade. This number is similar for Pentood Industrial estate, where 15 transactions occurred between 2010-2014 and one in 2017, representing 31% of all transactions.

**Table 11 – Ceredigion Office Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001+	Unknown	Total
2019	Total Floorspace (sqm)							0
	No. of Properties							0
2018	Total Floorspace (sqm)		139					139
	No. of Properties		1					1
2017	Total Floorspace (sqm)							0
	No. of Properties							0
2016	Total Floorspace (sqm)	155						155
	No. of Properties	2						2
2015	Total Floorspace (sqm)							0
	No. of Properties							0
2014	Total Floorspace (sqm)							0
	No. of Properties							0
2013	Total Floorspace (sqm)	116		454				570
	No. of Properties	3		1				4
2012	Total Floorspace (sqm)							0
	No. of Properties							0
2011	Total Floorspace (sqm)		289					289
	No. of Properties		1					1
2010	Total Floorspace (sqm)		324	532				856
	No. of Properties		2	2				4
Total	<b>Total Floorspace (sqm)</b>	271	752	986	0	0	0	2,009
	<b>No. of Properties</b>	5	4	3	0	0	0	12

Source: Radius Data Exchange, 2020

- 4.34 Of the 12 office deals recorded since 2010, 2,009 sqm of floorspace was transacted, with offices within the smaller size bands unsurprisingly having been more dominant on the market over the last 10 years. 42% of transactions were for spaces of 100 sqm or less.

4.35 2010 and 2013 had the highest number of transactions (four). 2010, however, had the highest total floorspace with 856 sqm. The largest single transaction was in 2013 at 454 sqm, which demonstrates that the market for office premises in Ceredigion is for small units. It is noted that no transactions of office space was recorded in 2019.

### Brecon Beacons National Park

4.36 The transactions mentioned below are those that are within Powys and which occurred within the Brecon Beacons National Park (BBNP). Represented in the figures are transactions in Hay-on-Wye, Crickhowell, Talgarth, Brecon and Sennybridge. These figures are a subset of the figures presented above for Powys.

**Table 12 – Brecon Beacons Industrial Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001 - 5,000	5,001+	Unknown	Total
2019	Total Floorspace (sqm)			728					728
	No. of Properties			2					1
2018	Total Floorspace (sqm)								0
	No. of Properties								0
2017	Total Floorspace (sqm)			701		4,963			5,664
	No. of Properties			3		1			4
2016	Total Floorspace (sqm)	43							43
	No. of Properties	1							1
2015	Total Floorspace (sqm)			279					279
	No. of Properties			1					1
2014	Total Floorspace (sqm)			740					740
	No. of Properties			2					2
2013	Total Floorspace (sqm)			558					558
	No. of Properties			2					2
2012	Total Floorspace (sqm)								0
	No. of Properties								0
2011	Total Floorspace (sqm)								0
	No. of Properties								0
2010	Total Floorspace (sqm)								0
	No. of Properties								0
Total	Total Floorspace (sqm)	43	0	3,006	0	4,963	0	0	8,012
	No. of Properties	1	0	10	0	1	0	0	12

Source: Radius Data Exchange, 2020

4.37 12 industrial deals were completed during 2010-2019 with a total floorspace of 8,012 sqm transacted, therefore only about one per annum. 2017 saw the highest single transaction in terms of floorspace at 4,963 sqm. This occurred at Ffrwdgrech Industrial Estate, Brecon and was the British Wool Marketing Board purchasing the unit as an

occupational sale. This was by far the largest transaction over the last decade, with the next largest being 500 sqm. 2017 also saw the total number of transactions peak at four along with the highest total amount of floorspace at 5,664 sqm. This equals 75% of the overall floorspace for Brecon Beacons between 2009-2019.

4.38 82% of industrial transactions were for units between 201-500 sqm.

**Table 13 – Brecon Beacons Office Transactions, 2010-2019**

		0-100	101-200	201-500	501-1,000	1,001+	Unknown	Total
2019	Total Floorspace (sqm)	56	133					189
	No. of Properties	2	1					3
2018	Total Floorspace (sqm)	76						76
	No. of Properties	1						1
2017	Total Floorspace (sqm)	35						35
	No. of Properties	1						1
2016	Total Floorspace (sqm)	64						64
	No. of Properties	1					1	2
2015	Total Floorspace (sqm)							0
	No. of Properties							0
2014	Total Floorspace (sqm)	56			911			967
	No. of Properties	1			1			2
2013	Total Floorspace (sqm)	149			930			1,079
	No. of Properties	4			1			5
2012	Total Floorspace (sqm)							0
	No. of Properties							0
2011	Total Floorspace (sqm)							0
	No. of Properties							0
2010	Total Floorspace (sqm)	17						17
	No. of Properties	1						1
Total	Total Floorspace (sqm)	453	133	0	1,841	0	0	2,427
	No. of Properties	11	1	0	2	0	1	15

Source: Radius Data Exchange, 2020

4.39 Similarly to the industrial transactions, there was a low volume of office transactions in Brecon Beacons over the last decade. 15 office deals were completed during 2010-2019 (i.e. average of 1.5 deals per annum) with a total floorspace of 2,427 sqm transacted. 2013 saw the total number of transactions peak at five along with the highest total amount of floorspace at 1,079 sqm. This is 45% of the total amount of floorspace transacted over the decade.

4.40 The largest transaction completed in the decade occurred in 2013 at 930 sqm this is 38% of the total of all transactions between 2009-2019.



- 4.41 73% of transactions were for units between 0-100 sqm, highlighting the SME nature of occupiers in office space in this market.

***Transactions Summary***

- 4.42 From the review of the transactions data, it is apparent that the dominant market requirement for space is for smaller units – less than 1,000 sqm for industrial and less than 200 sqm for office space. However, while smaller in number there are some transactions, particularly in Powys, of larger transactions that form an important component of the market.

- 4.43 Therefore, while the bulk of the demand would be for smaller units, some demand in the area is for mid-sized units. This would need to be incorporated into the assessment of employment land over the forecasting period, ensuring that the land and premises supply can accommodate these markets.

***Property Supply***

- 4.44 A schedule of the vacant floorspace being marketed in the Mid Wales Study Area (as at October 2019) has been compiled mainly from physical survey, a trawl of commercial property agents' websites and consultations with agents. The marketed space is taken to be a reasonably close approximation to that which is vacant – although there may be occupiers waiting for interest in their property before moving, and empty units not actually being marketed. The schedules for industrial (including warehouses/ workshops) and offices for the area is included in Appendix 2.

- 4.45 Table 14 and 15 below gives a summary of the current vacancy levels found within Mid Wales. Number of properties and total floorspace available is provided for offices and industrial units. Additionally, Valuation Office Agency (VOA) statistics have been included in the table, which provide the total number of hereditaments (units) and floorspace within Powys and Ceredigion. From this an estimate of the vacancy level within the area can be inferred. This would only be an estimate as the data are from different time points, though the VOA data is 2018/19 and thus reasonably recent.

- 4.46 It is noted that the occupancy rates for office and industrial in both Powys and Ceredigion are above 90%, which suggests good levels of occupancy and a reasonably tightly held market. Indeed, the industrial market in Powys (97.6%

occupancy) and the office market in Ceredigion (97.8%) have particularly high occupancy rates, which **strongly suggest that the market is constrained and limited for choice of premises**. As a rule of thumb, occupancy rates of about 90-95% would suggest a well performing market. Occupancy levels above this would mean that businesses looking to enter the market would have very limited choice of premises. **Therefore, on this measure, there is a need for additional supply of premises in the market.**

**Table 14 – Property Supply Summary and VOA Data, Industrial**

Area	No. of Properties Vacant	Vacant Floorspace (sqm)	VOA		
			Hereditaments	Floorspace	Floorspace Occupancy Rate
Powys	39	21,290	1,980	880,000	97.6
Ceredigion	11	18,520	870	246,000	92.5

Sources: Vacancy Schedules, VOA Data, 2019

**Table 15 – Property Supply Summary and VOA Data, Office**

Area	No. of Properties Vacant	Vacant Floorspace (sqm)	VOA		
			Hereditaments	Floorspace	Floorspace Occupancy Rate
Powys	53	6,830	860	85,000	92.0
Ceredigion	11	1,600	480	72,000	97.8

Source: Vacant Property Schedules, VOA Data, 2019

4.47 The quality of the supply of premises is also a constraining factor in Mid Wales. From site inspections as part of this study and through conversations with local commercial agents and stakeholders, it is apparent that a substantial proportion of the existing commercial units in Mid Wales are dated and in need of refurbishment. Such refurbishment is needed to ensure that premises are appropriate for modern business needs and to improve energy and operational efficiencies.

4.48 In particular, several vacant premises have remained unoccupied for significant periods due to their poor quality. Therefore, while there may be some vacant premises

available to the market, these may not be appropriate for modern businesses and thus not be attractive to a substantial share of the market looking for premises.

### ***Property Market Stakeholders***

4.49 Qualitative evidence of the demand for industrial and office property within the Study Area has been gained through consultations with commercial property agents active within the local property market.

4.50 The views given below are those of the representatives of the commercial agencies consulted during the time of consultations. They are not the view of the consultants or any of the Councils within the Study Area. A list of the companies consulted during the study, including property agents and stakeholders, can be found in Appendix 3.

### ***Commercial Property Agents***

**Table 16 – Property Market Comments**

<b>Contact</b>	<b>Comments</b>
National Agent	<ul style="list-style-type: none"> <li>• Industrial buildings between 2,500 – 10,000sqft are in the highest demand in Mid Wales</li> <li>• The achieved rents of these industrial buildings are about £4.50-5.00 per sqft</li> <li>• Demand exceeds supply for this type of property</li> <li>• Freehold is most popular in the commercial market; however, the main issue is the difficulty people have with buying these properties</li> <li>• Welshpool is the most popular and sought-after area due to good transport links. The further east the better for businesses</li> </ul>
Independent property consultant	<ul style="list-style-type: none"> <li>• The most popular industrial unit size ranges between 1,000 – 20,000sqft</li> <li>• There is an adequate supply of these types of buildings however for companies who have specific requirements they can be waiting a while before they are able to find what they are looking for. Building brand new units is costly so it is usually a waiting game</li> <li>• There are both freehold and leasehold enquiries. It all depends on the company and their requirements</li> <li>• Welshpool and Newtown are the most popular towns – mainly down to accessibility and good transport links</li> <li>• Transport links have improved in Mid Wales. People usually choose to drive in this area rather than get the train even though the road network can still be a problem</li> <li>• The main emerging businesses and sectors are traders such as builders and plumbers</li> <li>• In Newtown buildings are around 40 years old, there are improvements happening to a few of the buildings, however these improvements depend on the company</li> <li>• There are high occupation levels in the area</li> <li>• They have not come across any problems in getting planning permission. The issues mainly concern viability, this can cause problems for companies who want to borrow money</li> </ul>

<p>National Agent</p>	<ul style="list-style-type: none"> <li>• The main requirements for companies in the area are for units up to 5,000sqft and between 15,000-20,000sqft. There are very little of these sizes on the market</li> <li>• The quality of buildings according to the agent are good, though mainly 25-30 years old</li> <li>• Achieved rents in the area are £3/4 per sqft industrial</li> <li>• There is a greater demand to purchase than there is to lease</li> <li>• The most popular areas are Welshpool and Newtown, however, this agent has sold expensive buildings elsewhere due to lack of options in these areas, people are buying buildings no matter what the location</li> <li>• Lack of available land in this area is a substantial problem</li> <li>• According to the agent there are high occupation levels in the area. Businesses are stagnating due to the lack of other options they have no choice but to stay put. The company recently sold an industrial building for £738,000 when the asking price was £700,000. They had six bids for this building leaving five businesses still without a premise</li> <li>• In terms of developing vacant land, the cost of building is high which is a large problem everywhere, not just the area in question. Unless people have grants then it is nearly impossible to develop. Businesses are aware buildings are expensive and may lose their value over time. This issue does, however, get overlooked as these businesses need somewhere to trade</li> <li>• The market is buoyant</li> <li>• Several units are no longer fit for purpose</li> </ul>
<p>Local Agent</p>	<p>Industrial</p> <ul style="list-style-type: none"> <li>• The most popular industrial units are for premises between 750-3,000sqft – they have dealt with some larger units, but the majority are this size</li> <li>• Most people are looking for smaller industrial units</li> <li>• There are not enough good quality units as not a lot has been developed in recent years</li> <li>• Achieved rents: Llandrindod Wells - £3/3.50 sqft</li> <li>• Brecon industrial units - £9/10sqft. This is for small industrial units as they are more sought after. The larger industrial units are dropping down in price</li> <li>• There is a mixture between leasehold and freehold in the current market. Leasehold, however, is popular for the smaller businesses who are looking for shorted leases and want to be fairly flexible</li> <li>• The popular locations include Brecon, Llandrindod and Newtown</li> <li>• The most popular businesses and sector is the food sector, including a few emerging breweries. There has also been new leisure/gym applications and they have seen a lot more off the building trade such as Screw Fix.</li> <li>• The main weaknesses and shortfalls in the area revolve around ageing stock. There is a need for refurbishment of existing industrial buildings or even demolition with new premises built. A lot of the industrial units in Powys are getting to be around 20 years old and therefore investment is beginning to be needed</li> </ul> <p>Offices</p> <ul style="list-style-type: none"> <li>• Public sector demand has shrunk in the office market</li> <li>• The achieved rent for small office is around £8/10 sqft</li> <li>• Office market has a mix of quality, the offices above shops are mainly poor quality</li> <li>• There is a struggle to find office space in town centres of a good quality</li> <li>• The larger towns are the most popular for offices such as Llandrindod Wells</li> <li>• There is reasonable demand in the North such as Welshpool</li> </ul>

<p>Independent property consultant</p>	<ul style="list-style-type: none"> <li>• Lack of land in the market, particularly for industrial units.</li> <li>• Lots of businesses are 'making do' with their premises, but would prefer newer or better options</li> <li>• Have interest from businesses that cannot be met in the local area – range of sizes from small units to 50,000-100,000 sqft</li> <li>• Vacant stock is older, poor quality stock</li> <li>• New industrial units would get about £5.5-6.0/sqft in Welshpool</li> <li>• Office market is town centre and older stock. Good stock can get in excess of £10/sqft</li> <li>• Lack of skills is a key issue for local businesses. Also an issue for construction industry so if looking to increase construction activity, would need to address skills shortage in construction</li> <li>• Lack of commercial developers in Mid Wales</li> </ul>
<p>Business group</p>	<p>The following requirements/interests were identified for industrial units within Mid Wales</p> <p>Welshpool</p> <ul style="list-style-type: none"> <li>• Storage &amp; Distribution (leasehold) 10,000-20,000 sqft</li> <li>• Storage &amp; Distribution (freehold) 20,000-30,000 sqft</li> <li>• Production in Welshpool 7,500 – 15,000 sqft</li> <li>• Production facility (freehold) – 60,000-80,000 sqft</li> <li>• Production in Welshpool 10,000 sqft (inward investment)</li> <li>• Production &amp; Distribution in Welshpool (freehold/leasehold) 10,000-15,000 sqft (inward investment)</li> </ul> <p>Newtown</p> <ul style="list-style-type: none"> <li>• Storage &amp; Distribution with High Bay (Freehold) 100,000 sqft</li> <li>• Production, Storage &amp; Distribution (Freehold) 40,000 sqft</li> <li>• Production, Storage &amp; Distribution (freehold) 15,000-20,000 sqft</li> <li>• Production, Storage &amp; Distribution with high bay (freehold/leasehold) 15,000-20,000 sqft</li> <li>• Storage &amp; Distribution with high bay (freehold/leasehold) 20,000-30,000 sqft</li> <li>• Storage &amp; Distribution (leasehold) – 10,000 sqft</li> <li>• Production Facility (leasehold) 10,000-15,000 sqft (inward investment)</li> </ul> <p>Severn Valley</p> <ul style="list-style-type: none"> <li>• Storage &amp; Distribution in Severn Valley (freehold) 50,000-80,000 sqft</li> <li>• Production, Storage &amp; Distribution in Newtown or Severn Valley 20,000 Sqft</li> <li>• Industrial sites for development 5,000-15,000 sqft</li> <li>• Phase 1 30,000 sqft, Phase 2 additional 30,000-45,000 sqft. (inward investment)</li> <li>• Security Operations Centre (SOC) 2 x 100 MB independent internet feeds (inward investment)</li> </ul> <p>Aberystwyth</p> <ul style="list-style-type: none"> <li>• 160,000 sqft unit for storage and distribution</li> </ul>

Source: BE Group Consultations with Various Property Agents

4.51 Further consultations were undertaken with a range of stakeholders, including private and public sector representatives. The key themes emerging from these consultations are listed in Appendix 4.

### **Viability Considerations**

- 4.52 The viability of commercial property projects is also a limiting factor in the market that has resulted in project delay or abandonment. Critically, development costs have risen faster than property values over the last decade, which has reduced the market appeal of commercial developments. This is a concern across the UK, though for smaller markets, which do not benefit from economies of scale, have more limited labour markets and may have higher costs to access materials, viability of projects is a key constraint.
- 4.53 Furthermore, since the recession, financial borrowing has seen tighter restrictions. In particular, banks have required higher levels of occupier commitment (both higher percentage of the scheme and for longer time periods) to be demonstrated before releasing funds, which has restricted speculative developments, even in areas of demonstrable need. Projects that are able to demonstrate such commitments are more likely to be for larger occupiers that have the capacity to commit for a longer period. The SME occupier market is less likely to be able to offer such commitments, and therefore the development of smaller units is being constrained. In Mid Wales, which has a large proportion of SME businesses, this is a particular limitation on the commercial property development market.
- 4.54 Therefore, in Mid Wales there has been a lack of private sector investment in the commercial market. Mid Wales does not have a range of key mid to larger commercial property developers that can provide impetus to the market and competition for occupiers and land. Developers from further afield (e.g. West Midlands, Cardiff, North West England) have little interest or land assets in Mid Wales and thus have not had significant developments in the region. This is despite the demonstrable lack of choice of commercial premises, limited competition and businesses in the market looking for further stock.
- 4.55 Within the Mid Wales region, there are differences in state aid regulations, with Ceredigion designated as an Assisted Area under the Welsh Government Property Development Grant Scheme, whereas Powys is not an Assisted Area. Therefore, potential interventions to alleviate some obstacles may not be implemented uniformly across the region.
- 4.56 **This market failure within the Mid Wales market has held back economic growth as businesses lack opportunities to expand or leave the area to find adequate**

**premises. The Mid Wales market has thus had an overreliance on public sector investment in commercial property to deliver where the private sector has not delivered.** Viability constraints are likely to continue in the Mid Wales market in the foreseeable future, necessitating continued targeted interventions and alternative means of attracting private sector investment.

- 4.57 It is also observed that in periods of low public sector investment (e.g. tighter constraints on public sector finances), the private sector has not increased its investment to fill the development gap. Therefore, the market sees a distinct lack of development activity that means that businesses have very limited options for new stock. In particular, there is a complete reluctance by the private sector to invest in speculative schemes, due to the viability concerns.
- 4.58 The viability of commercial developments in Mid Wales is further explored in Stage Two of this study, the Action Plan. Appendix 2 of Stage Two provides example appraisals of typical commercial developments for Mid Wales and demonstrates that costs exceed values for industrial, office, hybrid and food grade manufacturing units. It is demonstrated that the viability gap is substantial, with losses likely to be in the order of 55-70 percent of development costs.

### **Sectoral Considerations**

- 4.59 The Mid Wales economy is a function of its geography – its rural location and large area, with towns separated by significant distances. This has implications for the types of sectors that form the economy and the property implications to provide for the economy. This section provides an overview of particular sectors in the Mid Wales economy that are niche market areas for Mid Wales.
- 4.60 As seen in Chapter 3.0, some of the larger sectors of the economy (by employment numbers) are retail, health and education. Demand for such sectors are derived from population growth, as the uses support the local residential needs. Of more relevance to this study are those sectors that are particular to the local area or niche areas for Mid Wales.

### ***Manufacturing***

- 4.61 The manufacturing sector is a key economic sector for Mid Wales, providing important economic output and employment opportunities. The main towns of Mid Wales – Welshpool, Newtown, Aberystwyth – are home to the main concentrations of

manufacturing enterprises in Mid Wales, although there is a wide distribution of manufacturing businesses, including SMEs in smaller settlements and some rural locations.

- 4.62 According to BRES data, there were approximately 6,060 jobs in the manufacturing sector in Powys in 2018, compared to approximately 1,360 jobs in Ceredigion. Largest employers in manufacturing are in food products, fabricated metal products, wood and wood products and electrical equipment. Specialist areas (looking at the Location Quotients for manufacturing sub-sectors compared to Wales) in Powys are electrical equipment, beverage products, wood and wood products and textiles. Specialist areas in Ceredigion are pharmaceuticals, printing and recorded media and wood and wood products.
- 4.63 The eastern areas of Mid Wales have important manufacturing supply chain links with the West Midlands and Deeside, particularly in automotive, engineering and machinery parts. Welshpool and Newtown provide a satellite location for businesses servicing the broader region, being close enough to have an economic role, though not a prime location (thus demanding higher rents). The businesses within this sector in Mid Wales are generally small to mid-size enterprises, providing parts and componentry within the supply chain for the development of complex machinery, rather than the core assembly businesses. Aberystwyth is a more isolated node of manufacturing enterprises and therefore a more localised market.
- 4.64 Unit size demand within the manufacturing sector will continue to predominantly be for small to medium sized premises, though with a smaller but significant proportion of businesses requiring mid to larger premises, as is evidenced by the range of unit requirements identified through the consultation with the property sector. Much of the existing stock is comprised of older premises and thus a programme of refurbishment would benefit the market. Furthermore, new stock entering the market is likely to be attractive to existing businesses in Mid Wales, enabling them to upgrade premises.
- 4.65 A particular advanced engineering opportunity for Mid Wales is the proposed Rail Centre of Excellence Testing Facility at Ystradgynlais, which is a joint venture between Welsh Government, Powys Council and Neath Port Talbot Council. The centre is a £100 million investment and is anticipated for completion in about 2023/24. The centre is proposed to include electrified testing tracks, maintenance areas, decommissioning workshops, laboratories, education space, offices, training and R&D workspaces.



Importantly for the Mid Wales region it has the potential to be a catalyst for further investment in the region, including supporting growth in supply chain businesses, investment in transport infrastructure, research and training.

#### ***Food and Beverage***

- 4.66 This sector is multi-faceted in Mid Wales and includes primary production, processing, packaging and value-adding (e.g. to gourmet products). This sector has important links to hospitality and tourism and is a key component of the manufacturing sector.
- 4.67 Food and beverage operators are mostly comprised of SMEs, though there are also a small number of larger processors. The sector is inextricably linked to the rural economy and thus would require locations close to rural areas. However, proximity to larger populations to provide labour for processing and ultimately for consumer markets, is also important.
- 4.68 This sector is an important linking sector to neighbouring regions. In particular, the food and beverage sector is linked to West Midlands, including rural supply chains, processing and markets (including larger population centres). Furthermore, the agricultural colleges in West Midlands provide a key educational and training role for a wide catchment that includes Mid Wales. More broadly, the food and beverage sector is a key growth sector identified by the Welsh Government, as evidenced in the Welsh Government's *Toward Sustainable Growth: An Action Plan for the Food and Drink Industry 2014-2020*, which has a vision to increase the value of the sector by 30%. Beyond the timeframe of this Action Plan, Wales has further opportunities to continue to grow this sector, with Mid Wales having strong potential to play an important part in that growth.
- 4.69 The Food Centre Wales at Horeb Business Park provides purpose-built food production spaces for SMEs. The Centre also has research and development space and conducts a range of events and courses on site on food production and skills. Importantly it includes incubation units that provide opportunities for new-start businesses to enter the market, co-locating with similar businesses and having access to common facilities, including conference facilities and processing areas. There are plans to expand the centre to accommodate further units, including further incubator units.

- 4.70 The first stage of Aberystwyth University's Aberystwyth Innovation and Enterprise Campus (AIEC) opened in October 2019, which is an enterprise centre targeting the food and drink, agri-tech and biotechnology sectors. The AIEC provides opportunities for collaboration between university researchers and industry, as well as encouraging spin-out enterprises from the University. Facilities are still being rolled out but upon completion will include pilot-scale equipment, seed bank, Future Food Centre, collaborative spaces and advanced analysis facilities.
- 4.71 Premises requirements for the food and beverage sector includes B2 and B8 units for processing and storage. Such units would include small workshops/starter units for micro-businesses, with the food and beverage sector having an important cottage industry role and for sole operators. There are co-location benefits for such small operators, with opportunities for shared resources and costs.
- 4.72 Larger industrial and warehousing units would also be a significant part of the food and beverage sector, servicing mid and larger food processors and distributors. These are generally located within industrial estates. Potential odour issues and 24-hour operations means that there would need to be some buffering between such uses and sensitive receptors. Furthermore, generic industrial units may not be appropriate for such processing units, with specialised plant and storage requirements and sterilised premises. Therefore, purpose-built units are often required to provide for larger operators in this sector.
- 4.73 Some processing or packing uses may occur on farm locations, which would require industrial units on rural sites. Therefore, there would need to be flexibility in the planning system to allow for such uses as appropriate. However, the nature of the rural economy in Mid Wales, dominated by livestock, means that this need would be lower than other rural regions, which have cropping and horticultural uses.
- 4.74 Climate change adaptations and consumer preferences may necessitate changes to how food is produced and delivered to consumers, including full supply chain adaptations. Moving towards lower intensity carbon food production may include changes to the relative amounts of food produced (i.e. less meat and dairy), changes in agricultural practices, bringing all stages of the production closer to the end market to reduce food miles and changes to storage. Internal production of crops (e.g. vertical farming) would allow crops to be grown in areas not currently used for agriculture, including urban areas and areas of poor quality soil. Furthermore, if means of

producing laboratory grown meats are industrialised this could have the potential to significantly alter the food production economy in rural areas.

### ***Tourism and Hospitality***

- 4.75 The tourism sector is an important sector within Mid Wales and comprises a range of components, including accommodation, built attractions, retail, dining, natural landscape and heritage.
- 4.76 The tourism brand in Mid Wales is driven by its natural landscape assets, particularly the Brecon Beacons National Park, but also rural areas throughout Mid Wales and the coastline. The National Park has a high profile in the UK and internationally. Heritage assets are dispersed throughout the region, including in rural and town locations, and comprise castles, historic houses, museums, mining, Victorian spa towns, railways, etc. The accommodation assets are generally smaller, independent assets – including farm stay, B&Bs, hotels – which are positioned to connect visitors to the natural landscape. Peer to peer accommodation options (e.g. Airbnb) are increasing their market share in the region, in line with many areas in the UK, which will impact on dedicated visitor accommodation businesses. Such businesses would need to ensure that they promote their points of difference compared to peer to peer accommodation, including service, expertise and facilities.
- 4.77 Further development of the tourism sector in Mid Wales is likely to be multi-faceted. The sector is looking to build on the visitations to its existing assets through enhancing the visitor experience and looking to increase the length of visit and the spend within the local area. As many of the region's visitations are to the natural environment (e.g. day trip for hiking, etc.) there are only limited opportunities to attract visit expenditure within Mid Wales. Improving links between local towns and villages to the natural assets would help visitors extend their stay, including encouraging overnight visitations, and increase expenditure at local businesses.
- 4.78 Development of further built attractions as a means of further developing the tourism sector can be part of the solution. However, visitor attractions can have high up-front capital investments and are often riskier developments than other property sectors. For Mid Wales, potential built attractions are likely to be connected with the outdoor experience (feedback from consultees have included suggestions such as zip-wire facility, visitor centre) and thus are likely to be in the rural landscape and therefore have similar disconnections with local towns than several of the existing attractions.

Therefore, connectivity (transport and economically) between any further built attractions and the local towns should be a consideration in the planning for further provision.

- 4.79 Further accommodation facilities are likely to be dispersed throughout Mid Wales. Of relevance to this study is whether any accommodation uses would be located on or adjacent to employment uses. Budget hotels (e.g. Travelodge, Holiday Inn, Premier Inn) are often located within or on the edge of business parks, which typically have arterial road prominence. The advantage of such locations for these hotels is that they can target the business and car-based holiday markets. Premier Inn has identified Newtown as one of five target locations in Wales for one of their hotels in 2019. Therefore, considerations of employment land in Newtown should consider provision of sufficient land to provide a hotel site as an option for Premier Inn (or similar operator). However, broader planning objectives could see a preference for a town centre site, which would have co-location and transportation benefits.
- 4.80 A strong theme emerging from the consultations in regard to tourism was the importance of ensuring that the sector is sustainable. It was recognised that the sector relies heavily on private vehicle trips, particularly to remote rural attractions, which have a significant carbon footprint. Therefore, plans for the development of the sector includes means of reducing the carbon footprint.

#### ***Sustainable Technologies***

- 4.81 Sustainable technologies is a diverse sector and covers sustainable design and construction, materials, resource usage and management, climate change responses, food supply, ecology, etc.
- 4.82 The Centre for Alternative Technologies (CAT) in Machynlleth has established as a key asset in the region to promote such technologies to the general public, students and businesses. It offers a range of graduate courses in the sector, currently having about 500 students in attendance. This graduate school has been successful in spinning out start-up enterprises that have established both within Mid Wales and further afield. Business examples include Dulas Engineering, IndiNature and Aber Instruments that have been established by graduates of CAT.
- 4.83 CAT also is a visitor attraction with demonstrations of potential and emerging technologies for construction and living sustainably. It receives visitations from the

general public as well as school groups and international business groups and universities.

- 4.84 Aberystwyth University's Institute of Biological, Environmental and Rural Sciences (IBERS) is similarly a key asset in the region in this sector. It is one of the largest areas of study within the University and has seen significant investment in recent years, including the BEACON Biorefining Centre of Excellence, which is linked with three other universities in Wales. The AIEC mentioned in the Food and Beverage section above adds to and complements the sustainable technologies assets in the region.
- 4.85 Renewable energy production includes onshore wind and hydroelectric schemes. Innovative and localised energy production is likely to be required to address capacity issues in the system as well as being part of the suite of the region's responses to address climate change. The region has a good skills base and a range of local business expertise to support growth in low carbon energy production. The Mid Wales Energy Strategy and Action Plan is currently being developed, which will detail the growth direction and potential of this sector.
- 4.86 There appears to be an opportunity to encourage the clustering of such businesses in a business park that could be linked with assets such as CAT, IBERS or AIEC. Co-location of the business park with one of these institutions would not be necessary; however, functional links with these assets would be of benefit. The business park should include start-up spaces to encourage emerging enterprises. Such a business park would help graduates find local spaces for establish businesses, thereby retaining a higher proportion of graduates and their businesses within the region. Given that IBERS, AIEC and CAT are located in the north-west of the Mid Wales region, it would appear appropriate that a business park focussing on this sector should also be within this locality.

#### ***Defence and Security***

- 4.87 Defence and security assets in Mid Wales include Military of Defence (MoD) facilities and private sector businesses. MoD facilities include training facilities and barracks.
- 4.88 Parc Aberporth at West Wales Airport has a centre of excellence for the testing and development of unmanned aircraft, including laboratory, workshops, hangars and secured areas. The facility includes restricted airspace for testing of unmanned aircraft.

This is a highly specialised centre that is a key asset for the defence and security industry that is unmatched elsewhere in the UK.

- 4.89 The proposed National Spectrum Centre (NSC) for Ceredigion has the potential to act as a catalyst for business interest and investment by complementary operators. The NSC is a collaboration between QinetiQ, Welsh Government and Aberystwyth University. The centre will be a research facility enabling a broad range of research themes on spectrum-enabled systems.
- 4.90 Its potential as a catalyst or focal point for investment and development of like-minded industries suggests that further land and premises around the NSC could be required as the centre develops. At this stage, this would still be an uncertain investment, though represents a medium to longer term opportunity for the area.
- 4.91 Considerations of security and electronic interference would need to be resolved as part of the planning for such a hub. Furthermore, investment in local skills is likely to be required.

### **Summary**

- 4.92 The UK economy is experiencing a state of uncertainty with the decision to leave the EU taken in 2016. This has had a knock-on effect into the economic and business market with property and business decisions across the UK having become more cautious. This means market prospects are expected to remain relatively subdued until confidence in the market resumes. However, subdued conditions are not uniform throughout the UK or throughout all sectors.
- 4.93 The Mid Wales' industrial market is dominated by Welshpool and Newtown, which benefit from proximity to the West Midlands. Other pockets in Aberystwyth, Llandrindod Wells and other towns provide important, but more localised industrial functions. Demand for industrial uses are for small to mid-sized units, including 200-500 sqm units and 1,000-2,000 sqm units. However, as seen in the requirements/interest that has been cited in the consultations with property stakeholders, some larger units (5,000-10,000 sqm) have been sought after and thus there should be sufficient flexibility in the market to support such requirements.

4.94 The office market in Mid Wales is overwhelmingly comprised of smaller occupiers. The volume of the office market is smaller than the industrial market, both in terms of number of units transacted and the size of the individual units. The demand for office space in Mid Wales is for small units – less than 200 sqm for individual units.

4.95 Occupancy rates are very high in Mid Wales for industrial and office units. In particular, industrial units in Powys and office space in Ceredigion have very high occupancy levels, suggesting that businesses looking to enter the market would have difficulty finding appropriate premises. This is corroborated by the evidence gathered from the commercial agents, who report a lack of available stock limiting the market.

4.96 Specific market niches for the Mid Wales area discussed above include food and beverage production, tourism and sustainable technologies. The potential implications for employment land and premises include:

- Manufacturing:
  - High quality units in growth areas to enable expansion of existing businesses and enable new investment (e.g. Aberystwyth and Severn Valley)
  - Refurbishment of older stock where this is no longer fit for purpose
  - Network of small enterprise units to facilitate new business formations and grow on space
  - Small to mid units, particularly in key locations of Newtown, Welshpool, Aberystwyth, Brecon
  - Some plots to accommodate larger units
- Food and beverage:
  - Starter units for commercialisation, innovation and research
  - Processing and storage units
  - Manufacturing units to support agri-tech sector
  - Rural based units to enable agricultural processing and value-adding
- Tourism:
  - Flexibility within employment land to accommodate hotel if required (Newtown) and where it does not impinge on the core intended employment uses of the site
  - Employment uses that support tourism enterprises (e.g. support for harbour sites, arts/cultural workshops)
- Sustainable technologies:

- Starter units to support emerging businesses
- Business park specifically for this sector (north-west Mid Wales)
- Defence and security:
  - Site for NSC
  - Starter units to support complementary businesses
  - Support for Parc Aberporth



## **5.0 EMPLOYMENT SITES**

- 5.1 The following table provides an overview of the allocated employment sites in the adopted Local Development Plans of the three local authorities. This includes mixed use sites that are anticipated to have a B-class employment element. The table reviews the development potential of each of the sites and provides descriptions of any existing uses and the remaining vacant land parcels. This analysis has been informed by site inspections of the employment allocations, reviews of planning applications/permissions where applicable and input from Council officers.
- 5.2 Estimates of the realistic land supply available are drawn from the monitoring data, data available on the sites and employment land studies undertaken for the individual local authorities. The realistic land supply is an estimate of the likely remaining developable land, removing land that has also been taken up for development but also land that from our analysis is unlikely to be developable for B-class employment uses.

**Table 17 – Employment Allocations and Mixed Use Sites**

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
<b>Powys</b>									
<b>P58 EA1</b>	Woodland Business Park	Ystradgynlais	Vacant land is located at the end of an industrial park. Sites are serviced and flat. The buildings are of good quality with a mixture of office and industrial uses. The site is located close to the town centre. Land is Welsh Government owned.	Gradual development over last 10 years	Local demand.	<b>Retain for employment use</b> Potential for a mix of B-class units, probably mainly B1 and B2	2.31	1.99 (B1, B2 and B8)	Yes  Actions: Retain for local market as required
<b>P08 EA1/ P08 EC1</b>	Wyeside Enterprise Park	Builth Wells	The site is a serviced site with an existing access road adjacent to an existing industrial park comprising both office and industrial uses. The site is a reclaimed quarry site that has been prepared for development. Welsh Government owned. Only employment land site available in Builth Wells	Site is on the edge of Flood Plain		<b>Retain for employment use</b> Potential for a mix of B-class units	1.2	1.2 inc. Plot C1 0.71ha Plot C2 0.49ha (B2 and B8)	Yes  Actions: Retain for local market as required
<b>P28 EA1</b>	Heart of Wales Business Park	Llandrindod Wells	The land is located adjacent to the A483 within an existing business park. The existing units are currently occupied by companies involved in food product manufacturing and textile design and production. Welsh Government owned.	- Ecological survey is required due to it being a biodiversity rich site - Drainage pond on site may need to be enlarged for SUDS - Mains Sewer cuts through the site restricting development area	Allocated for many years with no recent development.  Attracts mainly local demand	<b>Retain for employment use</b> Potential for a mix of B1, B2 and B8.	3.9	2.09 (B1, B2 and B8)	Yes  Actions: Potential sites for WG special development. Range of units for local demand. Revised site layout responding to drainage
<b>P51 EA1</b>	Broadaxe Business Park	Presteigne	The site is located five minutes away from the town centre directly off the B4355.	- Ecological survey is required		<b>Site to be retained</b>	2.4	1.01 inc. Plot C3 0.28ha Plot C4 0.19ha	Yes

Tudalen 292

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			All but a couple of small plots have been fully developed. There is vacant land to the west that could form an extension of the area (though not currently allocated). There is a mixture of office and industrial buildings on the allocated site and adjacent land, all good quality post 1990 buildings. There are a few new buildings built towards the back of the park which are live/work units. There is one vacant office building to let (Cooke & Arkwright) however all the other buildings are fully occupied. Welsh Government owned	<ul style="list-style-type: none"> <li>- May need to undertake a hydraulic modelling assessment of the water supply</li> <li>Flood risk is manageable but may affect access</li> <li>- infrastructure design is key at this site</li> <li>- small area in C2 flood zone</li> <li>- drainage</li> <li>- limited capacity at Presteigne Waste Water Treatment Works.</li> </ul>		<b>existing employment area</b>		Plot C5 0.26ha Plot C6 0.28ha  (B1, B2 and B8)	Action: Review water supply and flood risk assessment  Retain for local needs
<b>P52 EA1</b>	Brynberth Business Park	Rhayader	No new developments on the site and no sign of any future construction occurring. The sites in question are grassland and they have some sloped areas. It is located on the back of an enterprise park/ Industrial estate comprising basic quality units.	<ul style="list-style-type: none"> <li>- Ecological survey is required</li> <li>- Site is crossed by a sewer so protective measures will be required</li> <li>- Contaminated land survey required</li> <li>- Small area in C2 flood zone</li> </ul>	Sizeable land parcel that has generated little or no interest over past 10 years  Has been interest for residential development – refused by planning.	<b>Retain for employment use</b>  Likely to be a long-term prospect for B2 and B8	3.7	3.7 (B2 and B8)	Yes  Action: Retain for local demand. Site masterplan could explore potential for mixed-use development to generate value to contribute to business units.
<b>P21 MUA1</b>	Gypsy Castle Land	Hay-on-Wye	This mixed-use allocation is located adjacent to a housing estate. There are other business parks around comprising office and industrial buildings	<ul style="list-style-type: none"> <li>- Highways new junction with the county class II road will be required along with the stopping up for</li> </ul>	Development brief received for mixed use residential development with small	<b>Retain for employment use</b>  Potential uses likely to be small to	2.4	2.4 B2 and B8	Yes  Action: Progress planning discussions.

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 294

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			suggesting there is a market for such uses in the area. The land is in good quality, there are no signs for any evidence of ownership or current occupiers. It is in a good location at the edge of the town centre off a busy road (B4350).	vehicular use of sections of the existing Gypsy Castle Lane - Surface water flooding issue - improvements required	amount of employment use only.  Proposals for Residential Care Home in discussion and suggestion for live/work units to be included	mid B2 and B8 uses  May be more appropriate B1(c) as with new housing?			Housing development will fund road access to open up employment site.
<b>P53 MUA1</b>	Land adj. Gwernyfed Avenue	Three Cocks	This site is located off the A4078. It is currently occupied by J&C Griffiths – Agricultural Engineers Ltd. It is predominantly being used for land and storage. There is one new unit on site which seems to be in good quality. There is building work being carried out next to the current building. It is located close to other industrial units. Low intensity of development. Some areas in the south and east of allocation are yet to be developed.	- Ecological survey and drainage assessments are required - Foul flows from this development would pass through the Welsh Water terminal sewerage pumping station and would require an assessment of the sewerage pumping station - any proposed development here may require archaeological intervention as part of any planning app		<b>Retain for employment use.</b>  Potential for a mix of B2 and B8 uses.	3.4	2.6 B2 and B8	Yes  Action: Discussions needed with Welsh Water on Sewer Capacity expansion not in current capital programme.
<b>P35 EA1</b>	Parc Busnes Derwen Fawr	Llanidloes	The remaining vacant area on this site is serviced and ready for development. This site is located off A470 behind new office units. The site is flat and serviced,	- Ecological mitigation required for loss of extended phase 1 habitat		<b>Retain for employment use</b>	1.2	0.71 B1	Yes

Tudalen 295

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			suitable for future development. There are currently no vacancies and the surrounding buildings are in good quality. It would be suitable for future B1 use.	- Land contamination survey required					
P35 EA2/ P35 EC1	Parc Hafren	Llanidloes	There is only one small undeveloped plot which may be too small to develop. The large piece of land to the west is now occupied by coach storage. The current occupiers include; Celtic Travel and Hafren Furnishers.			<b>Developed areas to be retained as existing employment areas</b>  <b>The vacant land to be retained for employment uses</b> , likely to be B2 and B8 uses  However, due to the shape of the northern parcel, it is doubtful if this could be easily developed and thus it is assumed that realistic supply is 0 ha.	1.7	0	Yes
P48 EA1	Llanidloes Road	Newtown	This site is a vacant standalone area of land opposite an existing industrial estate. Neath Port Talbot College is located to the east of the site and owns this site. It is currently being used as grazing land. There are residential buildings to the north on the other side of a railway line.	- Until a satisfactory flood consequences assessment is prepared the western half of the site will only be appropriate for open space and landscaping - ecological survey is required	Recent design proposals have been prepared for site but no progress to date.	<b>Retain for employment use</b>  Important site for Newtown.  Market interest shown for hotel and retail – resisted by planning	2.0  Site area could be enlarged if deal with Flood Risk	2.0 (B1, B2 and B8)	Yes  Action: Flood Risk Assessment, Topography surveys, Site masterplan – manage land-take. Engage with College. Integrated Business/skills

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 296

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
				-partly in C2 flood zone		Potential for a mix of B-class uses, with opportunities to link with the College  Consider potential LDO			development site. Development Target Site for spec proposals.
P02 EA1	Abermule Business Park	Abermule	The site is currently unoccupied land, however there is construction works underway. There has been permission for a proposed recycling bulking facility and outline permission for the erection of business units (B1/B2/B8) and all associated works. These applications were granted on the 6/6/18. The site is located opposite some older industrial units all of average quality. It is located off a main road, A483. Site owned by Powys County Council.	- Site falls within TAN 15 C2 flood zone- proposals will need to be in line with national policy and will require a flood consequence assessment - Main Sewer line	Recycling building and mix of B1, B2, B8 units. Development of the recycling facility is underway Design proposals for first phase of employment units are being prepared.	<b>Retain for employment use</b>  County Farm located opposite could deliver solar farm to supply business units.  Difficult site to expand – locked in by railway line/weak bridge and line of Main Sewer constraints.	2.6	1.82 (B1, B2 and B8)	Yes  Actions: PCC is undertaking commercial development with the Waste Site
P12 EA1	Churchstoke	Churchstoke	This site is owned by Delfin Investment Ltd. They also own the land to the south of the allocation. Montgomery waters occupy a large modern unit to the south of the allocation. They have a carpark that is located within the site to the east. The vacant land to the west is slightly sloped. The buildings to the east of the allocation comprise of a Co-op and garden centre. The other	- The site lies within the Yr Ystog character area of the Vale of Montgomery registered historic landscape - The site is within a catchment that is failing WFD objectives	This is land that would be used for the expansion of existing employment on the site.	<b>Retain for employment use</b>	1.28	1.12 (B2 and B8)	Yes

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			units in this area are all industrial.						
P57 EC1	Buttington Cross Enterprise Park	Welshpool	This site is now fully developed. On the east there is a new Tuffins petrol garage/store and two new industrial units.			<b>Site to be retained as existing employment area</b>	1.5	0	Yes
P59 EA1	Buttington Quarry	Trewern	The east of this site has been developed into a new housing estate and primary school. Land to the east remains the same – vacant land. There is no evidence of employment uses at the site.	<ul style="list-style-type: none"> <li>- Expansion is dependent on new access</li> <li>- The site is adjacent to a geological SSSI so future design must be sympathetic to this</li> <li>- There are significant industrial remains such as railway related features</li> </ul>	Current proposal for energy from waste plant with some employment units is at an early stage of development by the private land owner.	<b>Retain for employment use</b>  Likely to be low-quality B-class uses given adjacent development	6.0	6.0 (B1, B2 and B8)	Yes  Action: Private sector delivery if planning granted
P60 EC1	Offa's Dyke Business Park	Welshpool	Within this three large units have recently been built. One of the new buildings is occupied by Charlies Stores as its new HQ. This is a new 108,000sqft warehouse and office unit. This is one of the largest independent retailers in Wales. The other two units are occupied by Invertex Drives in warehouse space of 59,202sqft and Zip Clip in a 23,614sqft unit including 2,500sqft of office space. Welsh Government owned.	- Project level HRA screening is required	The Welsh Government proposes to construct a new detached unit on Offa's Dyke Business Park adjacent to Invertex Drives' main production facility and headquarters	<b>Developed areas to be retained as existing employment areas</b>  <b>Retain for employment use</b>  Potential for a strategic site	7.3	1.11 Plot C4 0.57ha Plot C9 0.54ha  (B1, B2 and B8)	Yes  Actions: Identify expansion area. Site acquisition. Site Masterplan. Consider LDO.
P18 EA1	Four Crosses	Four Crosses	This site comprises of overgrown land. The land is owned by LTG & Son Ltd and Riverside Holdings Ltd. It is	- Project level HRA screening is required		<b>Retain for employment uses</b>	0.5	0.5 (B2 and B8)	Yes

Tudalen 297

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 298

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			located in between industrial units and already has an existing entrance to the land.						
P42 EA1	Treowain Enterprise park	Machynlleth	This site is separate but located next to an office business park. It is grassland currently in use for grazing. The land has a private occupier. The site is relatively flat. Welsh Government owned.	- Site is located within setting of Plas Machynlleth a registered historic park and garden		Retain for employment use	1.7	1.5 (B1, B2 and B8)	Yes
P28 ES1	Ddole Road Industrial Estate	Llandrindod Wells	Available plot within existing industrial estate. Serviced site, moderately flat, towards the end of the Ddole Rd Industrial Estate.			Retain for employment use	0.69	0.69 (B1, B2 and B8)	Yes
	Nant Penllyn	Ystradgynlais	Rail Testing Site – Open Cast Mine and Washery on border with Powys and NPT  Currently retained as mineral site – potential longer term development	Contamination from Coal extraction and washery		Special User  Potential future demand depending on rail testing programme		Rail testing site	Yes
							<b>Total Site size:</b>	<b>Total overall availability:</b>	
							<b>45.78</b>	<b>30.44</b>	
<b>Ceredigion</b>									
E0201	Parc Teifi	Cardigan	This site comprises both office and industrial units. There are large occupiers located here such as Screwfix and a police station. It is home to mixed use sectors and the building quality is moderate. There were no vacant buildings. There is some vacant land to			Developed areas to be retained as existing employment areas  Retain for employment use Potential for mix of B-class uses	3.4	2.83 Plot C1 0.51ha Plot C2 0.42ha Plot C3 1.66ha Plot C8 0.24ha (B1, B2 and B8)	Yes



Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			the rear of the site. Welsh Government owned.						
E0202	Pentood Industrial Estate	Cardigan	The site is made up of office and industrial buildings all average in terms of quality with mixed uses throughout the site. It is surrounded by residential buildings, a main road and the river Afon Teifi.	- In the centre of a built up area – may be hard to develop		<b>Retain as existing employment area</b>  Some refurbishment and redevelopment of older stock is recommended	9.30	0.0 (B1, B2 and B8)	Yes
E0301	Glanyrafon Industrial Estate Extension, includes waste allocation	Llanbadarn Fawr	This piece of land located at the rear of Glanyrafon Industrial Estate is uneven grassland, with some areas steeply sloped. It is currently owned by Ceredigion County Council. There is forest/bushes on the boundary between the industrial estate and the piece of land. Part of the site has been taken for waste disposal.	- Uneven sloped land - Trees on site		<b>Retain for employment use.</b> Logical extension of industrial estate (subject to demand) Likely to lose significant proportion of the site as usable employment land due to sloping.	7.25	2.8 (B2 and B8)	Yes
E0302	Glanyrafon Industrial Estate	Llanbadarn Fawr	This industrial estate is made up of small-medium sized average quality units. There are some large occupiers such as Royal Mail and Euro car parts. Occupiers include auto servicing, building suppliers, engineering and storage. In terms of the building quality there is a mix of ages, from buildings in need of refurbishment to new-build premises. There are minimal vacancies.			<b>Retain as existing employment area</b>	32.35	0.0 (B1, B2 and B8)	Yes
E0303	Llanbadarn Industrial Estate	Llanbadarn Fawr	This site has a mix of older units in an average/poor quality. There are a number	- Located next to a railway track to the south and		<b>Retain as existing employment area</b>	2.35	0.0 (B1, B2 and B8)	Yes

Tudalen 299

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			of different ownerships within the industrial estate, including a training facility owned by the Council. The estate has full occupancy.	residential to the west					
E0304	Cefn Llan Science Park	Llanbadarn Fawr	This is a relatively modern office estate in a quiet residential area. The older buildings in the estate are well kept and it has an overall modern feel. There is however a lack of parking and internal roads are narrow. There is one vacant unit on site. Not all units are being occupied by science-based enterprises.	<ul style="list-style-type: none"> <li>- Located on a steep hill – possible restrictions for heavy goods vehicles</li> <li>- Narrow internal roads</li> <li>- Lack of car parking</li> </ul>		<b>Retain for existing employment area</b>	2.70	0.0 (B1)	Yes
E0305	Capel Bangor Business Park	Capel Bangor	This site has been designated for employment for many years however it has not been developed. It was proposed that 26,939 sqm of floorspace for mixed employment uses would be provided. Large piece of land in private ownership. The site is made up of multiple fields with some uneven areas. It is located directly off the A44 behind shops and residential properties. There are no industrial or office units located near to the site.	<ul style="list-style-type: none"> <li>- Uneven sloping land</li> <li>- Partly owned by farmers</li> <li>- A number of different fields all separated by trees</li> </ul>	Intended to provide for Aberystwyth's overflow needs, though disconnected from this settlement.  Outline Planning Consent has now lapsed.	May not require all this land for employment at this location, though if other sites closer to Aberystwyth are not secured then this allocation may be the preferred option to cater for Aberystwyth's needs.	9.7	0.0 (recommended to remove)	No  Action: Remove from employment designation. Site too remote from Aberystwyth market – alternative University sites now made available in more sustainable locations.
E0501	Llambod Business Park	Lampeter	This site is occupied by mixed uses. One of the major occupiers is Travis Perkins, with other uses including mechanical/ engineering.	<ul style="list-style-type: none"> <li>- Sloping land</li> <li>- Shape of remaining plot.</li> </ul>		<b>Developed areas to be retained as existing employment areas</b>	8.39	3.16 (B1, B2 and B8)	Yes

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			There are some retail uses at the rear of the site such as a bakery and fitness. There are also some local occupiers in some of the smaller units. There are no vacancies on site and the buildings are of moderate/good quality. There is a long narrow site – vacant.			<b>Retain for employment use</b> Potential for mix of B-class uses			
E0502	Old Mart Site	Lampeter	This site is owned by the Welsh Development Agency. East of this site has been developed with modern office and industrial premises. It is surrounded by residential buildings. The west of the site is still vacant land. The land is, however, well-kept and tidy.			<b>Developed areas to be retained as existing employment areas</b>  <b>Retain for employment use</b> Potential for mix of B-class uses	1.07	0.29 (B1, B2 and B8)	Yes
E0601	Llandysul Enterprise Park	Llandysul	This site is located off a main road (A486) and is made up of three large units Modern employment node, with some treed areas and some vacant development parcels. All the units are in good condition and come with adequate parking. Welsh Government owned. Vacant sites are serviced and would be expected to comprise similar uses to current occupiers.			<b>Retain for employment use</b> Potential for mix of B-class uses	2.26	2.26 Plot C2 0.62ha Plot C3 0.42ha Plot C5 0.6ha Plot C6 0.62ha (B1, B2 and B8)	Yes
E0602	Horeb Business Park	Llandysul	This site is located off the A486. It is made up of a business park and vacant land to the back. The business park is full, the units are older but in good condition. The location is	- Uneven land		<b>Retain for employment use</b>	3.2	3.2 (B1 and B2)	Yes  Actions: CCC proposals for expanded development and spec build

Tudalen 301

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 302

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			rural. There is room to expand to the back, the vacant land is owned by a private landholder. One of the main occupiers is Food Centre Wales.						small food units
<b>E0801</b>	Parc Aberporth Blaenannerch	Aberporth / Parc-Llyn	This site is located next to West Wales Airport. The buildings look modern and in good quality. There is evidence of one vacant site. There are some development restrictions on the site because of the airport. The ownerships within the site consist of the airport and the Welsh Government.	- Airport restrictions	Occupiers have vacated units on site.  Has proved difficult to attract business due to remoteness from labour markets.	<b>Developed areas to be retained as existing employment areas</b>  <b>Retain for employment use</b> Potential for mix of B-class uses	3.2	1.78 (B1, B2 and B8)	Yes
<b>E1201</b>	Aeron Valley Enterprise Park	Lampeter	The site is made up of office and industrial buildings all relatively new and in good quality. Two main occupiers – Volac International Ltd and Sensient Flavours Ltd. There is also some housing located on the site. There are no vacant units on site. It is located just off the A482. There are two vacant parcels of land on the site. Welsh Government owned.			<b>Developed areas to be retained as existing employment areas</b>  <b>Retain for employment use</b> Potential for mix of B-class uses	16.21	2.8 (two vacant parcels) Plot C1 0.72ha (B1, B2 and B8)	Yes
<b>M0201</b>	Pwllhai	Ceredigion	The site allocation is located close to the town centre and is therefore surrounded by other uses. There is narrow access to the site. The site comprises of mainly older buildings.			<b>Do not retain as employment use</b>	0.75	0.0	No
<b>M0305</b>	Llanbadarn Campus	Llanbadarn Fawr	This land owned by Aberystwyth University is a large 20.87ha site comprising			<b>Developed areas to be retained as existing</b>	20.87	4.54 (B1a and B1b – mixed use with	Yes

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 303

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			of mixed uses such as education, industrial buildings, unkept grassland. The North of the site is closed off undeveloped land. The existing units are of poor quality.			<b>employment areas</b>  <b>Retain for employment use</b> Potential for mix of B1 uses		education and housing)	
	Aberystwyth Innovation & Enterprise Campus		Specialist research centre for Bio-Tech, Agri-Tech & Food Production. 200 sqm of flexible office space to link with research centre. First stage opened October 2019, with further stages to open in 2020						Action: Explore potential expansion for business production units adjacent to research centre
							<b>Total Site allocation (ha):</b> <b>123.00</b>	<b>Total overall availability:</b> <b>23.66</b>	
<b>Brecon Beacons National Park</b>									
<b>DBR-BR-E1</b>	BREC 1 Enterprise Park	Brecon	There are several different occupiers on this site allocation. Overall it is a modern estate with a series of self-contained buildings. There is a retail unit (non-food) at the front of the site. There is a new 3 storey building occupied by the BVG group.	- Poor access to public transport	Neighbouring uses are most appropriate	<b>Developed areas to be retained as existing employment areas</b>	6.2	0.0	<b>Yes</b>
	BREC 2 Ffrwdgrech Industrial Estate	Brecon	This is a large industrial estate with a number of different occupiers. It is fully developed with a mix of 1950's – modern units. It is located off two main roads (A40 and A470).	- Poor access to public transport	Neighbouring uses are most appropriate	<b>Site to be retained as existing employment area</b>	12.6	0.45 (B2 and B8)	<b>Yes</b>

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Tudalen 304

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
	TAL1 Talgarth Business Park	Talgarth	Apart from Unit 4 which comprises small office units, some of which are vacant, the units are in private ownership and are fully occupied. Welsh Government owned.	- Poor access to public transport	Neighbouring uses are most appropriate	Site to be retained as existing employment area	1.6	0.13 Plot C1 0.13ha (B1)	Yes
	CRICK1 Elvicta Business Park	Crickhowell	This site comprises old single storey brick buildings. There are a mixture of unit sizes and a few vacant properties located on the site.	- Isolated to labour supply - Connectivity is moderate/poor - Located within or partly within Flood Zone C2 – subject to high risk of flooding		Site to be retained as existing employment area	2.6	0.0	Yes
	CRICK 2 Granada Park	Crickhowell	Within this site there are 16 units between 750-1000sqft. They are predominantly single storey terraces with a range of different occupiers. There is a caravan storage to the back. The site is located alongside behind Crickhowell Joinery Ltd.	- Isolated location - located partly within a flood zone		Site to be retained as existing employment area	2.7	0.0	Yes
	HAY 1 Wye Valley Business Park	Hay-on-Wye	The main occupier in this site is PCI Packaging Coordinates. This is a large employer occupying the site in several buildings. The buildings are modern and converted into offices. The site is a campus style site.	- Poor access to public transport	Neighbouring uses are appropriate	Site to be retained as existing employment area	2.4	0.0	Yes
	HAY 5 Greenfield Industrial Estate	Hay-on-Wye	In this site allocation there is one vacant unit – Unit 1 PCI Pharma Services, a modern steel frame building. Other occupiers include, Hay Vets, which occupies a new two	- Close proximity to residential so may limit future development - risk of high and low surface water	Industrial uses	Site to be retained as existing employment area	0.6	0.0	Yes

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
			storey building. Drover Cycles occupy a modern purpose-built unit with office/warehouse uses. The site also comprises a terrace of 7 units, all of which are occupied.						
	SENNY 1 Timber Yard	Sennybridge	Although the site has two entrances the access to the site is poor. It is, however, located in the heart of the village. It is a large site with single storey units. About ¾ of the units are locked up and are vacant.	- Located in close proximity to residential area - Poor quality road access due to topography and width	- Would make a good development site	<b>Site is not retained as existing employment area</b>	1.6	0.0	<b>Yes</b>
<b>CS26</b>	Land adj to Hay Road, Talgarth	Talgarth	Mostly flat, triangular site alongside A4078 at the northern gateway to Talgarth. Neighbouring uses include outdoor storage and auto-servicing.	- located within the settlement hierarchy level 2		<b>Retain for employment use</b>	0.6	0.6 (B2 and B8)	<b>Yes</b>
<b>CS111</b>	Mid Wales Hospital	Talgarth	Large brownfield site comprising the former Mid Wales Hospital. Uses since the closure of the hospital have included business units, though this has had poor results. Buildings are dilapidated, with significant investment required to refurbish and/or developed the site. Its rural location means that it would only have a limited market for employment uses. Likely to require a comprehensive mixed-use development to deliver, though likely to have viability issues.	- Poor road access and is unsuitable for heavy goods vehicles and buses - Public transport connectivity is also poor - Existing buildings on the site are dilapidated causing a number of development constraints such as bats, tree protection orders and contamination – potential viability challenges	Development brief proposing mainly residential development, now approved.  Interest being show from Black Mountains College.  B-class uses proposed could be small scale office units in	Part of site for employment uses as part of larger redevelopment.	11.5	Reconversions of existing buildings as per development brief  0.5 (B1)	Yes, small part of site  Action: retain for some local employment use but not a major business site

Tudalen 305

Tudalen 306

Policy Number	Name	Location	Site Description	Constraints (from LDP and site inspections)	Intended Development (if any)	Recommendation	Site Size, ha – Baseline	Site Size, ha – Realistically Available for B1/B2/B8 Use (Anticipated Land Use – B1/B2/B8)	Should the site be safeguarded or identified for employment uses?
				- future development would be dependent upon considerations relating to highways and residential amenity	refurbished/new space. Development brief includes 500 sqm of B1 office units and incubation and/or live work units in 400 sqm, both being reconversions of existing buildings				
CS66	Cwrt Y Gollen	Crickhowell	Large, flat site, formerly an army camp. Identified as a potential mixed-use site, including employment uses. Development land opportunities. Market opportunities likely to be linked with Abergavenny, via A40.	- Located within the settlement hierarchy level 3	Mixed use development- B1, B2 or B8  WG looking to bring this site forward	Retain for employment use	1.4	1.4 (B1, B2 and B8)	Yes
							<b>Total Site allocation (ha): 43.8</b>	<b>Total overall availability: 3.88</b>	



5.3 The following tables provide a summary of the realistic supply of land for each authority area, based on the analysis above.

**Table 18 – Employment Sites in Powys Local Development Plan**

Site Ref.	Site Name	Area (ha)	Potential Use Types	Realistic Supply for B-Class Uses (Ha)
P58 EA1	Woodland Business Park	2.31	B1, B2, B8	1.99
P08 EA1/ P08 EC1	Wyeside Enterprise Park	1.2	B2 and B8	1.2
P28 EA1	Heart of Wales Business Park	3.9	B1, B2, B8	2.09
P51 EA1	Broadaxe Business Park	2.4	B1, B2, B8	1.01
P52 EA1	Brynberth Enterprise Park	3.7	B2 and B8	3.7
P21 MUA1	Gypsy Castle Land	2.4	B2 and B8	2.4
P53 MUA1	Land adj. Gwernyfed Avenue	3.4	B2 and B8	2.6
P35 EA1	Parc Busnes Derwen Fawr	1.2	B1	0.71
P35 EA2/ P35 EC1	Parc Hafren	1.7	B1, B2, B8	0
P48 EA1	Llanidloes Road	2.0	B1, B2, B8	2.0
P02 EA1	Abermule Business Park	2.6	B1, B2, B8	1.82
P12 EA1	Churchstoke	1.28	B2 and B8	1.12
P57 EC1	Buttington Cross Enterprise Park	1.5		0
P59 EA1	Buttington Quarry	6.0	B1, B2, B8	6.0
P60 EC1	Offa's Dyke Business Park	7.3	B1, B2, B8	1.11
P18 EA1	Four Crosses	0.5	B2 and B8	0.5
P42 EA1	Treowain Enterprise Park	1.7	B1, B2, B8	1.5
P28 ES1	Ddole Road Industrial Estate	0.69	B1, B2, B8	0.69
<b>Total</b>		<b>45.78</b>		<b>30.44</b>

Sources: Powys LDP, review of sites, 2019

**Table 19 – Employment Sites in Ceredigion Local Development Plan**

Site Ref.	Site Name	Area (ha)	Potential Use Types	Realistic Supply for B-Class Uses (Ha)
E0201	Parc Teifi	3.4	B1, B2 and B8	2.83
E0202	Pentood Industrial Estate	9.30	B1, B2 and B8	0.0
E0301	Glanyrafon Industrial Estate Extension, includes waste allocation	7.25	B2 and B8	2.8
E0302	Glanyrafon Industrial estate	32.35		0.0
E0303	Llanbadarn Industrial Estate	2.35		0.0
E0304	Cefn Llan Science Park	2.70		0.0
E0305	Capel Bangor Business Park	9.7		0.0
E0501	Llambled Business Park	8.39	B1, B2 and B8	3.16
E0502	Old Mart Site	1.07	B1, B2 and B8	0.29
E0601	Llandysul Enterprise Park	2.26	B1, B2 and B8	2.26

<b>E0602</b>	Horeb Business Park	3.2	<b>B1 and B2</b>	3.2
<b>E0801</b>	Parc Aberporth Blaenannerch	3.2	<b>B1, B2 and B8</b>	1.78
<b>E1201</b>	Aeron Valley Enterprise Park	16.21	<b>B1, B2 and B8</b>	2.8
<b>M0201</b>	Pwllhai	0.75		0.0
<b>M0305</b>	Llanbadarn Campus	20.87	<b>B1a and B1b</b>	4.54
<b>Totals</b>		<b>123.00</b>		<b>23.66</b>

Sources: Ceredigion LDP, review of sites, 2019

**Table 20 – Employment Sites in Brecon Beacons National Park Local Development Plan  
(in Mid Wales)**

Site Ref.	Site Name	Area (ha)	Type of Employment Site	Realistic Supply for B- Class Uses (Ha)
<b>DBR-BR-E1</b>	BREC 1 Enterprise Park	6.2		0.0
	BREC 2 Ffrwdgrech Industrial Estate	12.6	<b>B2 and B8</b>	0.45
<b>CS26</b>	TAL1 Talgarth Business Park	1.6	<b>B1</b>	0.13
	CRICK1 Elvicta Business Park	2.6		0.0
	CRICK 2 Granada Park	2.7		0.0
	HAY 1 Wye Valley Business Park	2.4		0.0
	HAY5 Greenfield Industrial Estate	0.6		0.0
	Senny1 Timber Yard	1.6		0.0
<b>CS26</b>	Land Adj to Hay Road, Talgarth	0.6	<b>B2 and B8</b>	0.6
<b>CS111</b>	Mid Wales Hospital	11.5	<b>B1</b>	0.5
<b>CS66</b>	Cwrt Y Gollen	1.4	<b>B1, B2 and B8</b>	1.4
<b>Totals</b>		<b>43.8</b>		<b>3.08</b>

Sources: Brecon Beacons LDP, review of sites, 2019

5.4 Importantly, two large sites – Mid Wales Hospital and Capel Bangor – have been taken out of the realistic supply of land. This has the consequence of significantly reducing the available supply of land. The Mid Wales Hospital is likely to be redeveloped as a residential-led scheme, which may have a small element of employment (small scale offices) but not anything to the scale that may be envisaged from looking at the gross area. The Capel Bangor site has been recommended to be removed from the employment allocations as the likelihood of it coming forward for employment uses are very slim and with emerging alternative candidate site opportunities closer to Aberystwyth.

5.5 From these individual listings of employment allocations across the region, a series of summary tables has been prepared. For these tables, the figures for the realistic supply of employment land have been used. The following table summarises the anticipated B-Class categories across the region. Assumed use types have been drawn from the intended uses where known and BE Group’s assessment of the sites and likely market appeal.

**Table 21 – Land Allocations by Employment Use (Realistic Supply of Land, ha)**

Area	B1	B2	B8	B1/B2	B1/B8	B2/B8	B1/B2/B8	Total
<b>Powys</b>	0.71					11.52	18.21	<b>30.44</b>
<b>Ceredigion</b>	4.54			3.2		2.8	13.12	<b>23.66</b>
<b>Brecon Beacons</b>	0.63					1.05	1.4	<b>3.08</b>
<b>Total</b>	<b>5.88</b>	<b>0</b>	<b>0</b>	<b>3.2</b>	<b>0</b>	<b>15.37</b>	<b>32.73</b>	<b>57.18</b>

Source: BE Group analysis of sites, 2020

5.6 Therefore, across the three local authority areas, there is approximately 57.18 ha of available employment land within the allocated sites. Powys has approximately 5% of the available land, with Ceredigion having about 41% of land and Brecon Beacons only about 5%.

5.7 Most of the land (57%) has been classified as suitable for B1/B2/B8 uses. This is consistent with the nature of most employment areas in market towns, where one or two employment nodes provide for the full range of B-class opportunities in a town. 10% has been classified as suitable for B1 uses and 27% for B2/B8 uses.

5.8 The following table provides a breakdown of the sites by size band. The total hectares are presented and the number of sites within each category are shown in brackets. Where individual plots within the allocation are known, these have been used. This demonstrates that the most prominent size band (realistic supply) for site allocations is the 2.0-4.99 ha size band, which has 12 of the 29 sites with remaining land, equating to 41%. **No sites are available above 10 ha and only one above 5.0 ha, which highlights the lack of larger sites developable for a significant scheme. It is also noted that 59% of sites are less than 2.0 ha, which would limit opportunities for larger or land consumptive operators to enter the market.**

**Table 22 – Land Allocations by Employment Use (realistic supply)**

Area	<0.5ha	0.5-0.99ha	1.0-1.99ha	2.0-4.99ha	5.0-9.99ha	10.0+ ha
<b>Powys</b>	0 (0)	1.90 (3)	9.75 (7)	12.79 (5)	6.0 (1)	0 (0)
<b>Ceredigion</b>	0.29 (1)	0 (0)	1.78 (1)	21.59 (7)	0 (0)	0 (0)
<b>Brecon Beacons</b>	0.58 (2)	1.10 (2)	1.40 (1)	0 (0)	0 (0)	0 (0)
<b>Total</b>	<b>0.87 (3)</b>	<b>3.00 (5)</b>	<b>12.93 (9)</b>	<b>34.38 (12)</b>	<b>6.0 (1)</b>	<b>0 (0)</b>

Source: BE Group analysis of sites, 2020

\* does not include sites with no realistic supply of employment land

### Market Areas

5.9 While above the sites have been split by local authority areas, the markets for these sites would not fit neatly to the local authority area boundaries. Therefore, the following table splits the sites with a realistic supply of land remaining into market areas. The sites have been grouped by similar locational characteristics. Due to the dispersed nature of the settlements in Mid Wales, several of the market areas are defined as the town/village itself, with one or two sites servicing that market area.

**Table 23 – Employment Sites by Market Area**

Site Ref	Site Name	Local Authority Area	Area (ha)	Type of Employment Site	Realistic Supply for B-Class uses (Ha)
<b>Abermule</b>					
P02 EA1	Abermule Business Park	Powys	2.6 ha	B1, B2 and B8	1.82 ha
<b>Welshpool</b>					
P60 EC1	Offa's Dyke Business Park	Powys	7.3 ha	B1, B2 and B8	1.11 ha
P59 EA1	Buttington Quarry	Powys	6.0 ha	B1, B2 and B8	6.0 ha
<b>Four Crosses</b>					
P18 EA1	Four Crosses	Powys	0.5 ha	B2 and B8	0.5 ha
<b>Churchstoke</b>					
P12 EA1	Churchstoke	Powys	1.28 ha	B2 and B8	1.12 ha
<b>Llanidloes</b>					
P35 EA1	Parc Busnes Derwen Fawr	Powys	1.2 ha	B1	0.71 ha

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Site Ref	Site Name	Local Authority Area	Area (ha)	Type of Employment Site	Realistic Supply for B-Class uses (Ha)
<b>Newtown</b>					
P48 EA1	Llanidloes Road	Powys	2.0 ha	B1, B2 and B8	2.0 ha
<b>Presteigne</b>					
P51 EA1	Broadaxe Business Park	Powys	2.4 ha	B1, B2 and B8	1.01 ha
<b>Machynlleth</b>					
P42 EA1	Treowain Enterprise Park	Powys	1.7 ha	B1, B2 and B8	1.5 ha
<b>Builth Wells</b>					
P08 EA1 / P08 EC1	Wyeside Enterprise Park	Powys	1.2 ha	B2 and B8	1.2 ha
<b>Llandrindod Wells</b>					
P28 EA1	Heart of Wales Business Park	Powys	3.9 ha	B1, B2 and B8	2.09 ha
P28 ES1	Ddole Road Industrial Estate	Powys	0.69 ha	B1, B2 and B8	0.69 ha
<b>Rhayader</b>					
P52 EA1	Brynberth Enterprise Park	Powys	3.7 ha	B2 and B8	3.7 ha
<b>A475 Llandysul – Lampeter</b>					
E0501	Llambed Business Park	Ceredigion	8.39 ha	B1, B2 and B8	3.16 ha
E0502	Old Mart Site	Ceredigion	1.07 ha	B1	0.29 ha
E0601	Llandysul Enterprise Park	Ceredigion	2.26 ha	B1, B2 and B8	2.26 ha
E0602	Horeb Business Park	Ceredigion	3.2 ha	B1 and B2	3.2 ha
<b>Felinfach / Ystrad Aeron</b>					
E1201	Aeron Valley Enterprise Park	Ceredigion	16.21 ha	B1, B2 and B8	2.8 ha
<b>A44 - Aberystwyth</b>					
E0301	Glanyrafon Industrial Estate Extension, includes waste allocation	Ceredigion	7.25 ha	B2 and B8	2.8 ha
M0305	Llanbadarn Campus	Ceredigion	20.87 ha	B1a and B1b	4.54 ha
<b>Cardigan</b>					
E0201	Parc Teifi	Ceredigion	3.4 ha	B1, B2 and B8	2.83 ha
E0801	Parc Aberporth Blaenannerch	Ceredigion	3.2 ha	B1, B2 and B8	1.78 ha

Site Ref	Site Name	Local Authority Area	Area (ha)	Type of Employment Site	Realistic Supply for B-Class uses (Ha)
<b>Ystradgynlais</b>					
P58 EA1	Woodland Business Park	Powys	2.31 ha	B1, B2 and B8	1.99 ha
<b>Hay-on-Wye</b>					
P21 MUA1	Gypsy Castle Land	Powys	2.4 ha	B2 and B8	2.4 ha
<b>Crickhowell</b>					
CS66	Cwrt Y Gollen	Brecon Beacons	1.4 ha	B1, B2 and B8	1.4 ha
<b>Talgarth/Three Cocks</b>					
P53 MUA1	Land adj. Gwernyfed Avenue	Powys	3.4 ha	B2 and B8	2.6 ha
CS26	Land adj to Hay Road	Brecon Beacons	0.6 ha	B1, B2 and B8	0.6 ha
CS26	TAL1 Talgarth Business Park	Brecon Beacons	1.6 ha	B1	0.13 ha
CS111	Mid Wales Hospital	Brecon Beacons	11.5 ha	B1	0.5 ha
<b>Brecon</b>					
BREC 2	Ffrwdgrech Industrial Estate	Brecon Beacons	12.6 ha	B2 and B8	0.45 ha

Source: BE Group analysis of sites, 2020

5.10 The following table provides the summary information for the market areas.

**Table 24 – Market Areas Summary**

Market Area	Number of Sites	Realistic Supply for B-Class Uses (Ha)	Percentage of Total Realistic Area (%)
Abermule	1	1.82	3.2
Welshpool	2	7.11	12.4
Four Crosses	1	0.5	0.9
Churchstoke	1	1.12	2.0
Llanidloes	1	0.71	1.2
Newtown	1	2.0	3.5
Presteigne	1	1.01	1.8
Machynlleth	1	1.5	2.6
Builth Wells	1	1.2	2.1

Llandrindod Wells	2	2.78	4.9
Rhayader	1	3.7	6.5
A475 – Llandysul – Lampeter	4	8.91	15.6
Felinfach / Ystrad Aeron	1	2.8	4.9
Aberystwyth	2	7.34	12.8
Cardigan	2	4.61	8.1
Ystradgynlais	1	1.99	3.5
Hay-on-Wye	1	2.4	4.2
Crickhowell	1	1.4	2.4
Talgarth/Three Cocks	4	3.83	6.7
Brecon	1	0.45	0.8

Source: BE Group analysis of sites, 2020

5.11 From the analysis above it is evident that while there is some distribution of available sites across Mid Wales, though **this distribution is not even and there are localised shortages or lack of choice, including in key settlements**. Important points to note are:

- **Newtown** has only one 2.0 ha site, which is very limited for one of the key employment nodes in Mid Wales, although there is scope to increase the site area if constraints are addressed. Combined with high occupancy rates in existing premises (see previous chapter), this means that there are very few opportunities for new businesses to enter the market.
- **Welshpool**, as another key employment node, has more available land than Newtown, though limited to two locations. One of these locations is the Buttington Quarry site, which is somewhat disconnected from Welshpool and has interest for an energy from waste scheme and thus not ideal to provide for the majority of Welshpool's needs.
- **Aberystwyth** also only has two sites – the remaining parcel in Glanyrafon, which is sloped and difficult to develop; and the Llanbadarn Campus site, which is part of a mixed use site (housing, education, employment) and the employment component may be several years from development. The Capel Bangor site has been removed from the estimate of realistic supply and is recommended not to continue to be an employment site. Aberystwyth

University has put forward candidate sites as part of the call for sites process with Ceredigion County Council for mixed use schemes that would include employment uses. These sites – at Llanbadarn Fawr Campus, Penglais and Frongoch Farm and Wern Phillip Farm – provide opportunities for employment uses that would offset the loss of employment land from removing the Capel Bangor site. Furthermore, there are opportunities for co-locating employment with University assets, such as the emerging AIEC.

- The **Llandysul/Lampeter corridor** has the highest amount of land available over four sites (8.9 ha). This will continue to be an important corridor for Ceredigion and in particular will have an important and expanding food and beverage role (Horeb Business Park). However, its location in the south west of Mid Wales means it will always have a relatively local function.
- **Llandrindod Wells** has two sites, including a reasonable amount of space at Heart of Wales Business Park (2.09 ha) and a remnant site within Ddole Road Industrial Estate (0.69 ha). These sites have been allocated and vacant for many years and have no obvious physical development constraints. However, some of the existing stock, particularly industrial, in Llandrindod Wells is dated and if new stock was available to the market, it is likely that some occupiers of the older stock would be interested in upgrading their facilities. It is noted that the redevelopment of the Autopalace site within the town centre will provide flexible, modern office space for Llandrindod Wells.
- The **Cardigan** market has two sites, Parc Teifi (2.83 ha) and Parc Aberporth (1.78 ha). These provide opportunities for growth, the Parc Teifi site would service the Cardigan market and Parc Aberporth providing opportunities for sites around West Wales Airport.
- The south-east areas, including **Presteigne** (1.01 ha), **Knighton** (0), **Hay-on-Wye** (2.4 ha) and **Talgarth/Three Cocks** (3.83 ha) have limited opportunities for growth. These areas can link with larger centres in England, such as Leominster and Hereford. While this represents opportunities, these areas would also be vulnerable to loss of businesses to larger centres if adequate premises are not available. Particular limitations in the supply at Presteigne and Knighton have been identified from consultations as part of this study.
- **Brecon** only has two remnant parcels within existing employment areas to accommodate further growth, both of which are small sites. There is a need for additional land to accommodate current and future needs.



- **Ystradgynlais** has the remaining land within Woodside Business Park available (1.99 ha), which is Welsh Government owned. The remaining parcels have been vacant for several years, though are considered appropriate for local needs as required.
- At **Machynlleth**, the vacant site is neighbouring to Treowain Enterprise Park and provides an opportunity for the further growth of employment in this locality.

5.12 Therefore, while overall there are sites distributed throughout Mid Wales, there are considerable local shortages that are constraining markets. In particular, critical areas such as Newtown, Welshpool and Aberystwyth have shortages. In smaller markets, there is limited choice for sites. This review forms the basis of recommendations on priority areas of search for further sites, later in this report.

### **Strategic Development Sites**

5.13 A key benefit of a Larger than Local approach to employment sites is the understanding of development sites that are important across the region. A suite of strategic development sites that are available to the market across the area could have regional benefits. In order to be truly strategic, the development sites would need to have a high profile across the region, and upon development, house a range of businesses that would have a significant regional economic function.

5.14 The very large geography of Mid Wales, with a very dispersed settlement pattern, is an obstacle to establishing employment areas with a truly strategic and regional function. However, a suite of sites that provide a strategic role could be defined/allocated. While such sites are generally larger to provide capacity for the critical mass of business to have a regional role, the focus of strategic sites should be on their function, rather than on their size.

5.15 It is not necessary for Mid Wales to define sites as strategic development sites. The existing planning support for sites is sufficient for the promotion and development of the sites. However, the local authorities may wish to identify particular sites as strategic development sites in order to improve their profile and provide impetus to their delivery.

5.16 From a review of the existing employment allocations, it is not apparent that any of the existing allocations would be a ready candidate as a strategic development site. The

existing sites are unlikely to have the regional profile and be delivered as functioning at a full regional level. Therefore, it is not recommended that any of the existing employment allocations are designated as strategic development sites.

- 5.17 Rather, it is proposed that some sites will be identified as priority sites for Mid Wales – areas that with targeted interventions could relieve some of the identified pressures and constraints in the market.

## 6.0 EMPLOYMENT LAND PROJECTIONS

### Introduction

6.1 The Welsh Planning Practice Guidance Note 'Building an Economic Development Evidence Base to Support a Local Development Plan' states that the assessment of future land needs should be determined by looking at both past trends and future forecasting methods, and highlights that these should include historic land take-up and future employment and population change. Neither approach provides a definitive answer, but they provide influences to be understood. Trends and forecasts must also reflect market signals and therefore they are considered in the context of the market overview undertaken as part of this study. These two approaches have been used to forecast employment land and premises growth to 2040 for the individual local authority areas as well as the region as a whole. Within the approach based on employment changes, two scenarios have been analysed, firstly a continuation of trends (baseline) scenario and secondly a stronger growth scenario (policy on), assuming strategic interventions that will result in an uplift in employment levels

6.2 The two models are:

- Practice Guidance Method 1: Past Building Completions

This reviews the actual take-up of employment land and premises in an area over time. The method is not wholly reliable as there will be peaks and troughs and different time periods taken can also result in different outcomes. For example, a period of sustained growth may show a high average take-up, whereas looking over a recessionary period could well reflect low or even nil take-up. Therefore, the longer the timeframe of data available, the truer average will be available, incorporating times of growth and stagnation. Where limited data is available or there is inconsistent data between areas, this method has a higher degree of uncertainty. For this Mid Wales study, the information is only over a relatively short time period and not the same time periods across the region. Given the projected ageing and declining population, which could imply an overall lower demand for employment uses (of all types) over the planning period, a method based on maintaining past completions could be seen as a positive growth scenario for the region.

- **Practice Guidance Method 2: Labour Demand Forecasting**

This relies on the econometric forecasts which use a model that projects the likely jobs growth in different industry sectors. The jobs from figures are then translated to land using a formula based on assumptions as to the proportion of jobs within each sector that would be located on B-class employment land, estimates of jobs to floorspace density, which in turn can be translated into the projected land need. This scenario uses as its base Oxford Economics forecasts reviewed in Chapter 3.0, which account for the most recent national and regional socio-economic and political changes.

These forecasts have several limitations. They are based on national and regional trends with some local adjustments for some industry sectors, which means, at a local level economic activity is not always accurately represented. Also, merely translating jobs to land needs will not always reflect local property trends. The econometric forecasts are useful in that they analyse each industry sector and, in conjunction with other market data, the forecasts can identify where sectors may be growing or shrinking which in turn can inform land and property needs.

The Method 2 labour demand method is applied to two scenarios – the baseline Oxford Economics forecasts, which assume on-trend growth patterns for employment, and a ‘policy on’ scenario, which is an application of Hatch’s modelling of a more positive scenario for growth as outlined in Chapter 3.0.

### **Practice Guidance Method One: Past Building Completions**

- 6.3 Limited data is available for the local authority areas on past building completions on employment land and planning permissions, which is summarised in the table below.

**Table 25 – Data on Employment Completions and Permissions**

Local Authority	Data	Source	Commentary
Powys	<b>2018/19 Permissions</b> <i>Allocated Sites</i> B1 493 sqm B2 12,902 sqm B8 1,352 sqm B1/B2/B8 1,635 sqm Total 16,382 sqm  <i>Unallocated Sites</i> B1 1,626 sqm B2 1,457 sqm B8 1,467 sqm B1/B2/B8 250 sqm Total 4,800 sqm	PCC Planning	Permissions do not necessarily end up as completed floorspace.
	<b>Earlier Permissions on Allocated Sites</b> <i>Buttington Cross</i> B2 (2015): 0.5 ha Petrol (2017): 0.72 ha <i>Offa's Dyke Business Park</i> B1/B2 (2015): 0.86 ha B2 (2015): 0.65 ha B2 (2016): 1.58 ha B1/B8 (2016): 4.26 ha <i>Parc Hafren</i> B8 (2012): 0.5 ha	PCC Planning	From inspections it is confirmed that these sites have been developed.  2012-18 average: 1.30 ha/yr  This assumes that all take-up has been accounted for during the 2012-18 period.
Ceredigion	<b>Permissions</b> 2018: 1.7 ha 2017: 0.57 ha 2016: 0.14 ha 2015: 1.94 ha 2014: 0.14 ha	Annual Monitoring Reports	Permissions do not necessarily end up as completed floorspace.  2014-18 average: 0.90 ha/yr
Brecon Beacons	<b>Permissions</b> 2018: 0.14 ha 2017: 1.16 ha 2016: 0.135 ha 2015: 0.491 ha	Annual Monitoring Reports	Permissions do not necessarily end up as completed floorspace.  2015-18 average: 0.48 ha/yr
	<b>Floorspace completions 2001-16</b> 44,070 sqm (2,754 sqm/yr) of new floorspace  Excluding Hirwaun scheme 17,594 sqm (1,099 sqm/yr) of new floorspace (consistent with ELR)  Recommendation of 1.5-3.0ha of land be provided for period 2017-2032	Employment Land Review, 2019	At typical development densities, this new floorspace would require about 0.69 ha/yr or 0.27 ha/yr if excluding Hirwaun scheme (outside of Powys), which was also excluded in preferred option in ELR.

Sources: Local Authority Areas' monitoring; BBNP ELR; BE Group analysis

6.4 The available data is a mix of completions and permissions information and comprises different time periods for the different areas. Therefore, some caution would need to

be taken in using this information for forecasting. Not all permissions are taken forward and thus actual completions, where available, represent a more accurate picture of past activity on employment land.

6.5 The information that is available for Brecon Beacons National Park is for the full National Park Authority area and thus includes areas in Powys, as well as areas outside of the Mid Wales Study Area. However, monitoring of employment sites within the Brecon Beacons National Park (that is within Powys boundaries) is not recorded by Powys Council and thus there should not be double counting. However, the past completions information for Brecon Beacons National Park will include areas outside of Powys.

6.6 Notwithstanding these cautions, the table below provides the forecasts over the 2019-2040 period for employment land and floorspace, based on the average levels. The table uses a plot ratio of 40% over the full Mid Wales area, which is a reasonable average over a broader area, balancing more intensive (e.g. near town centre) developments, with lower intensity business park developments. However, for individual schemes, there would be variation in the development densities.

**Table 26 – Forecast of Employment Land and Floorspace**

Area	Base Average*		Forecast Requirement 2019-40	
	Land (ha)	Floorspace (sqm)	Land (ha)	Floorspace (sqm)
Ceredigion	0.90	3,600	18.9	75,600
Powys	1.30	5,200	27.3	109,200
Brecon Beacons**	0.27	2,750	5.7	57,750

Source: BE Group analysis

\* conversion of land to/from floorspace assumes a constant plot ratio of 40% across all developments.

\*\* 0.27 ha/yr was selected as the base average for the forecasts for BBNP, consistent with the preferred approach of the ELR, rather than 0.7 ha/yr, which is the average of the full past completions

6.7 Looking at this forecast, it is noted that the Powys figure is the highest, which is to be expected based on past performance of the property market, with stronger interest in Newtown and Welshpool.

6.8 For Brecon Beacons National Park, the forecast land requirement is 5.7 ha to 2040, which compares to the 2019 Employment Land Review (ELR) figure of 1.5-3.0 ha to 2032. The higher base average of 0.7 ha/yr would equate to a land requirement of 14.7 ha to 2040. However, this higher base average was not the preferred assumption in

the 2019 ELR (as it was considered that the growth in the Hirwaun Industrial Estate is unlikely to be replicated in Brecon Beacons National Park over the forecast period). Therefore, this assessment has adopted the more moderate level. The higher scenario provides insights into the likely requirements if a new industrial estate was anticipated for Brecon Beacons National Park.

- 6.9 Importantly, for Brecon Beacons National Park, the land requirement of 5.7 ha to 2040 is for the full National Park area, including areas outside of Powys boundaries. Given several of the National Park's towns and villages are within the Mid Wales area, including Brecon, Talgarth and Crickhowell, it is considered that the majority of the requirement will be within Mid Wales area, though this has a degree of uncertainty as the requirement may be adequately met in several locations. Considering the important of the settlements within Mid Wales in Brecon Beacons National Park, **it is estimated that some 4.3 ha of the requirement should be located within Mid Wales areas of the National Park.**

***Practice Guidance Method Two: Labour Demand Forecasting – Baseline***

- 6.10 This scenario uses as its base the Oxford Economics forecast modelling for Powys and Ceredigion. It is noted that the Powys forecasts would include the Brecon Beacons National Park area within the Powys boundary. The Oxford Economics forecasts are provided in Appendix 5.
- 6.11 The forecasts project employment change over 2019-2040. The forecasts break down employment to the level of 19 industry sectors although not all are relevant to B-class employment land, (e.g. agriculture, forestry and fishing, mining).
- 6.12 The forecasts are broken down for each area before the Powys and Ceredigion forecasts are combined to provide an overall forecast for the collective group.

*Ceredigion*

- 6.13 The following table provides the sectoral breakdown of the employment forecasts for Ceredigion.

**Table 27 – Employment Change by Employee Numbers Ceredigion, 2019-2040**

Sector	Jobs 2019	Jobs 2040	Jobs Total Change	Percentage Change, percent
Agriculture, Forestry and Fishing	3,635	3,321	-314	-8.6
Mining and Quarrying	33	16	-17	-51.5
Manufacturing	1,575	1,060	-514	-32.6
Electricity, gas, steam, etc.	60	49	-11	-18.3
Water Supply, Sewerage, etc.	362	279	-83	-22.9
Construction	2,146	2,204	59	2.7
Wholesale and Retail Trade	4,305	4,171	-135	-3.1
Transport and Storage	784	705	-79	-10.1
Accommodation and Food Services	3,319	3,335	16	0.5
Information and Communication	968	1,021	53	5.5
Financial and Insurance Activities	242	226	-16	-6.6
Real estate Activities	327	348	20	6.1
Professional, Scientific and Technical Activities	1,465	1,658	193	13.2
Administrative and Support Service Activities	615	730	115	18.7
Public Administration and Defence	2,053	1,623	-429	-20.9
Education	5,405	4,865	-541	-10.0
Human Health and Social Work Activities	3,909	4,111	201	5.1
Arts, Entertainment and Recreation	1,223	1,452	229	18.7
Other Services	938	973	35	3.7
<b>Net growth/decline</b>	<b>33,364</b>	<b>32,147</b>	<b>-1,217</b>	<b>-3.6</b>

Source: Oxford Economics, 2019

- 6.14 The total amount of jobs within Ceredigion is forecast to reduce by approximately 1,220 between 2019 and 2040, a decline of 3.6% from the 2019 figure. This is largely accounted for by reduction in education (540 fewer jobs), manufacturing (510 fewer jobs) and public administration and defence (430 fewer jobs). Of these, manufacturing and to a lesser extent public administration would have requirements for traditional employment land.
- 6.15 Arts, entertainment and recreation (+230 jobs), human health and social work (+200) and professional, scientific and technical (+190) are projected to have the highest growth in employment numbers in Ceredigion.



6.16 The forecasts break down employment to the level of 18 industry sectors. Employment in some of these sectors is likely to be fully (or nearly all) within B-class employment workspaces, such as manufacturing, professional services and administration. Conversely, some sectors are all or almost all out of B-class land, such as agriculture, mining and accommodation and food services. However, many sectors are mixed, with a component of their employment likely to be in B-class employment workspaces, but also located within other spaces. For example, transport and storage would include employment on B8 warehousing land, but employment would also include self-employed hauliers and drivers that would not be based at a particular B-class site. Therefore, for each sector in the table below, an estimate has been made on the proportion of employment that is likely to be located within B-class employment spaces (and thus infer a demand for employment land). These estimates have been based on BE Group's experience with other areas across Wales and England and have been accepted in Examinations in Public. It should be noted that these are assumptions, with an element of uncertainty, but are considered to provide a good indication of likely sectoral demand.

6.17 Using the Oxford Economics forecasts, the employment floorspace and employment land requirements have been calculated using Welsh Practice Guidance, as follows:

- Identify which industry sectors are likely to take up employment land, including the proportion of that sector's employment on B-class employment land (see Weighting in the table) (Table 28).
- Adopt appropriate employment densities to convert employment numbers to floorspace demand (see Table 28).
- Adopt a plot ratio to convert floorspace to employment land demand (see Table 29).

**Table 28 – Ceredigion Labour Demand Forecast, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-314	Non B	-	~
Mining and Quarrying	-17	Non B	-	~
Wholesale and retail trade	-135	Non B	-	~
Accommodation and Food Services	16	Non B	-	~
Arts, entertainment and recreation	229	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	115	B1	1	115
Information and Communication	53	B1	1	53
Professional, scientific and technical activities	193	B1	1	193
Real estate activities	20	B1	1	20
Financial and Insurance Activities	-16	B1	1	-16
Public Administration	-429	B1	0.22	-94
Health	201	B1	0.22	44
Education	-541	B1	0.22	-119
Other service activities	35	B1	0.22	8
<b>Total</b>	<b>-369</b>	<b>-</b>	<b>-</b>	<b>204</b>
<b>B2/B8 Uses</b>				
Manufacturing	-514	B2	1	-514
Utilities	-94	B2	0.26	-24
Construction	59	B2	0.26	15
Transport and Storage	-79	B8	0.48	-38
<b>Total</b>	<b>-628</b>	<b>-</b>	<b>-</b>	<b>-561</b>

Source: Oxford Economics forecasts, BE Group analysis, 2019

6.18 For each use, offices (B1) and industrial (B2/B8), three employment density levels (the amount of floorspace required for each job) are considered. Floorspace will be considered for the Mid Wales areas. Comments on these density options are provided:

### Offices

- 12 sqm per worker – Would be applicable to a quite high-density service sector operation such as a call centre or town centre financial services office.
- 16 sqm per worker – Mid-level density level, this is identified in Welsh Practice Guidance (para 6.5.1, page 39) as a current average floorspace/worker rate for office uses in Wales. It reflects a mix of town centre and business park density levels.
- 20 sqm per worker – A comparably low employment density, reflective of more specialist facilities such as design studios, co-working and maker spaces.

### Industrial

- 50 sqm per worker – This high density relates to B1(c) light industrial uses and small workshops.
- 67 sqm per worker – Mid-level density level, this is identified in Welsh Practice Guidance (para 6.5.1, page 39) as a current average floorspace/worker rate for industrial/warehouse uses in Wales. Allows for a mix of high-density light industrial and mid-density B2/B8 uses.
- 85 sqm per worker – This low-density level would be most applicable to the largest B8 logistics facilities, National and Regional Distribution Centres.

**Table 29 – Ceredigion Floorspace and Land Requirement Forecasts**

<b>Offices (B1)</b>	<b>Based on 204 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	2,440	0.61	0.31
16 sqm per worker	3,260	0.82	0.41
20 sqm per worker	4,070	1.02	0.51
<b>Industrial (B2/B8)</b>	<b>Based on 561 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-28,050	-7.01	-3.51
67 sqm per worker	-37,590	-9.40	-4.70
85 sqm per worker	-47,690	-11.92	-5.96

Source: BE Group, 2019

6.19 Table 29 shows the results of the Model Two forecasting. The results are shown for both a 40% and 80% ratio, which are different assumptions as to the intensity of development on a site.

6.20 Based on the above, the recommended land needs for Ceredigion to 2040 using Model Two are thus:

- B1 Offices – 204 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 0.82 ha
- B2/B8 Industrial – 561 less jobs at **67 sqm per worker** and a **40% plot ratio** = - 9.40 ha
- **Total net need = -8.53 ha.**

6.21 Therefore, assessing employment land using this approach, there is a negative requirement for employment land in Ceredigion over the forecast period, due to declining overall employment numbers. While overall employment numbers are forecast to decrease, some sectors are projected to increase over the forecast period. It is also prudent to look at just these growth sectors, as it may not be straightforward to convert floorspace from declining sectors to meet the needs of the growth sectors. Furthermore, declining employment numbers may be due to efficiency improvements rather than output declines. If just looking at growth sectors, Ceredigion would have the following requirements.

- B1 Offices – 433 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 1.73 ha
- B2/B8 Industrial – 15 more jobs at **67 sqm per worker** and a **40% plot ratio** = 0.26 ha
- **Total growth sector need = 1.99 ha**

### ***Powys***

6.22 The same approach has been used to estimate the need and growth sector employment land needs for Powys.

**Table 30 – Employment Change by Employee Numbers Powys, 2019-2040**

Sector	Jobs 2019	Jobs 2040	Jobs Total Change	Percentage Change, percent
Agriculture, Forestry and Fishing	9,323	8,520	-803	-8.6
Mining and Quarrying	142	68	-74	-52.1
Manufacturing	6,878	4,778	-2,100	-30.5
Electricity, gas, steam, etc.	143	117	-26	-18.2
Water Supply, Sewerage, etc.	389	300	-90	-23.1
Construction	3,773	4,037	264	7.0
Wholesale and Retail Trade	7,530	7,595	65	0.9
Transport and Storage	2,303	2,177	-126	-5.5
Accommodation and Food Services	4,727	4,811	83	1.8
Information and Communication	1,563	1,649	86	5.5
Financial and Insurance Activities	403	378	-25	-6.2
Real estate Activities	400	427	27	6.8
Professional, Scientific and Technical Activities	3,770	4,109	339	9.0
Administrative and Support Service Activities	2,809	3,352	543	19.3
Public Administration and Defence	3,714	3,051	-663	-17.9
Education	4,599	4,195	-403	-8.8
Human Health and Social Work Activities	7,283	7,502	220	3.0
Arts, Entertainment and Recreation	2,311	2,944	633	27.4
Other Services	1,594	1,648	54	3.4
<b>Net growth/decline</b>	<b>63,654</b>	<b>61,658</b>	<b>-1996</b>	<b>-3.1</b>

Source: Oxford Economics, 2019

6.23 The figures for Powys forecast a reduction of 2,000 jobs over the forecast period. This is driven by a decline of manufacturing jobs in Powys, declining by 2,100 jobs over the forecast period. Agriculture, forestry and fishing (-800), public administration and defence (-660 jobs) and education (-400) are also forecast to have significant declines.

6.24 Sectors that are forecast to have the largest increases are arts, entertainment and recreation (+630), administrative and support services (+540) and professional, scientific and technical (+340).

6.25 The methodology to use these sectoral forecasts to calculate potential employment floorspace and land need in Powys is applied in the tables below.

**Table 31 – Labour Demand Forecast Powys, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-803	Non B	-	~
Mining and Quarrying	-74	Non B	-	~
Wholesale and retail trade	65	Non B	-	~
Accommodation and Food Services	83	Non B	-	~
Arts, entertainment and recreation	633	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	543	B1	1	543
Information and Communication	86	B1	1	86
Professional, scientific and technical activities	339	B1	1	339
Real estate activities	27	B1	1	27
Financial and Insurance Activities	-25	B1	1	-25
Public Administration	-663	B1	0.22	-146
Health	220	B1	0.22	48
Education	-403	B1	0.22	-89
Other service activities	54	B1	0.22	12
<b>Total</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>796</b>
<b>B2/B8 Uses</b>				
Manufacturing	-2,100	B2	1	-2,100
Utilities	-116	B2	0.26	-30
Construction	264	B2	0.26	69
Transport and Storage	-126	B8	0.48	-60
<b>Total</b>	<b>-2,078</b>	<b>-</b>	<b>-</b>	<b>-2,122</b>

Source: BE Group and Oxford Economics, 2019

**Table 32 – Powys Floorspace and Land Requirement Forecasts**

<b>Offices (B1)</b>	<b>Based on 796 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	9,550	2.39	1.19
16 sqm per worker	12,730	3.18	1.59
20 sqm per worker	15,920	3.98	1.99
<b>Industrial (B2/B8)</b>	<b>Based on 2,122 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-106,100	-26.53	-13.26
67 sqm per worker	-142,170	-35.54	-17.77
85 sqm per worker	-180,370	-45.09	-22.55

Source: BE Group and Oxford Economics, 2019

6.26 Table 32 shows the results of the Model Two forecasting. The results are shown for both a 40% and 80% ratio.

6.27 Based on the above, the recommended net land needs for Model Two are thus:

- B1 Offices – 796 additional jobs at **16 sqm per worker** and a **40% plot ratio = 3.18 ha**
- B2/B8 Industrial – 2,122 less jobs at **67 sqm per worker** and a **40% plot ratio = -35.54 ha**
- **Total net need = -32.36 ha.**

6.28 Once again, it is prudent to look just at the growing sectors. For Powys, the land requirements for the growth sectors are forecast to be the following:

- B1 Offices – 1,030 additional jobs at **16 sqm per worker** and a **40% plot ratio = 4.12 ha**
- B2/B8 Industrial – 69 more jobs at **67 sqm per worker** and a **40% plot ratio = 1.15 ha**
- **Total growth sector need = 5.27 ha**

### Mid Wales

6.29 The growth across Mid Wales is provided below, using the same approach as for the individual local authority areas.

**Table 33 – Employment Change by Employee Numbers 2019-2040**

Sector	Jobs 2019	Jobs 2040	Jobs Total Change	Percentage Change, percent
Agriculture, Forestry and Fishing	12,958	11,841	-1,117	-8.6
Mining and Quarrying	175	84	-91	-52.0
Manufacturing	8,453	5,838	-2,614	-30.9
Electricity, gas, steam, etc.	203	166	-37	-18.2
Water Supply, Sewerage, etc.	751	579	-173	-23.0
Construction	5,919	6,241	323	5.5
Wholesale and Retail Trade	11,835	11,766	-70	-0.6
Transport and Storage	3,087	2,882	-205	-6.6
Accommodation and Food Services	8,046	8,146	99	1.2
Information and Communication	2,531	2,670	139	5.5
Financial and Insurance Activities	645	604	-41	-6.4
Real estate Activities	727	775	47	6.5
Professional, Scientific and Technical Activities	5,235	5,767	532	10.2
Administrative and Support Service Activities	3,424	4,082	658	19.2
Public Administration and Defence	5,767	4,674	-1,092	-18.9
Education	10,004	9,060	-944	-9.4
Human Health and Social Work Activities	11,192	11,613	421	3.8
Arts, Entertainment and Recreation	3,534	4,396	862	24.4
Other Services	2,532	2,621	89	3.5
<b>Net growth/decline</b>	<b>97,018</b>	<b>93,805</b>	<b>-3,213</b>	<b>-3.3</b>

Source: Oxford Economics, 2019

6.30 As the table above shows, there is a forecast loss of 3,210 jobs in Mid Wales by 2040. This is a reduction of 3.3% from the 2019 figure. The Powys and Ceredigion forecasts had similar sectors exhibiting the largest declines and growths – declines in manufacturing, public administration and education and growth led by arts, entertainment and recreation, and administrative and support services. Only some of these sectors would have demand for employment land.



6.31 The tables below provide the estimated employment land and floorspace levels for Mid Wales to 2040.

**Table 34 – Labour Demand Forecast for Mid Wales, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-1,117	Non B	-	~
Mining and Quarrying	-91	Non B	-	~
Wholesale and retail trade	-70	Non B	-	~
Accommodation and Food Services	99	Non B	-	~
Arts, entertainment and recreation	862	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	658	B1	1	658
Information and Communication	139	B1	1	139
Professional, scientific and technical activities	532	B1	1	532
Real estate activities	47	B1	1	47
Financial and Insurance Activities	-41	B1	1	-41
Public Administration	-1,092	B1	0.22	-240
Health	421	B1	0.22	93
Education	-944	B1	0.22	-208
Other service activities	89	B1	0.22	20
<b>Total</b>	<b>-191</b>	<b>-</b>	<b>-</b>	<b>999</b>
<b>B2/B8 Uses</b>				
Manufacturing	-2,614	B2	1	-2,614
Utilities	-210	B2	0.26	-55
Construction	323	B2	0.26	84
Transport and Storage	-205	B8	0.48	-98
<b>Total</b>	<b>-2,706</b>	<b>-</b>	<b>-</b>	<b>-2,683</b>

Source: BE Group and Oxford Economics, 2019

**Table 35 – Floorspace and Land Requirement Forecasts, Mid Wales**

<b>Offices (B1)</b>	<b>Based on 999 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	11,990	3.00	1.50
16 sqm per worker	15,990	4.00	2.00
20 sqm per worker	19,990	5.00	2.50
<b>Industrial (B2/B8)</b>	<b>Based on 2,683 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-134,150	-33.54	-16.77
67 sqm per worker	-179,760	-44.94	-22.47
85 sqm per worker	-228,060	-57.02	-28.51

Source: BE Group and Oxford Economics, 2019

6.32 Table 35 shows the results of the Model Two forecasting for Mid Wales. The results are shown for both a 40% and 80% ratio.

6.33 Based on the above, the recommended land needs for Model Two are thus:

- B1 Offices – 999 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 4.00 ha
- B2/B8 Industrial – 2,683 less jobs at **67 sqm per worker** and a **40% plot ratio** = -44.94 ha
- **Total net need = -40.94 ha.**

6.34 Looking at growth sectors only, the land requirements for Mid Wales to 2040 are estimated to be:

- B1 Offices – 1,488 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 5.95 ha
- B2/B8 Industrial – 84 more jobs at **67 sqm per worker** and a **40% plot ratio** = 1.41 ha
- **Total growth sector need = 7.36 ha.**

### **Brecon Beacons National Park**

6.35 The growth across Brecon Beacons National Park is provided below, however these numbers have been derived using Experian forecasts, extrapolated to 2040. The Powys forecasts would include Brecon Beacons National Park areas within Powys boundaries and so there is some double counting of employment changes in these forecasts. Also, the Brecon Beacon National Park figures would include areas outside of Mid Wales. Therefore, the figures should not be added together for a Mid Wales total.

**Table 36 – Brecon Beacons NP Employment Change by Employee Numbers 2019-2040**

<b>Sector</b>	<b>Jobs 2019</b>	<b>Jobs 2040*</b>	<b>Jobs Total Change</b>	<b>Percentage Change, percent</b>
Agriculture, Forestry and Fishing	1,350	1,330	-20	-1.5
Mining and Quarrying	10	10	0	0.0
Manufacturing	1,360	1,150	-210	-15.4
Utilities	150	150	0	0.0
Construction	1,490	1,590	100	6.7
Wholesale and Retail Trade	2,640	2,490	-150	-5.7
Transport and Storage	500	500	0	0.0
Accommodation and Food Services	1,030	1,220	190	18.4
Information and Communication	360	360	0	0.0
Financial and Insurance Activities	180	170	-10	-5.6
Real estate Activities	280	310	30	10.7
Professional, Scientific and Technical Activities	900	940	40	4.4
Administrative and Support Service Activities	870	870	0	0.0
Public Administration and Defence	1,250	1,180	-70	-5.6
Education	1,790	1,950	160	8.9
Human Health and Social Work Activities	2,880	3,190	310	10.8
Arts, Entertainment and Recreation	710	900	190	26.8
Other Services	480	460	-20	-4.2
<b>Net growth/decline</b>	<b>18,230</b>	<b>18,770</b>	<b>540</b>	<b>3.0</b>

Source: Experian, 2019

\* 2040 figure extrapolated from 2036 projections.

6.36 The Experian forecasts (extrapolated to 2040) suggest a growth of 540 jobs in Brecon Beacons between 2019 and 2040, which is an increase of 3.0%. The largest growth

sectors are health (+310 jobs), arts, entertainment and recreation (+190) and accommodation and food services (+190), all of which have only a limited impact on traditional employment land requirements.

6.37 The tables below provide the estimated employment land and floorspace levels for Brecon Beacons to 2040.

**Table 37 – Labour Demand Forecast for Brecon Beacons NP, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-20	Non B	-	~
Mining and Quarrying	0	Non B	-	~
Wholesale and retail trade	-150	Non B	-	~
Accommodation and Food Services	190	Non B	-	~
Arts, entertainment and recreation	190	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	0	B1	1	0
Information and Communication	0	B1	1	0
Professional, scientific and technical activities	40	B1	1	40
Real estate activities	30	B1	1	30
Financial and Insurance Activities	-10	B1	1	-10
Public Administration	-70	B1	0.22	-15
Health	310	B1	0.22	68
Education	160	B1	0.22	35
Other service activities	-20	B1	0.22	-4
<b>Total</b>	<b>440</b>	<b>-</b>	<b>-</b>	<b>144</b>
<b>B2/B8 Uses</b>				
Manufacturing	-210	B2	1	-210
Utilities	0	B2	0.26	0
Construction	100	B2	0.26	26
Transport and Storage	0	B8	0.48	0
<b>Total</b>	<b>-110</b>	<b>-</b>	<b>-</b>	<b>-184</b>

Source: BE Group and Experian, 2019

**Table 38 – Brecon Beacons NP Floorspace and Land Requirement Forecasts**

<b>Offices (B1)</b>	<b>Based on 144 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	1720	0.43	0.22
16 sqm per worker	2300	0.58	0.29
20 sqm per worker	2870	0.72	0.36
<b>Industrial (B2/B8)</b>	<b>Based on 184 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-9200	-2.30	-1.15
67 sqm per worker	-12330	-3.08	-1.54
85 sqm per worker	-15640	-3.91	-1.96

Source: BE Group and Experian, 2019

6.38 Table 38 shows the results of the Model Two forecasting for Brecon Beacons National Park. The results are shown for both a 40% and 80% ratio.

6.39 Based on the above, the recommended land needs for Model Two are thus:

- B1 Offices – 144 additional jobs at **16 sqm per worker** and a **40% plot ratio = 0.58 ha**
- B2/B8 Industrial – 184 less jobs at **67 sqm per worker** and a **40% plot ratio = -3.08ha**
- **Total net need = -2.50 ha.**

6.40 Looking at growth sectors only, the land requirements for Brecon Beacons National Park to 2040 are estimated to be:

- B1 Offices – 173 additional jobs at **16 sqm per worker** and a **40% plot ratio = 0.69 ha**
- B2/B8 Industrial – 26 more jobs at **67 sqm per worker** and a **40% plot ratio = 0.44 ha**
- **Total growth sector need = 1.13 ha.**

***Practice Guidance Method Two: Labour Demand Forecasting – Policy On***

6.41 The above labour forecasting demand has for the three areas, as well as Mid Wales as a whole was based on the baseline Oxford Economics forecasts to 2040. However, as presented in Chapter 3.0 a revised ‘policy on’ forecast has been prepared that is based on more positive assumptions as to employment numbers, particularly for technical services and manufacturing.

6.42 Therefore, the following section provides the estimates for employment land and floorspace demand based on this policy on scenario, using the same approach as the Labour Demand Forecasting based on the Oxford Economics forecasts. The policy on scenario assume two key changes:

- Employment decline in the manufacturing sector is reduced by 80% compared to the baseline Oxford Economics forecast; and
- Professional, scientific and technical services are assumed to match the UK growth rate to 2040.

6.43 From these assumed changes the following table provides the revised employment numbers in those sectors for each area and for Mid Wales as a whole and the changes between 2019 and 2040. The employment in other sectors is assumed not to have changed. This is likely to be an underestimate of actual levels if the professional, scientific and technical services and manufacturing sectors realise the policy on levels. There would be the potential for induced/indirect benefits from such an uplift in the core sectors. For example, sectors that would support the operation of businesses in the core sectors, such as financial and insurance services, real estate services, retail, construction, transport and storage, would have the opportunity to have increased activity from this uplift, which could lead to indirect increases in employment in such sectors. However, the level of flow-on benefits is very difficult to quantify to a meaningful degree for a small area over the forecast period. Therefore, it is assumed that these levels have not changed, but it should be noted that there is the potential for flow-on benefits for Mid Wales.

**Table 39 – Mid Wales Employment Change by Employee Numbers 2019-2040, Policy On Scenario**

Sector	Ceredigion Jobs 2040	Powys Jobs 2040	Mid Wales Jobs 2040	Ceredigion Jobs Change 2019-40	Powys Jobs Change 2019-40	Mid Wales Jobs Change 2019-40
Manufacturing	1,472	6,458	7,930	-103	-420	-523
Professional, Scientific and Technical Activities	1,913	4,872	6,785	448	1,102	1,550
<b>Policy On Total</b>	<b>32,813</b>	<b>64,101</b>	<b>96,913</b>	<b>666</b>	<b>2,443</b>	<b>3,109</b>

Source: Hatch, 2020

6.44 These adjusted manufacturing and professional, scientific and technical services figures have been used to assess a policy on scenario for employment land and premises, in the same manner as for the baseline Oxford Economics forecasts above, which are presented below. Consistent with the baseline scenario, all of the manufacturing employment is assumed to be located on B2 industrial land and all of the professional, scientific and technical services employment is anticipated to be on B1 office land.

6.45 **Importantly for the forecast employment land and premises demand using this methodology, even with the substantial uplift in manufacturing employment compared with the baseline scenario, employment in this sector is still anticipated to decline, which infers a declining floorspace and land requirement for manufacturing.** This is one of the key limitations of this approach – it assumes that all changes in floorspace and land requirements are due to employment number changes and does not account for other reasons for changes in demand, such as changing business operations, type of manufacturing businesses evolving, improvements in efficiency or evolving inventory practices.

#### ***Ceredigion – Policy On***

6.46 The table below summarises the Ceredigion sectoral growth, using the policy on scenario.

**Table 40 – Ceredigion Policy On Labour Demand Forecast, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-314	Non B	-	~
Mining and Quarrying	-17	Non B	-	~
Wholesale and retail trade	-135	Non B	-	~
Accommodation and Food Services	16	Non B	-	~
Arts, entertainment and recreation	229	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	115	B1	1	115
Information and Communication	53	B1	1	53
Professional, scientific and technical activities	448	B1	1	448
Real estate activities	20	B1	1	20
Financial and Insurance Activities	-16	B1	1	-16
Public Administration	-429	B1	0.22	-94
Health	201	B1	0.22	44
Education	-541	B1	0.22	-119
Other service activities	35	B1	0.22	8
<b>Total</b>	<b>-114</b>	<b>-</b>	<b>-</b>	<b>459</b>
<b>B2/B8 Uses</b>				
Manufacturing	-103	B2	1	-103
Utilities	-94	B2	0.26	-24
Construction	59	B2	0.26	15
Transport and Storage	-79	B8	0.48	-38
<b>Total</b>	<b>-217</b>	<b>-</b>	<b>-</b>	<b>-150</b>

Source: Hatch, BE Group, 2020

6.47 From this, the table below provides the revised employment floorspace and land requirements to 2040.



**Table 41 – Ceredigion Floorspace and Land Requirement Forecasts, Policy On**

<b>Offices (B1)</b>	<b>Based on 459 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	5,500	1.38	0.69
16 sqm per worker	7,340	1.84	0.92
20 sqm per worker	9,170	2.29	1.15
<b>Industrial (B2/B8)</b>	<b>Based on 150 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-7,500	-1.88	-0.94
67 sqm per worker	-10,050	-2.51	-1.26
85 sqm per worker	-12,750	-3.19	-1.59

Source: BE Group, 2020

6.48 Based on the above, the recommended land needs for Ceredigion to 2040 under the policy on Model Two scenario are:

- B1 Offices – 459 additional jobs at **16 sqm per worker** and a **40% plot ratio = 1.84 ha**
- B2/B8 Industrial – 150 less jobs at **67 sqm per worker** and a **40% plot ratio = -2.51 ha**
- **Total net need = -0.67 ha.**

6.49 For **growth only** sectors, which is the preferred approach, the land and floorspace requirements for Ceredigion are:

- B1 Offices – 688 additional jobs at **16 sqm per worker** and a **40% plot ratio = 2.75 ha**
- B2/B8 Industrial – 15 additional jobs at **67 sqm per worker** and a **40% plot ratio = 0.26 ha**
- **Total net need = 3.01 ha.**

**Powys – Policy On**

6.50 The table below summarises the Powys sectoral growth, using the policy on scenario.

**Table 42 – Labour Demand Forecast Powys, Policy On Scenario, 2019-2040**

Broad Sector Groupings	Difference (jobs) 2019 - 2040	Land Use	Weighting	Difference (jobs) by use 2019 - 2040
<b>Non B-Class Uses</b>				
Agriculture, Forestry and Fishing	-803	Non B	-	~
Mining and Quarrying	-74	Non B	-	~
Wholesale and retail trade	65	Non B	-	~
Accommodation and Food Services	83	Non B	-	~
Arts, entertainment and recreation	633	Non B	-	~
<b>B1 Mostly Office Uses</b>				
Administrative and support service	543	B1	1	543
Information and Communication	86	B1	1	86
Professional, scientific and technical activities	1,102	B1	1	1,102
Real estate activities	27	B1	1	27
Financial and Insurance Activities	-25	B1	1	-25
Public Administration	-663	B1	0.22	-146
Health	220	B1	0.22	48
Education	-403	B1	0.22	-89
Other service activities	54	B1	0.22	12
<b>Total</b>	<b>941</b>	<b>-</b>	<b>-</b>	<b>1,559</b>
<b>B2/B8 Uses</b>				
Manufacturing	-420	B2	1	-420
Utilities	-116	B2	0.26	-30
Construction	264	B2	0.26	69
Transport and Storage	-126	B8	0.48	-60
<b>Total</b>	<b>-398</b>	<b>-</b>	<b>-</b>	<b>-442</b>

Source: BE Group and Hatch, with Oxford Economics baseline, 2020

6.51 The land and floorspace requirements based on this policy on scenario for Powys are:

**Table 43 – Powys Floorspace and Land Requirement Forecasts, Policy On Scenario**

<b>Offices (B1)</b>	<b>Based on 1,559 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	18,710	4.68	2.34
16 sqm per worker	24,940	6.24	3.12
20 sqm per worker	31,180	7.80	3.90
<b>Industrial (B2/B8)</b>	<b>Based on 422 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 40% Coverage, ha</b>
50 sqm per worker	-22,100	-5.53	-2.76
67 sqm per worker	-29,610	-7.40	-3.70
85 sqm per worker	-37,570	-9.39	-4.70

Source: BE Group, 2020

6.52 Based on the above, the recommended net land needs for Powys for the policy on scenario are:

- B1 Offices – 1,559 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 6.24 ha
- B2/B8 Industrial – 422 less jobs at **67 sqm per worker** and a **40% plot ratio** = -7.40 ha
- **Total net need = -1.16 ha.**

6.53 For Powys, the land requirements for the **growth sectors** for the policy on scenario are forecast to be the following:

- B1 Offices – 1,818 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 7.27 ha
- B2/B8 Industrial – 69 more jobs at **67 sqm per worker** and a **40% plot ratio** = 1.15 ha
- **Total growth sector need = 8.42 ha**

### **Mid Wales – Policy On**

6.54 Therefore, the policy on requirements for the full Mid Wales area are as follows:

**Table 44 – Policy On Floorspace and Land Requirement Forecasts, Mid Wales**

<b>Offices (B1)</b>	<b>Based on 2,017 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	24,210	6.05	3.03
16 sqm per worker	32,280	8.07	4.04
20 sqm per worker	40,350	10.09	5.04
<b>Industrial (B2/B8)</b>	<b>Based on 592 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-29,600	-7.40	-3.70
67 sqm per worker	-39,670	-9.92	-4.96
85 sqm per worker	-50,320	-12.58	-6.29

Source: BE Group, 2020

6.55 The estimated net land needs for Mid Wales for the policy on scenario are:

- B1 Offices – 2,017 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 8.07 ha
- B2/B8 Industrial – 592 less jobs at **67 sqm per worker** and a **40% plot ratio** = -9.92 ha
- **Total net need = -1.85 ha.**

6.56 For Mid Wales, the land requirements for the **growth sectors** for the policy on scenario are forecast to be the following:

- B1 Offices – 1,793 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 7.17 ha
- B2/B8 Industrial – 69 more jobs at **67 sqm per worker** and a **40% plot ratio** = 1.15 ha
- **Total growth sector need = 8.32 ha**

**Peak Period – Policy On**

6.57 As is seen in the graphs of forecast growth in Chapter 3.0, the anticipated growth trajectory is not linear, but rather has an initial increase before declining. This general shape is expected for both the baseline and policy on scenarios, although the trajectory for the policy on scenario has a higher peak and a smaller decline.

6.58 Therefore, it is prudent to look at the peak period and assess the potential employment land and floorspace requirements at that time for Mid Wales. Under the policy on scenario, the overall employment level is anticipated to peak in 2024 at about 98,400 jobs, where it is forecast to remain steady until about 2030, after which it will start to decline. It is noted that even in the policy on scenario, the manufacturing employment is expected to be at its highest in 2019.

6.59 The requirements for land and floorspace in Mid Wales to 2024 are presented below.

**Table 45 – Peak Period Policy On Floorspace and Land Requirement Forecasts, Mid Wales**

<b>Offices (B1)</b>	<b>Based on 983 additional workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
12 sqm per worker	11,790	2.95	1.47
16 sqm per worker	15,730	3.93	1.97
20 sqm per worker	19,660	4.92	2.46
<b>Industrial (B2/B8)</b>	<b>Based on 50 less workers, sqm</b>	<b>Plot Ratio at 40% Coverage, ha</b>	<b>Plot Ratio at 80% Coverage, ha</b>
50 sqm per worker	-2,520	-0.63	-0.32
67 sqm per worker	-3,370	-0.84	-0.42
85 sqm per worker	-4,280	-1.07	-0.54

Source: BE Group, 2020

6.60 The estimated **peak** (2024) net land needs for Mid Wales for the policy on scenario are:

- B1 Offices – 983 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 3.93 ha
- B2/B8 Industrial – 50 less jobs at **67 sqm per worker** and a **40% plot ratio** = 0.84 ha
- **Total net need = 3.09 ha.**

6.61 The trajectory of growth is based on individual sectoral growth rates, which are different for each sector. The peak period is thus where the individual trajectories are optimised. After the peak period the declining sectors start to take over, along with lower growth in some of the growing sectors. However, there are still some sectors that are anticipated to grow throughout the full forecast period. Therefore, for the growth only sectors, the peak is not 2024, but 2040 as provided above. Below provides the 2024 growth only sectors for comparison.

6.62 For Mid Wales, the land requirements for the **growth sectors** for the policy on scenario as at **2024** are forecast to be the following:

- B1 Offices – 1,087 additional jobs at **16 sqm per worker** and a **40% plot ratio** = 4.35 ha
- B2/B8 Industrial – 69 more jobs at **67 sqm per worker** and a **40% plot ratio** = 1.12 ha
- **Total growth sector need = 5.47 ha**

#### ***Comparison of Employment Land Forecasting Models***

6.63 The above analysis provides a range of requirements for employment land and floorspace, depending on the underlying assumptions and methodology used. The following provides a critique of those scenarios, to ascertain the preferred path forward for Mid Wales.

6.64 The Model One approach is a simple extrapolation exercise of past trends over the forecast period. This has its limitations, including the piecemeal information that is available and the mix of completions and permissions data available. Furthermore, if past growth has been constrained due to a lack of sites, this would impact on the forward forecast. However, past averages can be insightful as to the realistic land requirements of the local economy. The Model Two approach, looking at employment growth projections for the area, generally have provided negative employment land

demand figures over the forecast period. This is driven by the decline in overall employment, particularly in the manufacturing sector. This also has limitations in that it assumes that declining sectors would have commensurate declines in floorspace requirements, which may not be the case.

6.65 The Model Two approach for the policy on scenario has higher estimates for the requirements than the baseline scenario; however is still limited by the declining sectors, even if those declines in employment numbers represent a substantially smaller decline than anticipated in the baseline scenario. Using this methodology, any decline in employment numbers infers a decline in floorspace and land requirements. However, it is recognised that changes in demand (positive and negative) will be influenced by many factors, including changing business operations, change of types of manufacturing businesses, improvements in efficiency or evolving inventory practices. Looking at when employment is forecast to peak (2024) is informative to understand that the demand generated by employment growth is short term, before waning, even in the policy on scenario.

6.66 The following table provides a summary of the outputs of the two models for comparison.

**Table 46 – Comparison of Land Requirement Forecasts**

Area	Land Requirement 2019-40 (ha)				
	Model One	Model Two – Baseline Net	Model Two – Baseline Growth	Model Two – Policy On Net	Model Two – Policy On Growth
Basis	Past take up rates	Employment forecasts	Employment forecasts	Employment forecasts	Employment forecasts
Ceredigion	18.9	-8.53	1.99	-0.67	3.01
Powys	27.3	-32.36	5.27	-1.16	8.42
Brecon Beacons	4.3*	-2.50	1.13		

Source: BE Group analysis, 2020

\* Within Mid Wales only

6.67 For all areas, the Model Two approach results in a negative employment land requirement on a net basis. However, as discussed earlier in this chapter, a net approach is not likely to be realistic as it may not be easy or possible to transfer land and floorspace from declining industries to growth industries and because declines in

employment may not be commensurate with declines in land and floorspace requirements. Therefore, it is considered that of the Model Two scenarios, the growth sectors approach is preferred. However, this is still significantly lower than the projected requirement using the Model One approach.

- 6.68 It is also noted that the Policy On scenario still provides a lower requirement than the Model One approach. Even with this more positive scenario with a significant uplift for manufacturing and professional services compared to the baseline, given that manufacturing jobs are anticipated under this scenario to be below 2019 levels, the inferred requirement for manufacturing is negative.
- 6.69 Furthermore, it is noted from the property consultations, the on-the-ground review of sites and review of past transactions, that the main activity in the property market has been for B2 industrial floorspace. From the consultations, areas of demand that were identified included B2 units of about 200-500 sqm, 1,000-2,000 sqm and some larger units 3,000-5,000 sqm.
- 6.70 Even just looking at the growth sectors in the Model Two approach, this industrial activity is not accounted for (as manufacturing jobs are forecast to decline). Therefore, it is considered that the Model One approach more adequately describes a growth agenda forecast for Mid Wales.

#### ***Allowance for Uncertainty***

- 6.71 Given the range of requirements that have been estimated and the substantial timeframe for the forecasts, there is merit in allowing for the uncertainty in such forecasting. Therefore, a buffer equivalent to five years of growth is recommended to be added to the demand estimates. The table below provides the revised land requirements, **including a five-year buffer**. This buffer has only been applied to the positive requirements.



**Table 47 – Comparison of Land Requirement Forecasts, including Five Year Buffer**

Area	Land Requirement 2019-40 (ha)				
	Model One	Model Two – Baseline Net	Model Two – Baseline Growth	Model Two – Policy On Net	Model Two – Policy On Growth
Basis	Past take up rates	Employment forecasts	Employment forecasts	Employment forecasts	Employment forecasts
Ceredigion	23.4	-8.53	2.46	-0.67	3.73
Powys	33.8	-32.36	6.52	-1.16	10.42
Brecon Beacons	5.3*	-2.50	1.40		

Source: BE Group analysis, 2020

\* Within Mid Wales only

6.72 It is recommended that this buffer to allow for uncertainty is applied to the land requirements for Mid Wales.

#### **Comparison with Employment Land Supply**

6.73 The following table compares the realistic supply of employment land reviewed in Chapter 5.0 in Mid Wales with the forecast demand for employment land generated by the two models. Only **Model One and the growth sector scenarios of Model Two** have been utilised.

**Table 48 – Comparison of Employment Land Supply and Demand**

Area		Land Requirement 2019-40 (ha) including Five Year Buffer					
		Model One		Model Two			
		Demand	Supply minus Demand	Baseline Demand	Baseline Supply minus Demand	Policy On Demand	Policy On Supply minus Demand
	Realistic Employment Land Supply (ha)						
Ceredigion	23.66	23.4	0.26	2.46	21.20	3.73	19.93
Powys	30.44	33.8	-3.36	6.52	23.92	10.42	20.02
Brecon Beacons	3.08	5.3*	-2.22	1.40	1.68		

Source: BE Group analysis, 2020

\* Within Mid Wales only

6.74 For the Model One approach, the supply and demand balance demonstrates a likely tightness in the market for all areas by 2040. **For Mid Wales this demand is 62.5 ha to 2040 (including buffer and including Brecon Beacons National Park areas within Mid Wales).** For Ceredigion, the existing supply almost precisely matches the demand (including buffer). However, this should not be seen as an ideal, as it requires

all land parcels to be delivered in an appropriate timeframe and match the emerging requirements of businesses (including locations, sizes, use types). For Powys there is an estimated small shortage in supply to meet demand, which if unaddressed would lead to some businesses unable to meet their requirements over the forecast period.

- 6.75 The Brecon Beacons National Park is also expected to have a shortfall, which while still relatively small (-2.2 ha) is significant compared to the overall size of the realistic supply (3.1 ha). However, there is an additional level of uncertainty in this assessment as an assumption was made as to the proportion of the forecast requirement would be within the Mid Wales boundaries, as opposed to the remainder of the National Park area.
- 6.76 Under the Model Two scenario all areas are projected to have a surplus of land to 2040, including for the Policy On scenario, due to the lower level of demand forecast. However, as stated above, it is considered that the Model One approach would be the preferred approach for the Mid Wales area.

### ***Concluding Comments***

- 6.77 The above calculations review B-class employment land and premises demand to 2040 from the viewpoints of past completions and forecast employment changes. However, this is only part of the narrative. As discussed in previous chapters, the market niches of Mid Wales – food and beverage production, sustainable technologies, tourism – may have influences on B-class employment land that would not necessarily be picked up by reviewing past growth or employment forecasts. Therefore, the above analysis should be considered as a baseline forecast, upon which other considerations can be added.
- 6.78 Therefore, the recommended scenario – using the Model One approach, including buffer – should be seen as the minimum requirement to support economic growth in Mid Wales. **The requirement for Mid Wales should be at least 62.5 ha to 2040.**
- 6.79 Areas of growth that are not continuations of past trends would not be picked up as part of the forecast growth trajectory. For example, emerging sectors such as sustainable technologies or businesses resulting from the development of the NSC would not be accounted for in the past trends and thus not part of the growth trajectory. Importantly, **land requirements that emerge from such sectoral growth should be**

**considered over and above this baseline forecast requirement.** Quantifying additional land demand for emerging sectors has a substantial degree of uncertainty. Such emerging sectors may not have considerable employment land requirements but may be significant from an economic output perspective. However, it is recommended that in the Action Plan to guide employment land delivery, an allowance for land requirements for emerging sectors is included, including ensuring that such sites are appropriately located.

## 7.0 CONCLUSIONS AND RECOMMENDATIONS

7.1 This is the Stage One report of the Mid Wales Employment Sites and Premises Needs Assessment and Action Plan. The purpose of this report is to present the findings of the analysis of employment sites and premises in the region, as well as the broader economy, and outline the projected demand for employment land and premises in Mid Wales to 2040. The Action Plan (Stage Two) will guide delivery of a programme of investments in employment sites and premises while forming the basis for the preparation of an outline business case (Stage Three) for the Mid Wales Growth Deal. From the analysis of the previous chapters, the following key findings have been identified:

- Mid Wales, while a broad and diverse area, is a reasonable geography within which to undertake a larger than local approach to employment land and premises assessment, from perspectives of its economy, geography and socio-economic characteristics.
- Some key socio-economic indicators – population growth, proportion of the population of a working age, degree qualification levels – are below national levels in Mid Wales, which suggest that the regional economy may see continued lower growth, if no interventions to change course are introduced.
- Unemployment is very low in Mid Wales, which, while positive for the working population, suggests that recruiting additional labour will be difficult for expanding businesses.
- The population and employment are forecast to decline to 2040 in Mid Wales if current trends are maintained, which will have implications for economic growth.
- The commercial property market in recent years has been dominated by transactions of smaller unit sizes in relatively modest volumes.
- **Much of the existing industrial and office premises in Mid Wales are dated and a significant proportion is in need of refurbishment or redevelopment, with little new stock being developed to improve the overall quality of stock.**
- Occupancy rates for industrial premises are very high, including in premises that are older and sub-optimal. Feedback from commercial agents has revealed

that some businesses are settling in less than ideal premises due to lack of modern options.

- Commercial agents have also reported a range of **unmet requirements in the market, predominantly for industrial stock, including small, mid and larger units**. This interest is predominantly from firms already in Mid Wales looking to upgrade their premises, but has also included firms from outside the region.
- Despite these requirements being in the market, there is very little private sector development activity or interest in the market. This is due to a lack of indigenous commercial developer firms in Mid Wales and critically, schemes not seen to be viable due to construction costs rising above likely end market values.
- **This market failure is constraining the local market and is acting as a barrier to indigenous business expansion and the ability of the region to attract and accommodated new inward investment**. Recent new development has been concentrated at specific geographic locations where Welsh Government intervention has taken place and on larger more prestigious end users. This has led to several sites seeing little or no development over many years and a shortage of investment particularly in small and medium sized premises.
- The Mid Wales economy has several market niches that could be part of further growth in the market, including:
  - Higher value manufacturing;
  - Food and beverage;
  - Tourism;
  - Sustainable technologies;
  - Advanced research and innovation.
- The review of employment and mixed use allocations in Mid Wales identified some choice of employment land across the region, including 30.44 ha in Powys, 23.66 ha in Ceredigion and 3.08 ha in the Brecon Beacons National Park (remaining realistic supply). However, the distribution of this land throughout Mid Wales does not match the areas of demand and therefore there are some **localised land shortages**, including in **Newtown, Welshpool, Aberystwyth** and **Brecon**, as well as in several small settlements which only have one site with vacant employment land, often being the remaining site of an existing employment scheme.

- There are currently very limited opportunities for the development of a significant business park or industrial estate within existing allocations, with the majority of vacant land parcels being less than 2.0 ha and only a single site being above 5.0 ha.
- The employment land demand to 2040 has been calculated using two methodologies – past land take-up and employment forecasts – consistent with planning guidance. **The recommended employment land requirement is a minimum of 62.5 ha (including buffer). The current total existing supply is 57.18 ha across Mid Wales, which includes areas that would not be suitable for all businesses and has only very limited supply in the key locations. As a consequence, unless addressed there will be some shortages in the market (minimum of 5.3 ha shortage).**

*Therefore, if Mid Wales is to improve its economic performance, the property market will need to address:*

- *The investment required to bring the existing stock of commercial premises up to modern standards;*
- *The market failure and commercial viability issues which results in the lack of development of commercial properties by the private sector;*
- *The need to provide an appropriate mix of commercial premises to meet business requirements and facilitate future economic growth;*
- *The limited supply of employment sites and premises in the market, particularly in areas of high demand;*
- *The need for appropriate employment sites and premises for emerging growth sectors.*

7.2 As such this study proposes the following recommendations with regards to employment land and premises and economic opportunities. These recommendations will be elaborated upon in the Action Plan (Stage Two) component of the study. The recommendations have been formulated based on the research and findings presented in the previous chapters. These recommendations are to support a larger than local approach to employment land and to provide an aspiration growth agenda for Mid Wales.

***Recommendation 1: Continue to plan at the larger than local level***

- 7.3 Mid Wales is a dispersed and disparate area, with independent pockets of the economy with limited interactions linking them. However, as the previous chapters have demonstrated, there are interactions – travel to work flows, commonalities in sectoral strengths, commonalities in growth, shared development constraints, etc. – and thus a larger than local approach for Mid Wales is appropriate.
- 7.4 However, it should be recognised that the Mid Wales region also has significant economic relationships to areas outside of Mid Wales, in particular the West Midlands and South East Wales. Such relationships are of particular importance in the south of the region and north-east Powys.
- 7.5 Powys County Council, Ceredigion County Council and the Brecon Beacons National Park Authority should continue to undertake planning and analysis at the local level also, which provides more in-depth and specific planning for each area.

***Recommendation 2: The employment land need for the Larger than Local Area should be at least 62.5 ha to satisfy growth to 2040***

- 7.6 From the overarching review of employment allocations in the Mid Wales region, it is estimated that there is some 57.2 ha of realistic supply of employment land. Using the Model One approach to employment land need (including five year buffer), there is a forecast need in Mid Wales for 62.5 ha of employment land to 2040, including the Brecon Beacons National Park area within the Mid Wales boundary.
- 7.7 From the analysis of this study it is noted that the demand is not uniform throughout the Mid Wales area, nor is the supply of land. Furthermore, there are mismatches between where the supply of land is and where the demand for growth is concentrated.
- 7.8 Furthermore, several potential employment schemes have not proceeded due to viability constraints, with potential values from the scheme not sufficient to overcome costs. Viability continues to limit private sector investment in employment sites. A number of sites also experience infrastructure or other site-specific constraints which impede their development and compound viability issues. Therefore, it would be prudent to provide further choice in the market in terms of employment sites, in locations to meet demand and that have limited development constraints.

7.9 As discussed at the end of Chapter 6.0 (paragraph 6.79), the calculated forecast to 2040 is based on past trends. Emerging sectors that have been underrepresented in past growth would not be adequately accounted for over the forecast trajectory. Therefore, land requirements emanating from emerging sectors should be considered in addition to the baseline forecast. This increases the imperative to provide further employment land in Mid Wales in order to support these emerging sectors in addition to the on-trend growth opportunities.

***Recommendation 3: A hierarchy of employment sites is recommended for Mid Wales***

7.10 As identified above, it is important for Mid Wales that all allocated sites are brought forward within the forecast period in order to meet the forecast requirements for employment land and to help ensure an equitable geographic distribution of economic growth across the region. Therefore, all sites are important for the region and should be monitored and encouraged to come forward in a timely manner.

7.11 However, it is recommended that the Action Plan includes a suite of **priority sites** that would form the core of targeted actions by the Councils and Welsh Government to drive delivery of further employment premises in the market. These priority sites would be those that have the potential to provide key economic functions for Mid Wales.

7.12 The remaining employment sites would be those that have a more localised function. Actions for these sites are considered of less importance for the Mid Wales regional economy, although would have local importance.

7.13 It is recommended that there may be opportunities for the designation of strategic employment sites and this option should be reviewed on a regular basis.

***Recommendation 4: New employment sites are located in strategic locations***

7.14 It is recommended that further employment sites are allocated to provide further choice in the market and to relieve localised shortages. In particular, the following towns have been identified as having some shortages in available premises, through the sites review, consultations and research of this study:



**Table 49 – Recommended Priority Locations for Further Employment Sites**

<b>Location</b>	<b>Requirement</b>	<b>Timeframe</b>
<b>Newtown</b>	An employment site appropriate for a cluster of industrial uses, including a range of unit sizes. Overall site size would be around 5 ha. Given lack of potential sites within and at the edge of Newtown, the area of search may need to expand beyond Newtown, though would need to still be appropriate to serve the Newtown market.	Short term – urgent requirement for further land
<b>Welshpool</b>	Similar requirement to Newtown. An employment site appropriate for a cluster of industrial uses, including a range of unit sizes including a higher proportion of mid and larger units. Overall site size would be around 5-7 ha. Opportunities for sites adjacent to Offa's Dyke Business Park should be explored as the first preference.	Short term
<b>Aberystwyth</b>	Requirement to provide replacement allocation for loss of Capel Bangor site, preferably closer to urban settlement. Requirement would be for a mix of employment uses. Should consider potential to provide specialist cluster servicing sustainable technologies sector; however the requirement is also for more general employment uses. 5-7 ha. Candidate sites promoted by Aberystwyth University – Llanbadarn Fawr Campus, Penglais and Frongoch Farm and Wern Phillips Farm – are strong candidates to provide employment land as part of mixed use schemes.	Medium term
<b>Brecon</b>	Site to provide for small industrial units <1,000 sqm. Recommended that an extension of Brecon Enterprise Park, which has unmet demand, is undertaken to meet this requirement.	Short term
<b>Builth Wells</b>	Site to provide for small industrial units <1,000 sqm.	Medium term
<b>Knighton</b>	Site to provide for small industrial units <1,000 sqm.	Short term
<b>Cardigan</b>	Extension of Parc Teifi, to provide land for development of small to mid-size employment units to service the Cardigan market and surrounding areas.	Medium term
<b>Llandysul</b>	Extension of current Horeb Food Centre site, providing further capacity for food-based units.	Short term

Source: BE Group, 2020

7.15 Therefore, there should be considerations of new, readily developable employment lands in these localities. The towns of Newtown, Welshpool and Aberystwyth would be the higher priority requirements, given these settlements' importance to the region. Further sites in Builth Wells, Knighton, Cardigan, Llandysul and Brecon would have more localised functions. These locations are considered the priority areas, though during the planning period, other locations may emerge as requiring further sites and thus monitoring of employment land take-up should be undertaken.

7.16 Furthermore, it would be prudent to ensure provision of land for emerging sectors. Such uses may have requirements that are specialised or may benefit from co-location with similar enterprises. The table below provides a summary of such requirements.

**Table 50 – Employment Requirements from Emerging Sectors**

Sector	Requirement
<b>Sustainable Technologies</b>	Potential site for a cluster to support this sector. Good connectivity to Aberystwyth University (ABERS and AIEC) and CAT should be a priority. Site should be of sufficient scale to provide range of unit sizes, including incubator units, research spaces, grow-on units and traditional employment spaces.
<b>Food and Beverage</b>	Expansion of Food Centre Wales as proposed is supported. This would provide for those seeking opportunities to co-locate with similar enterprises and utilise common resources.
<b>Defence and Security</b>	Location for enterprises that are complementary to or support the defence and security sector, including the emerging NSC. It is likely that there would be a requirement for a mix of high security and more traditional spaces, in close proximity to/adjacent to the NSC. Further growth in Parc Aberporth (within existing allocation) would be appropriate for enterprises connected with the unmanned aircraft sector.
<b>Higher Value Manufacturing</b>	Sites required to support development of higher value manufacturing cluster in Severn Valley
<b>Special Uses</b>	Potential sites to support research and development and related employment opportunities as part of the proposed Rail Centre of Excellence in Ystradgynlais

Source: BE Group, 2020

7.17 Therefore, from Tables 49 and 50 it would be necessary to identify and bring forward further employment sites in Mid Wales over the forecast period. They would need to be available to the market prior to 2040 and thus identification of sites, allocations, servicing and deliverability would need to be undertaken within an appropriate timeframe to allow for this. The following table provides an outline of the locational criteria that should be adopted in looking for further sites.

**Table 51 – Location Criteria for Further B-Class Employment Sites**

<b>Locational Criteria</b>
<p><b>Overall Strategy</b></p> <p>The strategy in identifying sites should be to ensure that there is sufficient developable employment land throughout Mid Wales to meet the revised demand profile, including in individual towns where shortages have been identified.</p> <p>The strategy should address the need to ensure the different markets in Mid Wales are met, including established key employment sectors (e.g. manufacturing) and emerging sectors. There are local towns with high priorities for further choice in employment sites, which should be the focus for the strategy for further sites.</p> <p>Selection of specialised sites to cater for emerging sectors should include considerations of the particular needs of those industries.</p> <p><b>Larger Sites</b></p> <ul style="list-style-type: none"> <li>• Excellent strategic road network access – particularly accessing A-road corridors.</li> <li>• High visibility</li> <li>• Large, flat sites</li> <li>• Opportunities for co-location with similar businesses</li> <li>• Excellent infrastructure capacity</li> <li>• Proximity to significant pools of labour</li> <li>• Proximity to services for staff, banking, business support, etc.</li> <li>• Northern, western and southern sites</li> </ul> <p><b>Local Sites</b></p> <ul style="list-style-type: none"> <li>• Access to key road network with the town</li> <li>• Good visibility and profile within the town</li> <li>• Connectivity to local services</li> <li>• Town centre and business park locations</li> <li>• Opportunities for co-location with similar businesses</li> <li>• Excellent infrastructure capacity</li> <li>• Proximity to local labour</li> <li>• Range of site sizes</li> <li>• Servicing rural markets as appropriate</li> </ul> <p><b>Specialised Sites</b></p> <p>Similar to local sites above as well as:</p> <ul style="list-style-type: none"> <li>• Close to existing and catalytic assets (e.g. CAT, IBERS, AIEC, NSC)</li> <li>• Excellent digital infrastructure</li> <li>• Near to skilled labour</li> </ul>

Source: BE Group, 2020

7.18 Sites that relieve pressure points, such as tightness in local markets, would be higher priorities for new sites in Mid Wales.

**Recommendation 5: New premises are provided in strategic locations that reflect local demand**

7.19 In line with the recommendations of the provision of sites above, the following table provides information on the likely unit types required. This should not be read as

prescriptive, rather it shows the types of units that would support the market interest in each location.

**Table 52 – Potential Types of Further Employment Premises**

Location	Unit Types	Unit Size	Timeframe
<b>Newtown</b>	B2/B8 – standard industrial units	<500 sqm, 1,000-2,000 sqm, 2,000-3,000 sqm	Short term
	B1/B2 – hybrid industrial/office units	1,000-2,000 sqm	Short term
	B1/B2 – starter units	<200 sqm	Medium term
		Some interest in larger sizes for industrial units, though likely to be built as bespoke units.	
<b>Welshpool</b>	B2/B8 – standard industrial units	<500 sqm, 1,000-2,000 sqm, 2,000-4,000 sqm	Short term
	B1/B2 – hybrid industrial/office units	1,000-2,000 sqm	Short term
	B1/B2 – starter units	<200 sqm	Medium term
		Some interest in larger sizes for industrial units, though likely to be built as bespoke units.	
<b>Aberystwyth</b>	B2/B8 – standard industrial units	<500 sqm, 1,000-2,000 sqm	Medium term
	B1/B2 – hybrid industrial/office units	1,000-2,000 sqm	Medium term
	B1/B2 – starter units	<200 sqm	Medium term
	B1 – research/laboratory space	<500 sqm	Medium term
<b>Brecon</b>	B2/B8 – standard industrial units	<1,000 sqm	Short term
<b>Builth Wells</b>	B2/B8 – standard industrial units	<1,000 sqm	Medium term
<b>Knighton</b>	B2/B8 – standard industrial units	<1,000 sqm	Short term
<b>Cardigan</b>	B2/B8 – standard industrial units	<500 sqm, 1,000-2,000 sqm	Medium term
	B1/B2 – hybrid industrial/office units	1,000-2,000 sqm	Medium term
<b>Llandysul</b>	B2 – food industrial units	<500 sqm	Short term
	B1/B2 – hybrid industrial/office units	<500 sqm	Short term
	B1/B2 – starter units	<200 sqm	Short term
	B1 – research/laboratory space	<500 sqm	Medium term

Source: BE Group, 2020

7.20 It should be noted that some businesses, particularly mid to larger enterprises, may be looking for sites, rather than premises, in order to build their own, bespoke unit.

***Recommendation 6: Public sector interventions are required in areas of market failure***

- 7.21 This analysis has demonstrated that there are areas of market failure in Mid Wales in regards to the development of commercial premises. Therefore, it is recommended that the public sector (local authorities and Welsh Government) continue to have a development role in the market through targeted interventions.
- 7.22 As discussed earlier in this report, and further explored in Stage Two (Action Plan), the viability constraints on commercial developments are substantial, with losses potentially in the order of 55-70%. Therefore, there are substantial obstacles to overcome in encouraging private sector investment. Such private sector interest is only likely to occur with considerable gap funding input from the public sector.
- 7.23 However, in order to provide a more sustainable market approach to development, an element of the interventions should be means of encouraging further private sector involvement in the development of employment sites and premises and the refurbishment of premises. This could be through joint ventures between the public and private sectors or means of incentivising private sector investment.

## **APPENDIX 1**

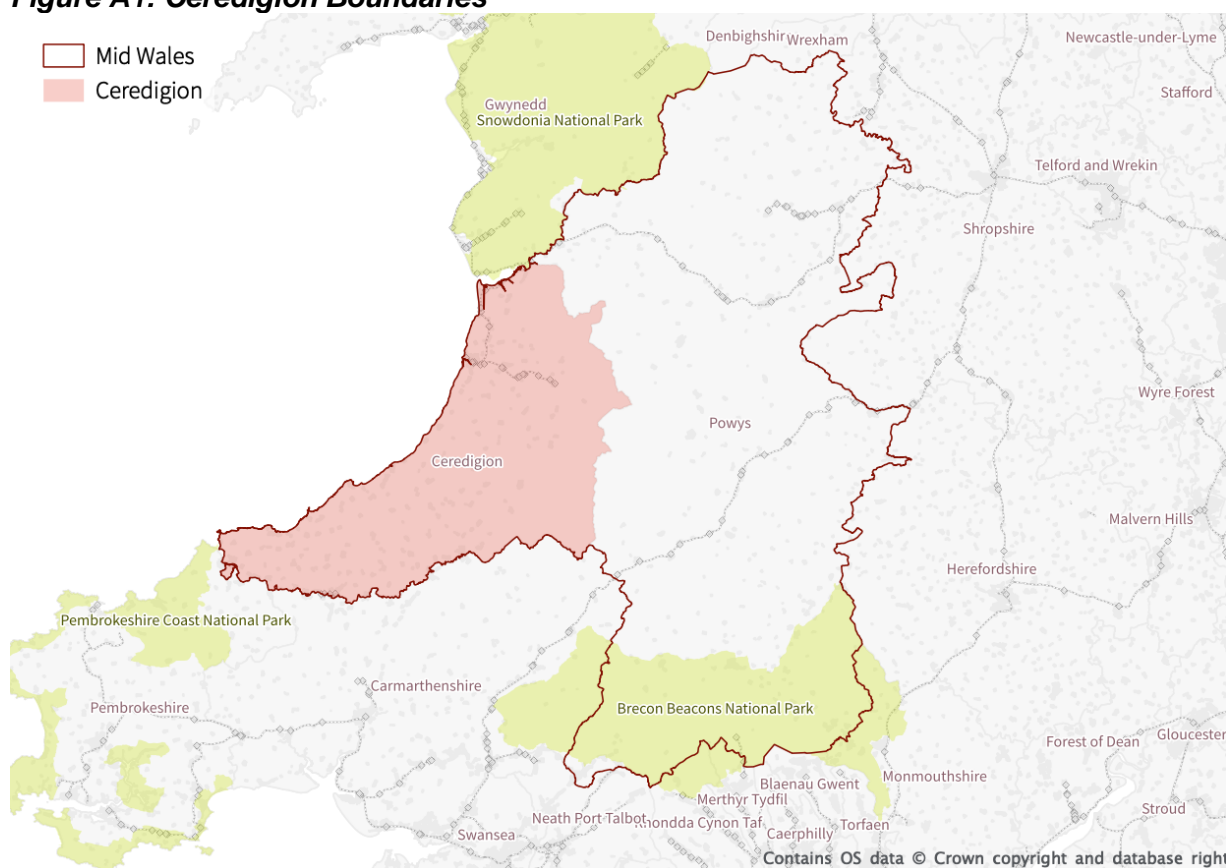
### **LOCAL AREA DEMOGRAPHIC PROFILES**

## Ceredigion

### **Introduction and Context**

- A1. Ceredigion is home to 73,000 people (36% of Mid Wales' and 2% of Wales population) and supports 33,000 jobs (35% of Mid Wales' and 2% of Wales' population).

**Figure A1: Ceredigion Boundaries**



Data Source: Hatch 2020

- A2. Ceredigion is located on the western coast of Wales. Its neighbouring local authorities include Powys (east), Carmarthenshire (south), Pembrokeshire (south-west) and Gwynedd (north). The Cardigan Bay, Dyfi and Teifi estuaries and the Cambrian Mountains mark its natural borders.
- A3. Ceredigion is the fourth largest county in Wales, extending over an area of 1,785.6 sqkm, it ranks second in terms of population density with 40.9 people per sqkm. It features heavier population concentrations along the coastal area. The county's six main towns support an area of rural character comprising of smaller towns and a mixture of large and small villages. Historically, most non-agricultural employment is found west, in the towns of Cardigan, Lampeter and Aberystwyth. The latter two are

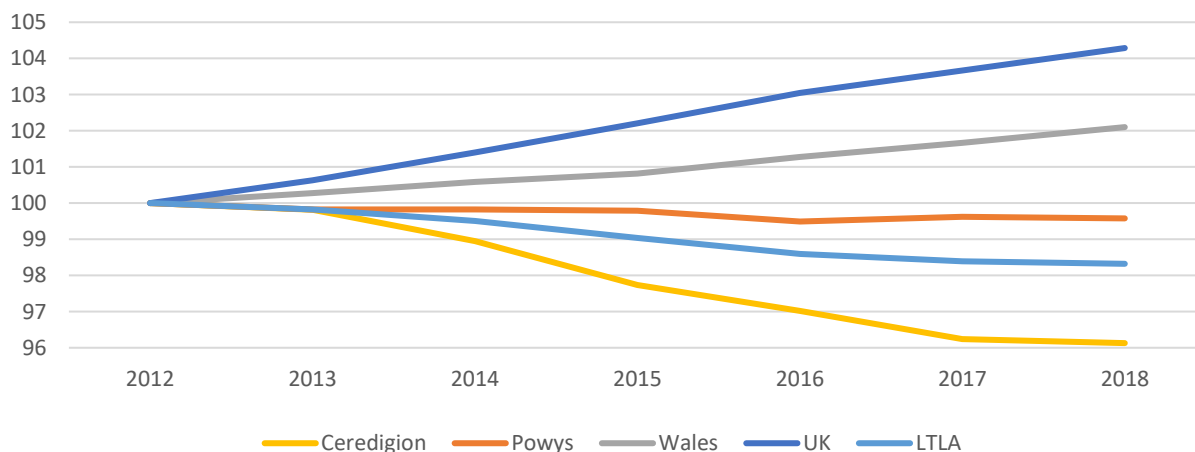
home to the University of Wales-Lampeter and Aberystwyth University, respectively. Aberystwyth also acts as a regional centre for the Mid Wales, as it hosts a large and diverse range of shopping facilities. Ceredigion features several international and national conservation designations. Due to its rich mining heritage, the metal mines of the area retain their significance as attractions. Tourism is a significant contributor to the local economy.

A4. The following section sets out the most recent employment and related socio-economic data for Ceredigion.

**Demographics**

A5. As of 2018, Ceredigion is home to 73,000 people, 36% of Mid Wales’ total population. Since 2012, Ceredigion population has declined by about 2,850 people (-4%), with a steeper decrease between 2013 and 2017. This decline contrasts with the +4% growth for the UK and the +2% growth observed in Wales.

**Figure A2: Indexed Population Growth 2012-2018 (2012=100)**

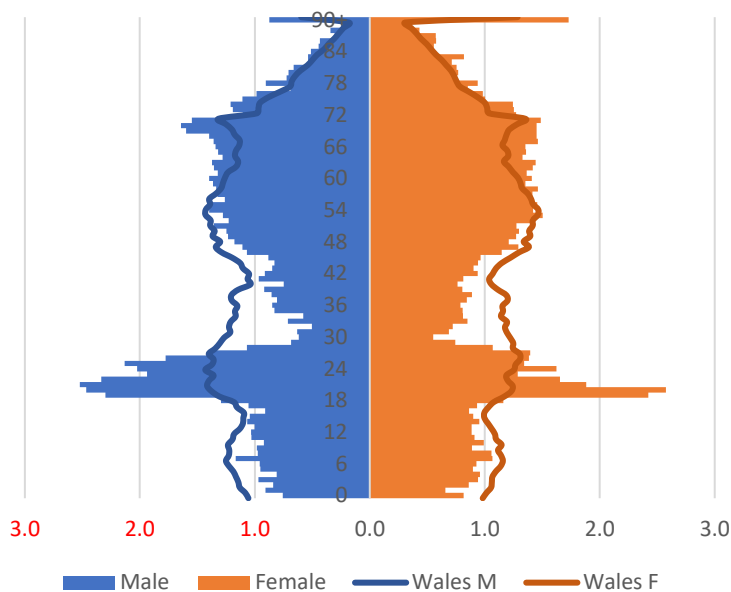


Data Source: ONS, Population Estimates



**Figure A3: Population Age Structure 2018  
 - Ceredigion vs Wales**

A6. The Population age structure of Ceredigion is illustrated by the population pyramid in the chart on the right. The age structure presents a much higher proportion of people in their early 20s compared to Wales as a whole (13% vs 8%), and a lower proportion of people aged 25 to 39 (14% vs 18% in Wales).



Data Source: ONS Population Estimates

A7.

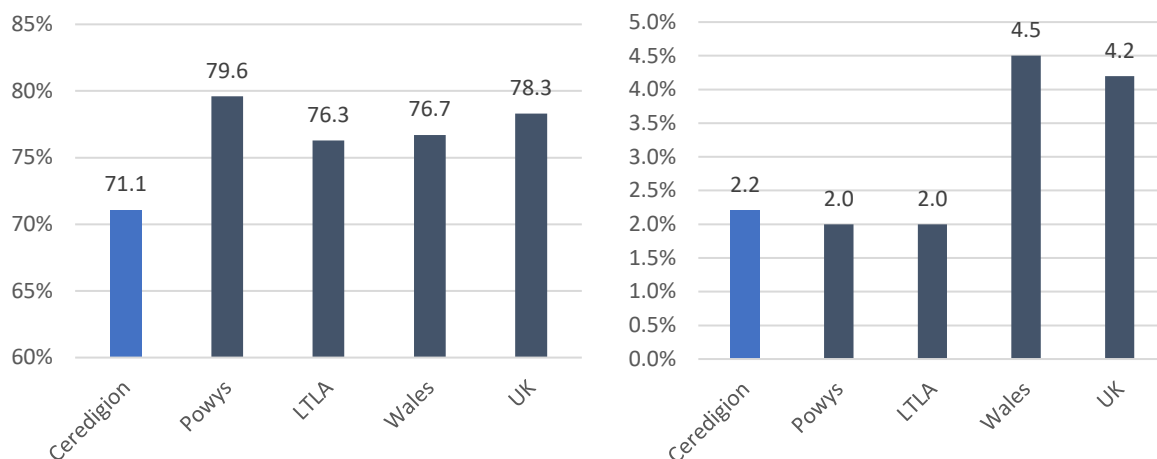
A8. There are 43,850 people in the working age group (16-64 years old), making up 60% of the total population – a slightly below the UK (63%) and Wales (61%) averages.

**Labour Market and Skills**

A9. Economic activity rate for the working age group in Ceredigion is at 71.1%, below the UK (78.3%) and Wales (76.7%) levels.

A10. Ceredigion’s unemployment rate (aged 16+) is at 2.2%, about half the rates for Wales (4.5%) and the UK (4.2%).

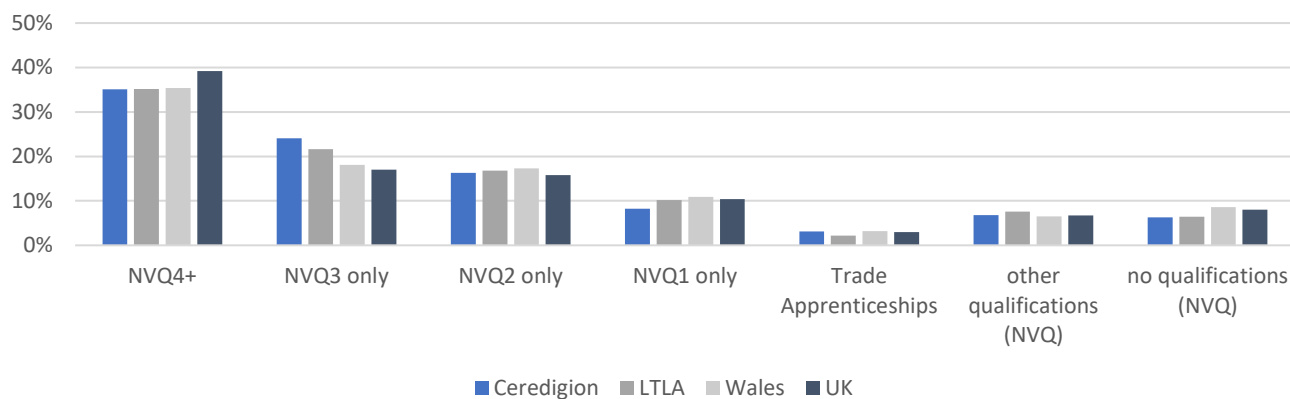
**Figure A4: Economic Activity (16-64) and Unemployment (16+) 2018**



Data Source: ONS, APS Jan 2018-Dec 2018

A11. The qualification profile of Ceredigion indicates that the proportion of residents educated at degree level and above is 4.1 percentage points below the UK average but in line with Wales'. Ceredigion has a higher proportion of people with an NVQ3 only and below UK's and Wales' levels share of people with no qualifications.

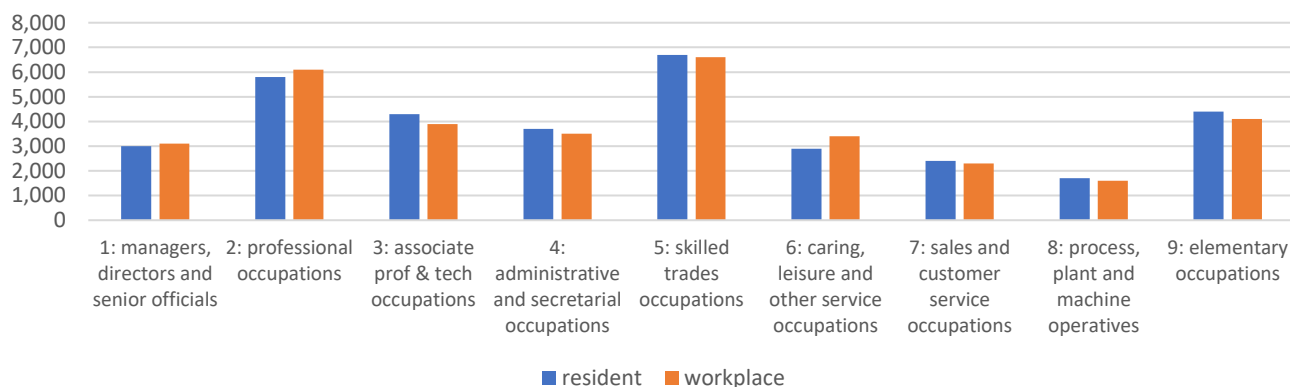
**Figure A5: Qualification Profile 2018**



Data Source: ONS, APS Jan 2018-Dec 2018 Note: aged 16-64

A12. The occupational distribution in the chart below compares the distribution of occupations across Ceredigion's residents against the distribution of occupations provided by jobs in the local authority (labelled workplace). The overall number of residents in employment and jobs is closely balanced, indicating that there appear to be sufficient employment opportunities within the local authority to satisfy residents' employment demand. None of the occupational categories show considerably different levels of supply and demand, with Caring & Leisure being the one with the widest gap of 500 more jobs available locally.

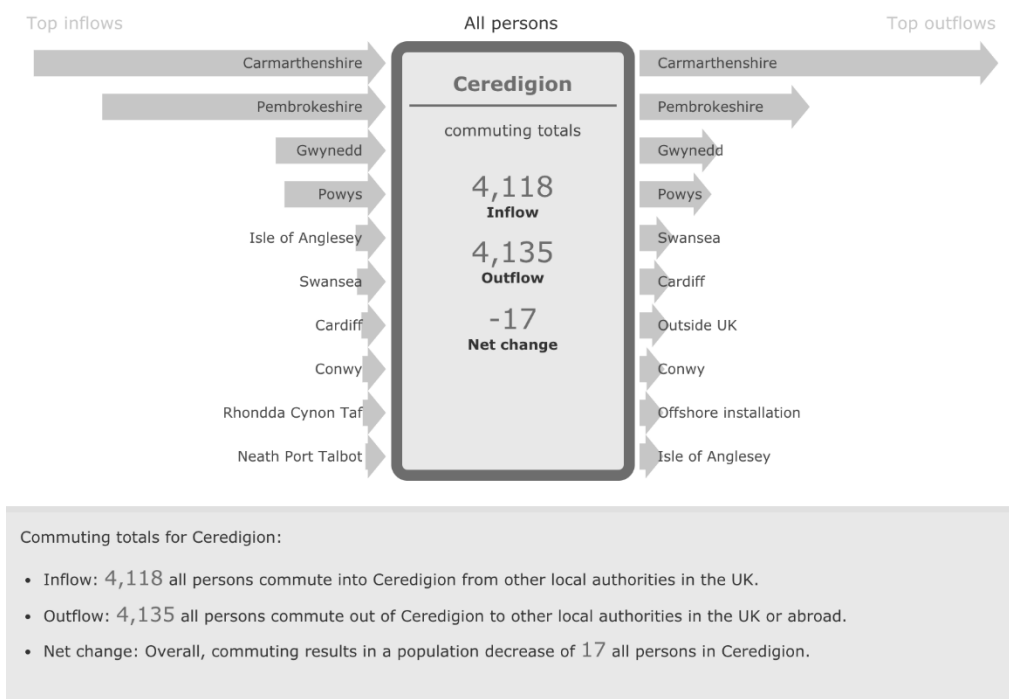
**Figure A6: Ceredigion’s Occupational Distribution 2018**



Data Source: ONS, APS Jan 2018-Dec 2018

A13. The apparent balance between number of jobs and number of residents in employment observed above can be further detailed by looking at commuting flow patterns for Ceredigion, which give an indication of where residents are likely to commute to work. The analysis of flows based on Census 2011 data confirms that the net change between commuting inflow and outflow is very low (-17), and the overall self-containment is high, with nearly 80% of residents in employment working in Ceredigion. The chart below maps out the commuting flows in and out of Ceredigion, listing the top ten destinations of Ceredigion out-commuters and top ten origins of in-commuters. Carmarthenshire is the local authority with the strongest commuting relationship with Ceredigion, accounting for nearly 40% of the outflow and of the inflow. Pembrokeshire is also important, followed by Gwynedd and Powys. Even though Powys is the local authority with the fourth strongest commuting relationship with Ceredigion, it accounts for only 10% of the inflow and 6% of the outflow.

**Figure A7: Origin and destination of commuting flows for Ceredigion**

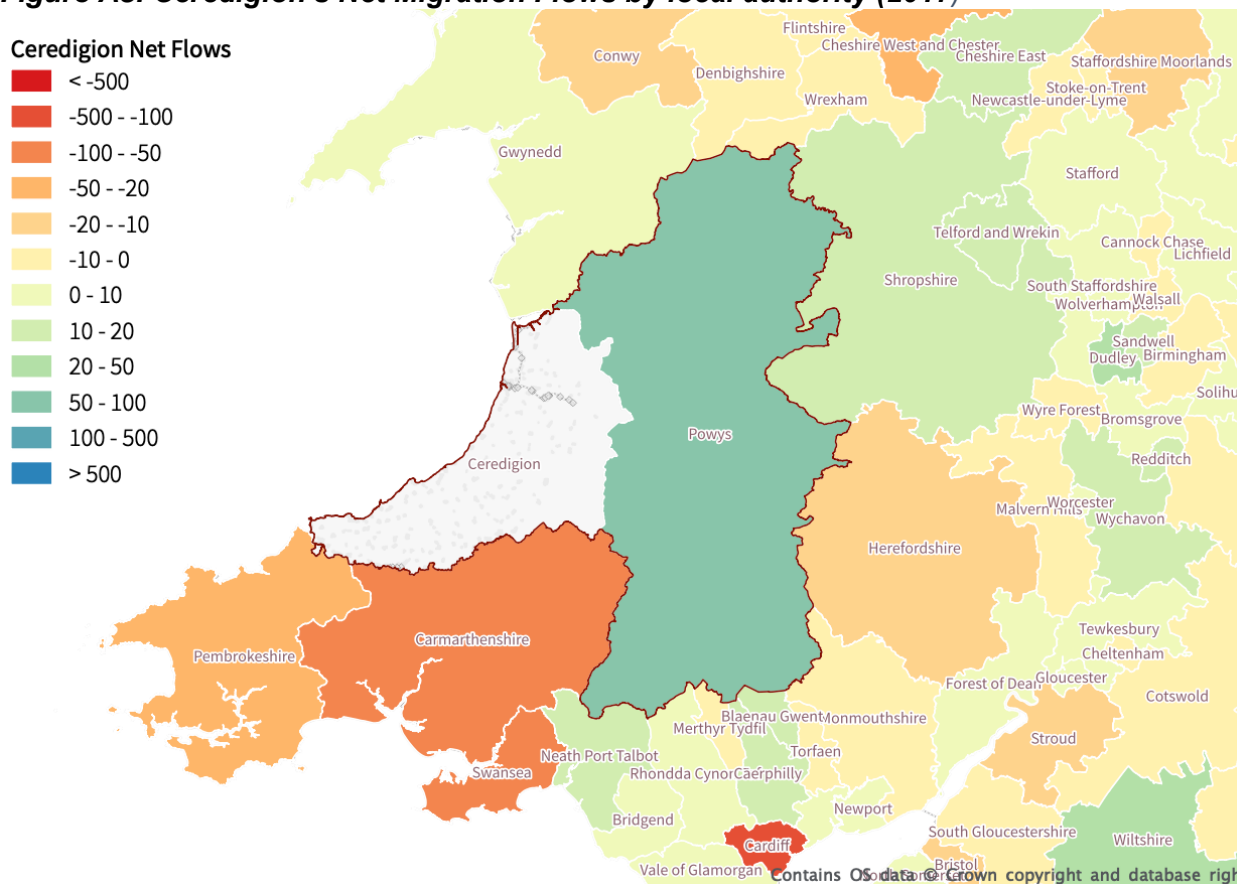


Data Source: ONS, Census 2011

**Migration**

A14. The analysis of migration patterns (housing moves between local authorities – not international) gives an indication of the strength of the relationship between local authorities’ housing markets. The map below illustrates the net flows between Ceredigion and other local authorities, where a negative figure (yellow to red) indicates that a given local authority has more people moving in from Ceredigion than vice versa. Picking the most sizable flows in 2017, there was a net positive flow (inflow greater than outflow) to Powys and net negative flows (outflow greater than inflow) to Cardiff, Swansea and Carmarthenshire.

**Figure A8: Ceredigion’s Net Migration Flows by local authority (2017)**



Data Source: ONS, Migration Statistics

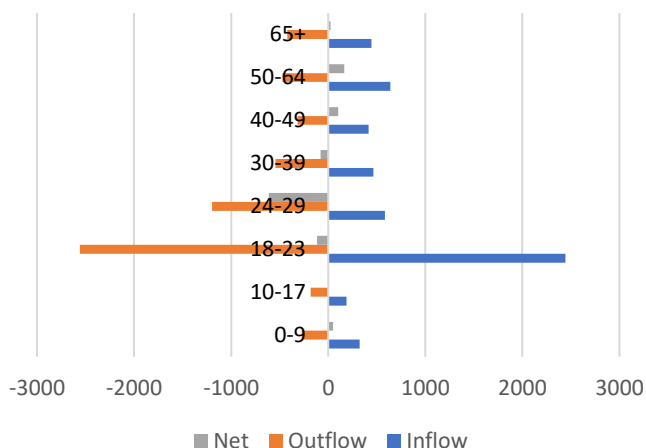
A15. Overall the net of flow in and out of Ceredigion is negative (-450), meaning that more people moved out of the local authority area than vice versa. The chart below shows Ceredigion’s migration flows by age group in 2017. There is a negative balance for young-working age groups, from 18 to 39 years old, with a marked negative balance for the aged 24 to 29. This reinforces the demographic age structure observed in the population pyramid of the previous section that showed a below average share of people in their mid 20s and 30s. On the other hand, there is a positive balance of people in older and very young age groups, suggesting that Ceredigion is a place that may be preferred by families and people at more mature stages of their careers.

**Table A1: Migration Flows (2017)**

	Inflows	Outflows	Net Flows
<b>Powys</b>	5,800	-5,250	550
<b>Ceredigion</b>	5,500	-5,950	-450

Data Source: ONS, Migration Statistics

**Figure A9: Migration Flows by Age Group (2017)**



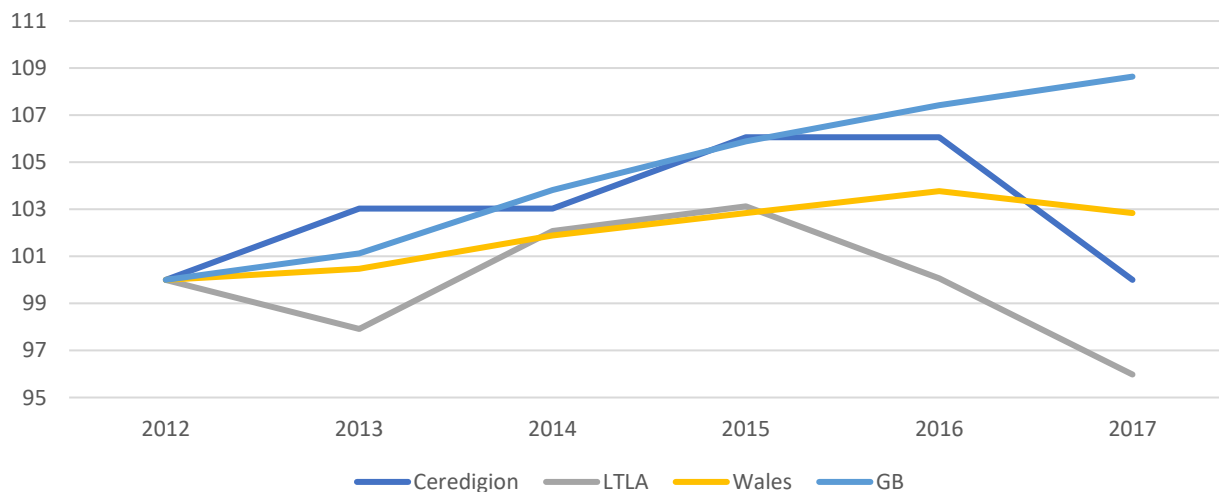
Data Source: ONS, Migration Statistics

**Economy**

A16. As of 2017, Ceredigion’s economy supported 33,000 jobs. In the last five years (2012 to 2017), employment has significantly fluctuated: up to 2016 it had grown by 6% up from the 2012 base but it then experienced a sharp decline in 2017 bringing it back to the 2012 level. Over the same period, growth in Wales and the UK has been more consistent and upwards, respectively at 3% and 9%.

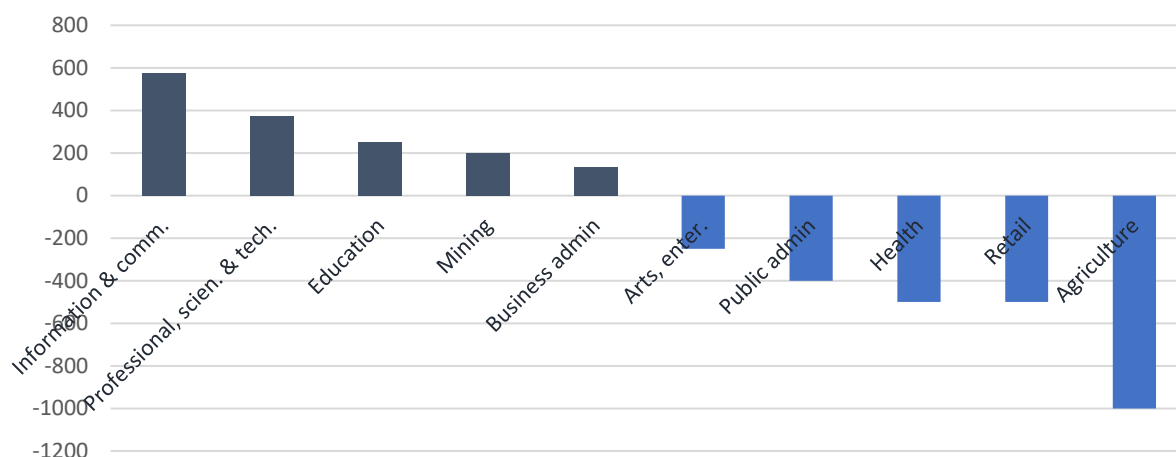
A17. Significant growth took place in Information & Comm., Professional Services, Education and Mining, while job decline has been primarily driven by job losses in the agricultural sector (-1,000 jobs), which is also the largest, followed by Retail, Health and Public Admin.

**Figure A10: Indexed Employment Growth (2012=100)**



Data Source: ONS, BRES

**Figure A11: Net Change in Employment (2012-17) - top 5 and bottom 5 changes by sector**



Data Source: ONS, BRES

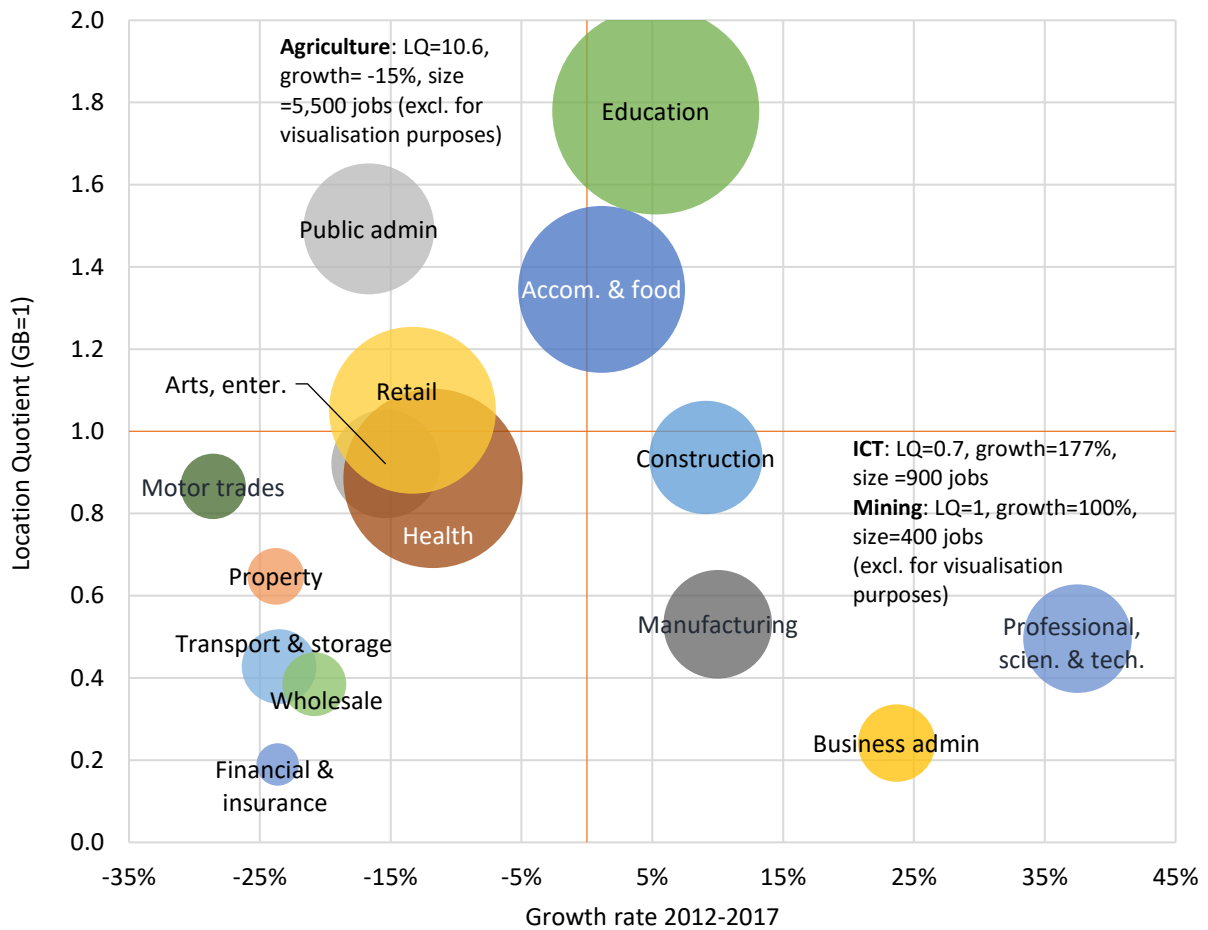
A18. Figure A122 will be used to describe the sectorial dynamics of change and specialisation in Ceredigion. The horizontal axis of the chart in Figure A12 measures proportional change in employment for a given sector from 2012 to 2017, while the vertical axis measures specialisation relative to Great Britain indicated by the Location Quotient (LQ): the higher is a sector's LQ above 1, the higher is its degree of specialisation locally. Each sector is represented by the different bubbles, whose size indicates the size of that sector's employment in 2017. The chart in Figure re-proposes the employment distribution by sector in 2017 in a pie chart to facilitate comparison.

A19. The largest sector in Ceredigion's economy is Agriculture, with 5,500 jobs (17% of total jobs), which also displays the highest degree of specialisation, being 10.6 times the size of the share of the agricultural sector in Great Britain. However, the sector has declined by 15% over the period. The second highest degree of specialisation is in Education, which is also the second largest sector (5,000 jobs) and has grown by 5% over the period. Public Admin has the third highest degree of specialisation but it has declined by 17%.

A20. Construction and Manufacturing are underrepresented in the economy but have both experienced growth. Some other high-value service sectors which are currently underrepresented, such as ICT and Professional and Business Services, are growing fast (ICT more than doubled in size), and present an opportunity for diversification away from the declining agricultural sector.

A21. There is a group of small sectors in the bottom left quadrant, such as Finance & insurance, Wholesale, Transport & storage and Property which are under-represented and declining, indicating these sectors are becoming increasingly less important for Ceredigion’s economy.

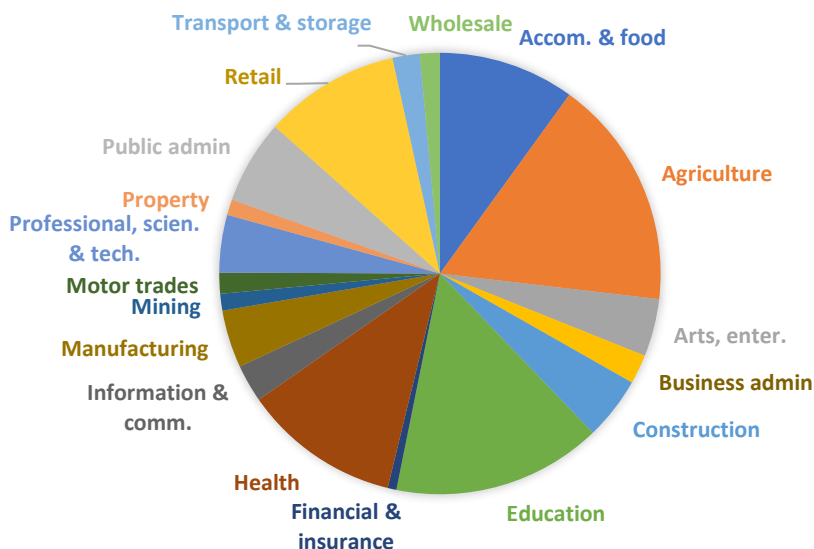
**Figure A122: Employment Specialisation and Change by Sector (2012-17)**



Data Source: ONS, BRES



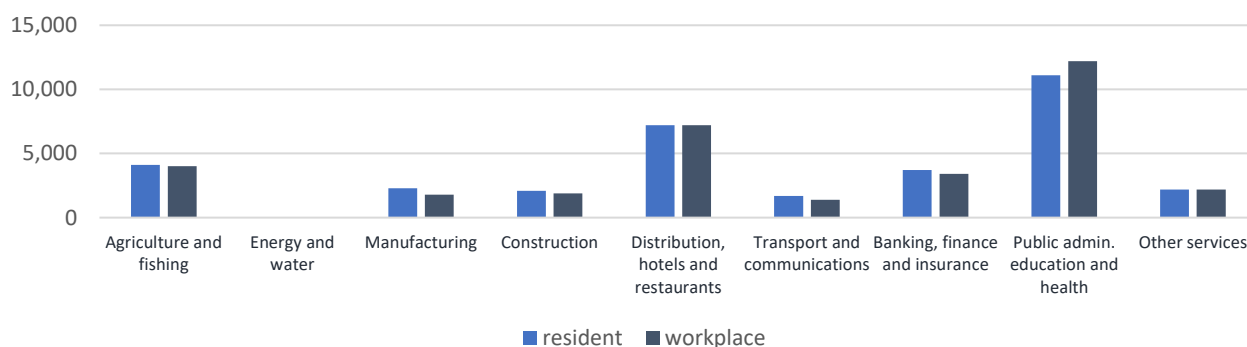
**Figure A13: Employment distribution by sector (2017)**



Data Source: ONS, BRES

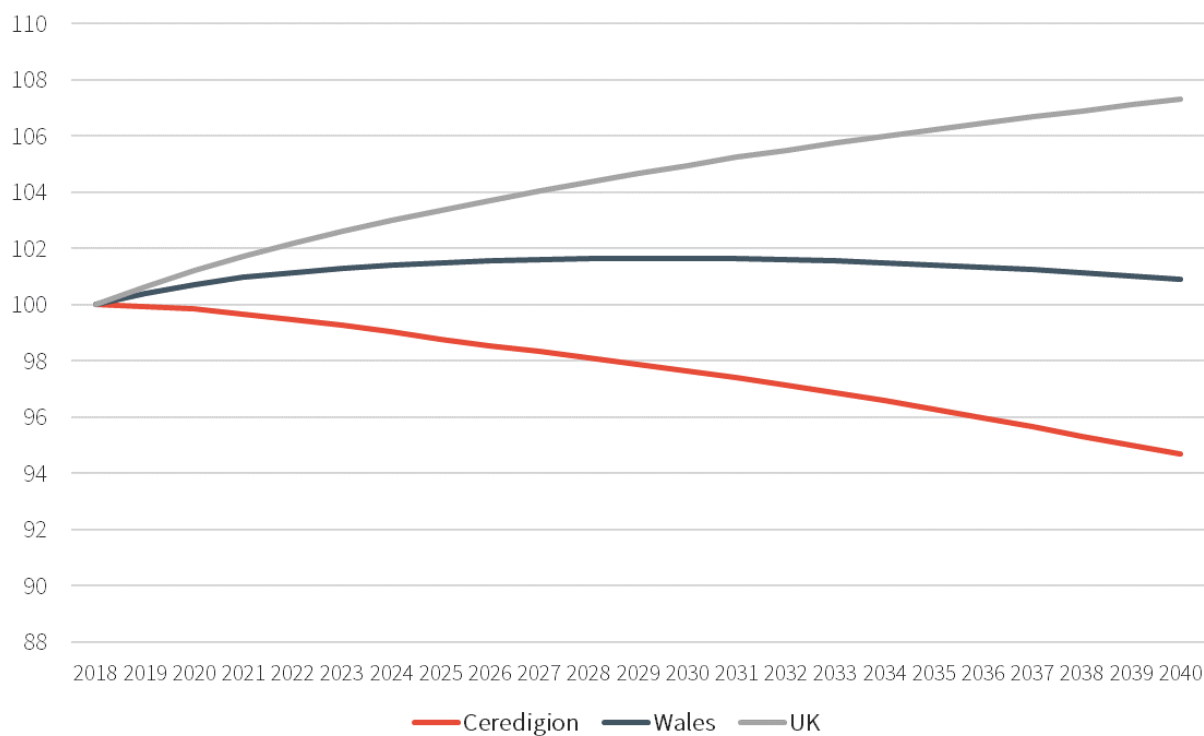
A22. Finally, the chart below compares the distribution of local jobs (workplace) against the distribution of employment by residents - which can take place within as well as outside Ceredigion. The only sectors that present a slightly more significant supply/demand imbalance are Public admin, education and health, for which there appear to be a higher supply of jobs and therefore workforce has to be drawn from nearby local authorities.

**Figure A14: Employment distribution 2018 Ceredigion – Resident vs Workplace**



Data Source: ONS, APS Jan 2018-Dec 2018

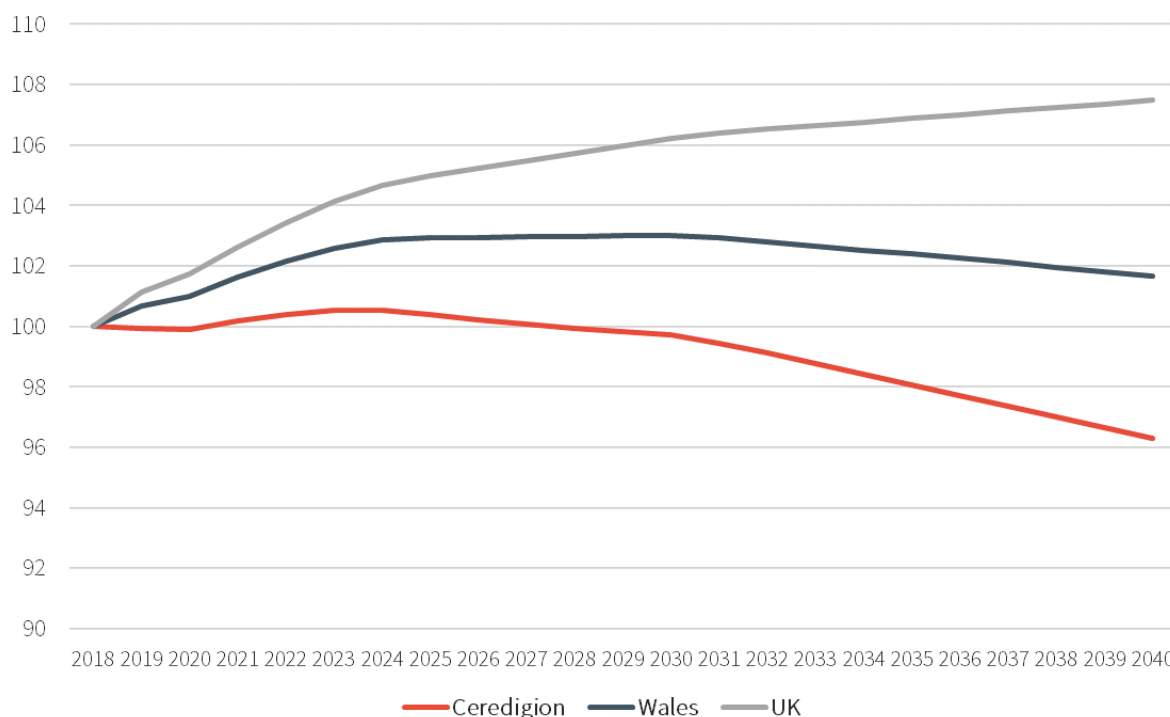
**Economic Forecasts**  
**Figure A15: Projected Employment Growth – 2018-2040**



Data Source: Oxford Economics

A23. Ceredigion’s population is projected to decrease by approximately 5.5% by 2040. In the same period, employment is forecast to decrease by nearly 4%.

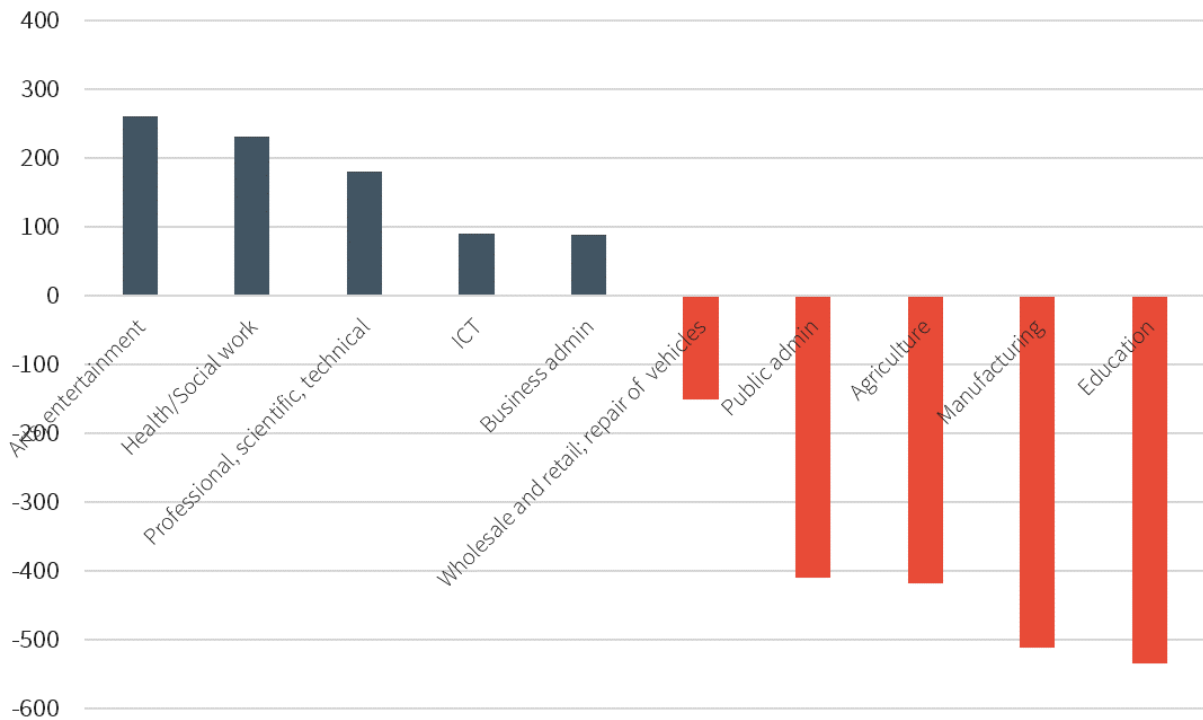
**Figure A16: Projected Employment Growth – 2018-2040**



Data Source: Oxford Economics

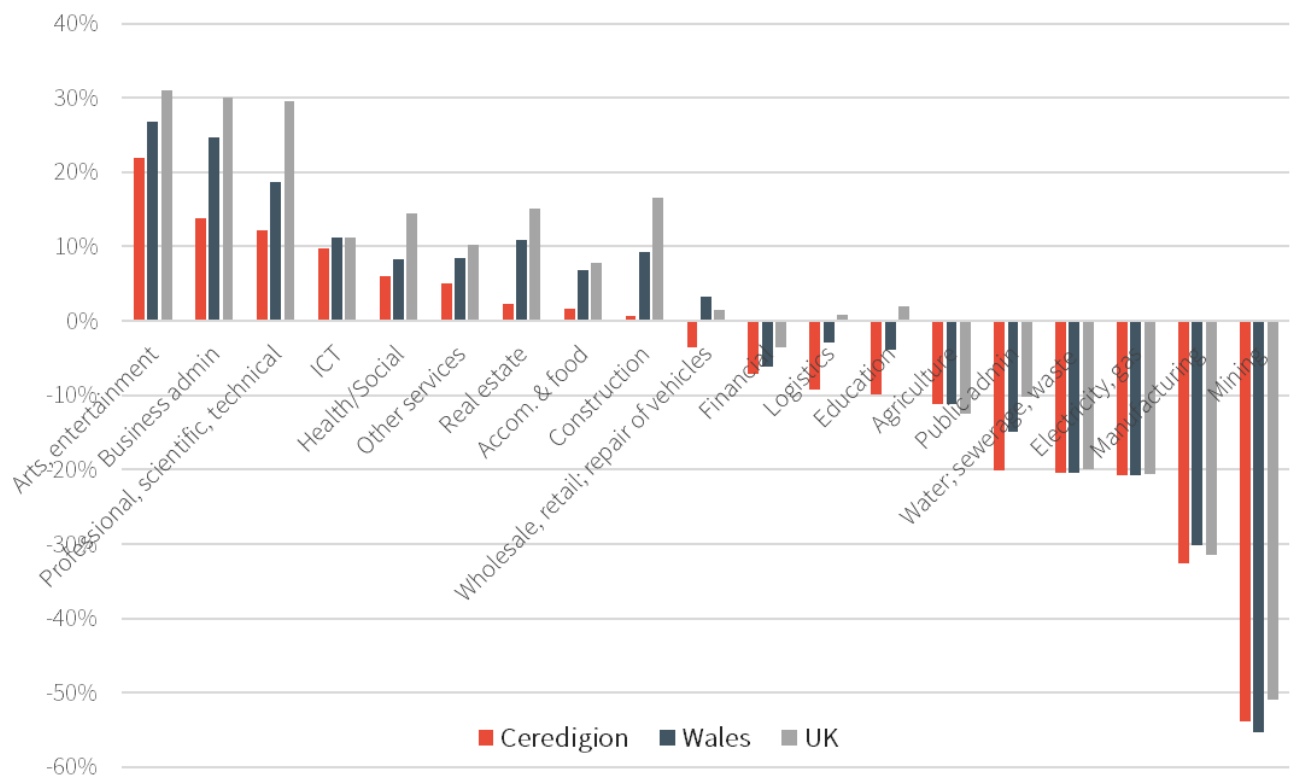
- A24. The forecast decline in employment is largely driven by loss of jobs in the education and manufacturing sectors, totalling around 1,000 fewer jobs. The overall predicted loss of employment in Ceredigion will be more pronounced than both the Welsh and English overall trend. Whilst insufficient to offset losses of jobs in other sectors, growth in the arts and entertainment sector and health and social work will lead to around 475 additional jobs by 2040.
- A25. Figure A16b further illustrates the more acute decline of employment in Ceredigion. Showing % change in employment to 2040, it can be seen that Ceredigion’s strongest growing sectors fail to meet the proportion of growth in these sectors nationally, and the sharpest contracting sectors in Ceredigion will decline further than these sectors nationally.

**Figure A16a: Forecast Net Change in Employment (2018-40) - top 5 and bottom 5 changes by sector**



Data Source: Oxford Economics

**Figure A16b: Forecast Proportional Change in Employment (2018-40) – Wales and UK comparison**



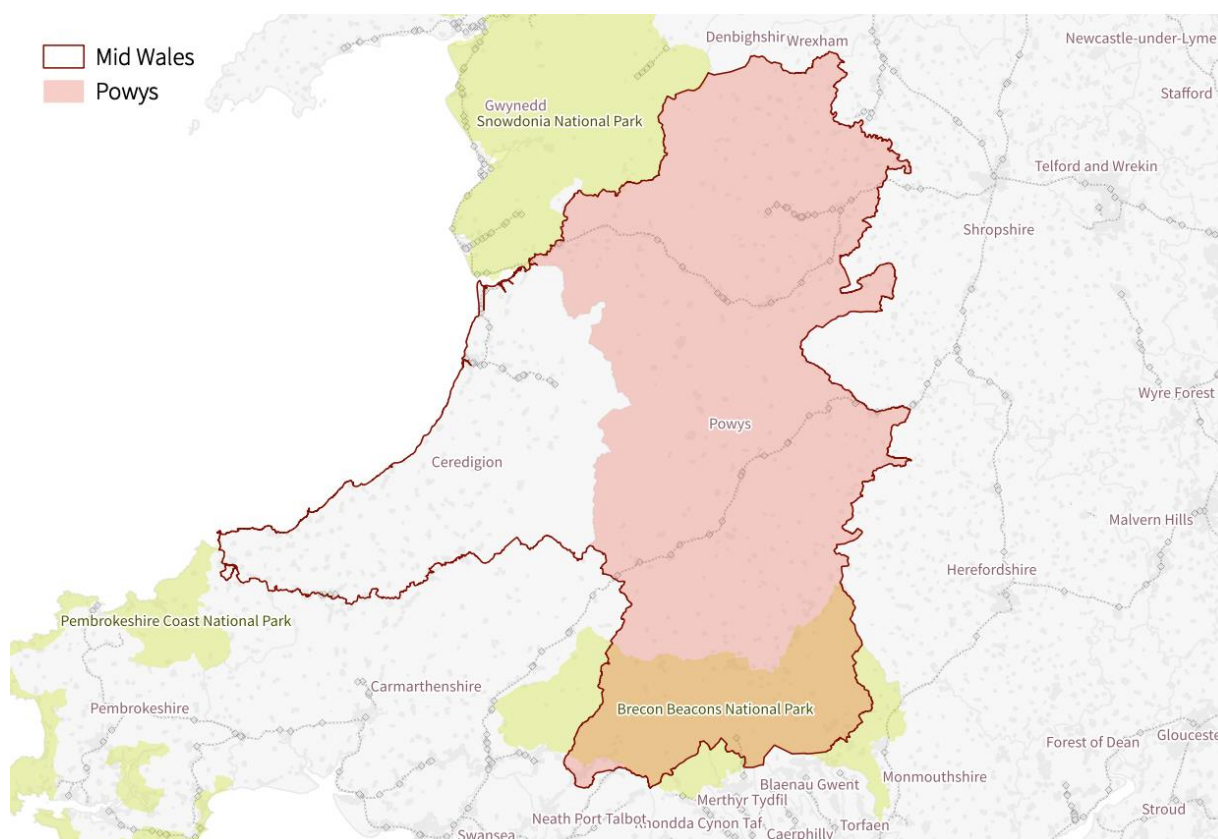
Data Source: Oxford Economics

## Powys (including part of the Brecon Beacons National Park)

### Introduction

A26. Powys is home to 132,450 people (64% of Mid Wales' and 4% of Wales population) and supports 61,000 jobs (65% of Mid Wales' and 5% of Wales').

**Figure A17: Powys Boundaries**



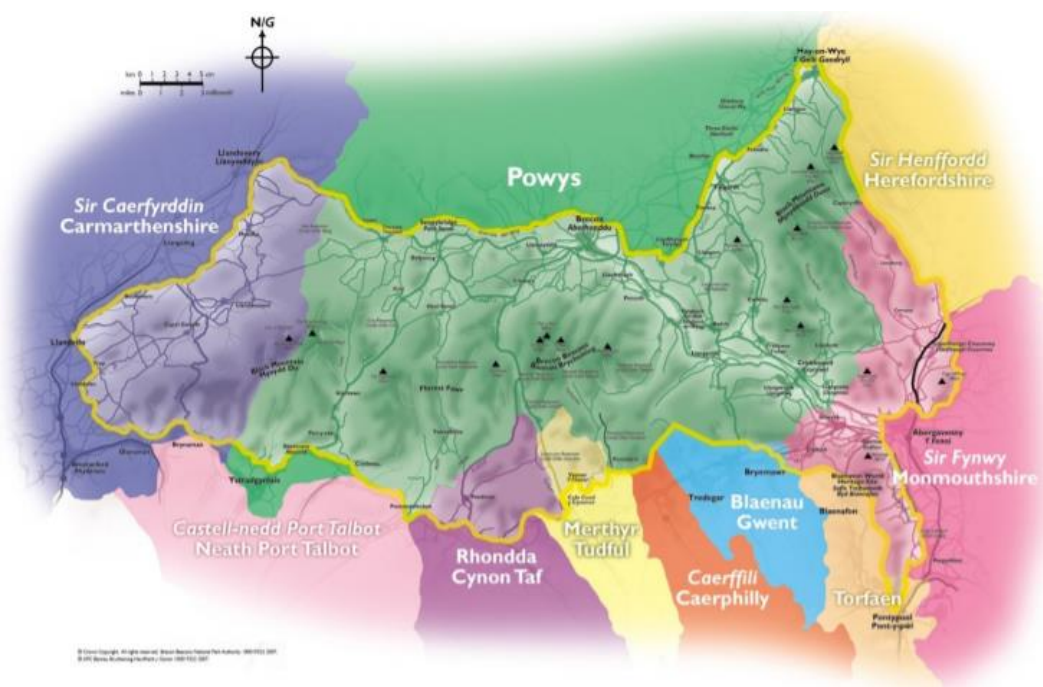
Data Source: Hatch 2020

3.47 Powys is by far the largest county in Wales and has the lowest population density, with about 26 people per square kilometre this ranks alongside the district of Eden in Cumbria as the lowest in England and Wales. It encompasses a rugged landscape of valleys and mountains, including most of Brecon Beacons National Park, and the entire historic counties of Montgomeryshire and Radnorshire, most of Brecknockshire, and the southern edge of Denbighshire. It borders 13 counties. To the west, its neighbouring counties include Ceredigion and Carmarthenshire. The English counties of Shropshire and Herefordshire are found on the east. The Snowdonia National Park Authority is located north-west. The area features a varied architectural landscape, as well as rich natural resources, of nationally and international significance. Powys' key economic sectors include tourism, agriculture, manufacturing, services and the public sector. It also features a high number of SMEs.

### **Brecon Beacons National Park**

- A27. The Brecon Beacons National Park was established in 1957, under the National Parks and Access to the Countryside Act of 1949. It was the tenth area in Wales and England to be given such status. The two statutory purposes of the National Park Authorities, as defined in the 1995 Environment Act, are to conserve and enhance the natural beauty, wildlife and cultural heritage of the Park and to promote opportunities for the enjoyment and understanding of its special qualities. The Act also gives the National Park Authorities a duty to “seek to foster the economic and social well-being” of their local communities “without incurring significant expenditure in doing so”.

**Figure A18: Brecon Beacons National Park**



Source: Brecon Beacons National Park

- A28. The Brecon Beacons National Park is located between the industrial South Wales Valleys and the rural Mid Wales. It also holds the International Union for Conservation of Nature (IUCN) designation of a Category V protected landscape. It extends over an area of 1344 sqkm, which consists of uplands, green valleys, ancient woodland, caves, forests, waterfalls and reservoirs. The distinctive Pen y Fan table-top summit in the centre of the park represents its highest point, standing at a height of 886m. The Park features 9,000 varieties of plants and animals. It is home to 33,701<sup>1</sup> people – of whom

<sup>1</sup> <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Estimates/National-Park/PopulationEstimates-by-Year-NationalPark>

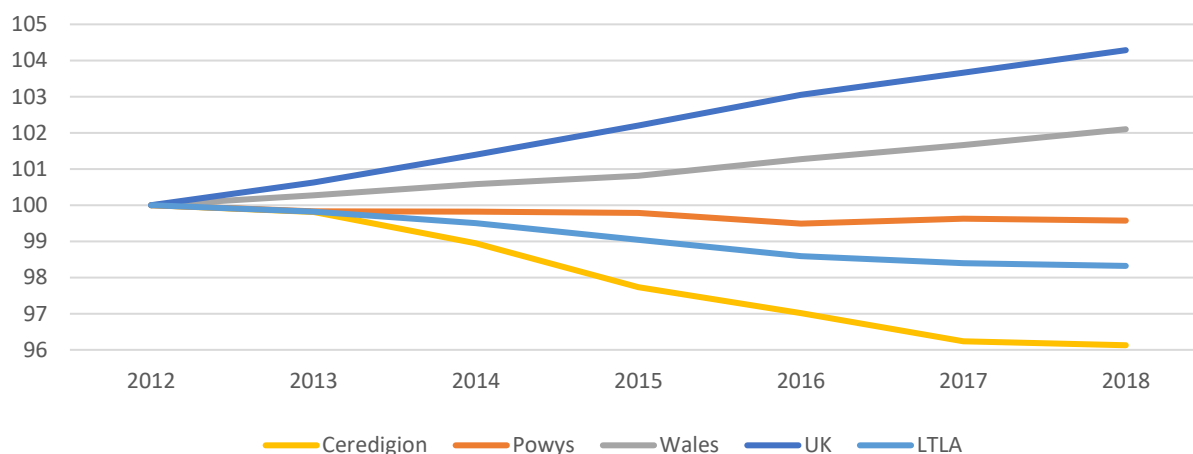
8,419<sup>2</sup> are in the town of Brecon, making it the largest settlement in the area – and it has prominent Welsh heritage. It attracts over 3 million visitors annually<sup>3</sup>, some of whom come to enjoy the peaceful atmosphere, whilst others engage in activities ranging from mountain biking to water-based entertainment.

A29. The following section sets out the most recent employment and related socio-economic data for Powys and Brecon Beacons National Park.

### **Demographics**

A30. As of 2018, Powys is estimated to be home to 132,450 people<sup>4</sup>, 64% of Mid Wales' total population. Since 2012, the population is estimated to have decreased by 500 people (-0.4%). This decline contrasts with the +4% growth for the UK and the +2% growth observed in Wales.

**Figure A19: Indexed Population Growth 2012-2018 (2012=100)**



Data Source: ONS, Population Estimates

<sup>2</sup> <https://citypopulation.de/php/uk-wales.php?cityid=W37000173>

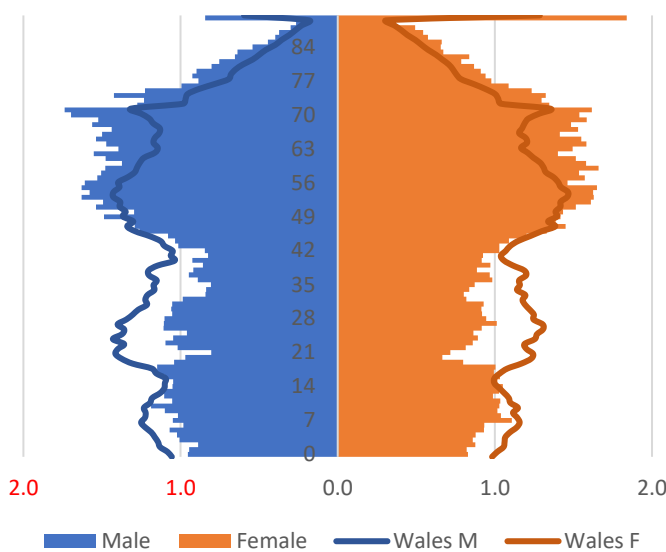
<sup>3</sup> (Brecon Beacons National Park Authority, 2017)

<sup>4</sup> ONS Mid-Year Population Estimates



**Figure A20: Population Age Structure 2018  
- Powys vs Wales**

A31. The Population age structure of Powys is illustrated by the population pyramid in the chart on the right. The age structure presents a lower proportion of people in their 20s and 30s compared to Wales (19% vs 25% in Wales).



A32. There are 75,450 people in the working age group (16-64 years old), making up 57% of the total population – a share below the UK and Wales (61%) averages.

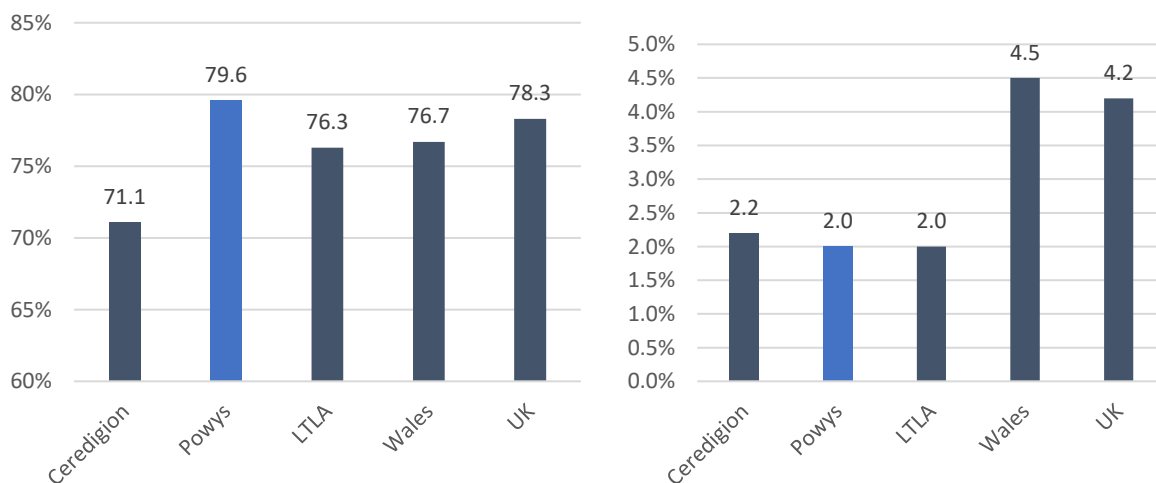
Data Source: ONS Population Estimates (63%)

**Labour Market and Skills**

A33. Economic activity rate for the working age group in Powys is at 79.6%, above the UK (78.3%) and Wales (76.7%) averages.

A34. Powys’ unemployment rate (aged 16+) is at 2%, less than half the rates for Wales (4.5%) and the UK (4.2%).

**Figure A21: Economic Activity (16-64) and Unemployment (16+) 2018**

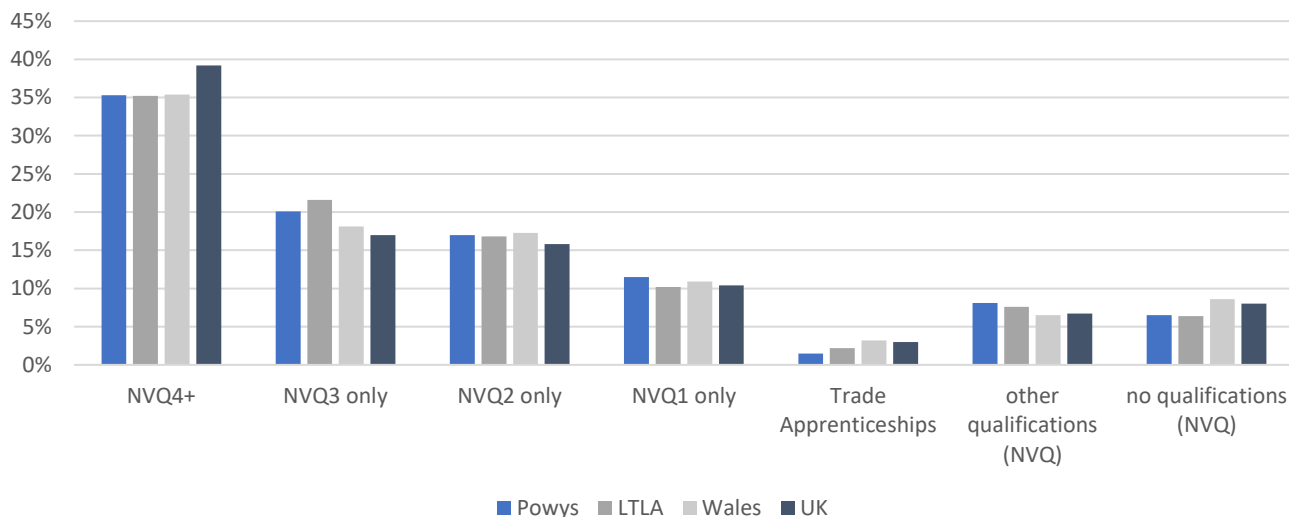


Data Source: ONS, APS Jan 2018-Dec 2018



A35. The qualification profile of Powys indicates that the proportion of residents educated at degree level and above is 3.9 percentage points below the UK average but in line with Wales'. Powys has a higher proportion of people with an NVQ3 only and below UK's and Wales' levels of people with no qualifications.

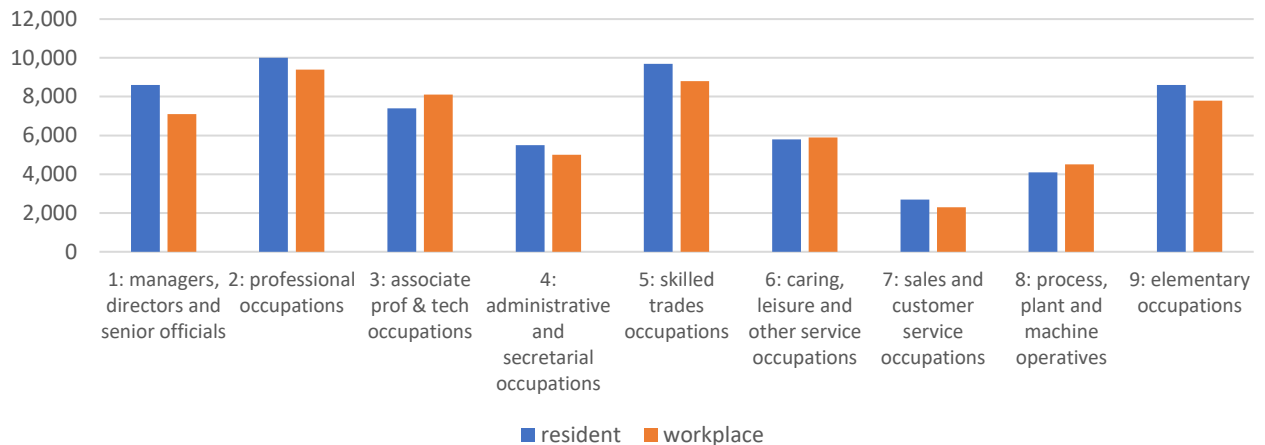
**Figure A22: Qualification Profile 2018**



Data Source: ONS, APS Jan 2018-Dec 2018 Note: aged 16-64

A36. The chart below compares the distribution of occupations across Powys' residents against the distribution of occupations provided by jobs in the local authority (labelled workplace). In managerial, professional, skilled trades and elementary occupations (and to a lesser extent in admin and sales) there are more residents in employment than workplaces locally, indicating that a share of the resident population is finding employment in these occupations outside Powys. On the other hand, associate professional & tech and process plant occupations are in higher supply locally.

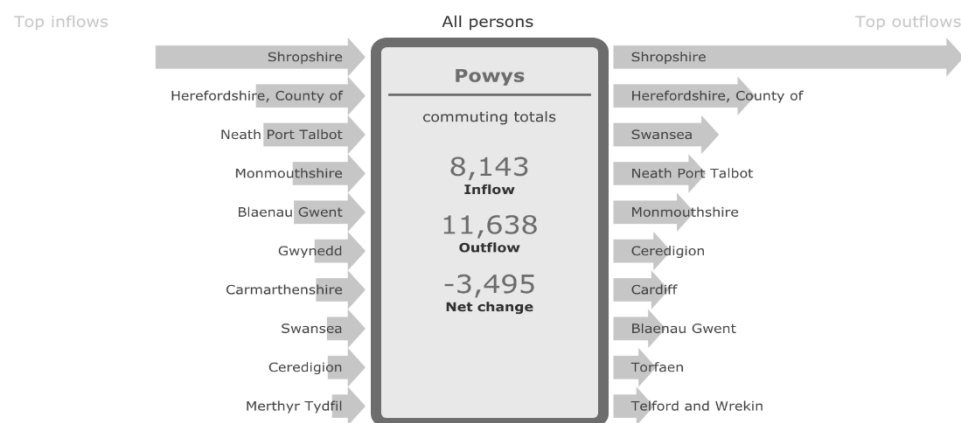
**Figure A23: Powys's Occupational Distribution 2018**



Data Source: ONS, APS Jan 2018-Dec 2018

A37. The imbalance between the number of jobs and residents in employment can be investigated further by looking at commuting flow patterns for Powys, which give an indication of where residents are likely to commute to work. The analysis of flows is based on Census 2011 data, which confirms net out-commuting of about 3,500. The chart below maps out the commuting flows in and out of Powys, listing the top ten destinations of Powys out-commuters and top ten origins of in-commuters. Shropshire is the local authority with the strongest commuting relationships with Powys, accounting for about 23% of the total inflows and 27% of total outflows. Ceredigion accounts for only 3% of the inflow and of the outflow.

**Figure A24: Origin and destination of commuting flows for Powys**



Commuting totals for Powys:

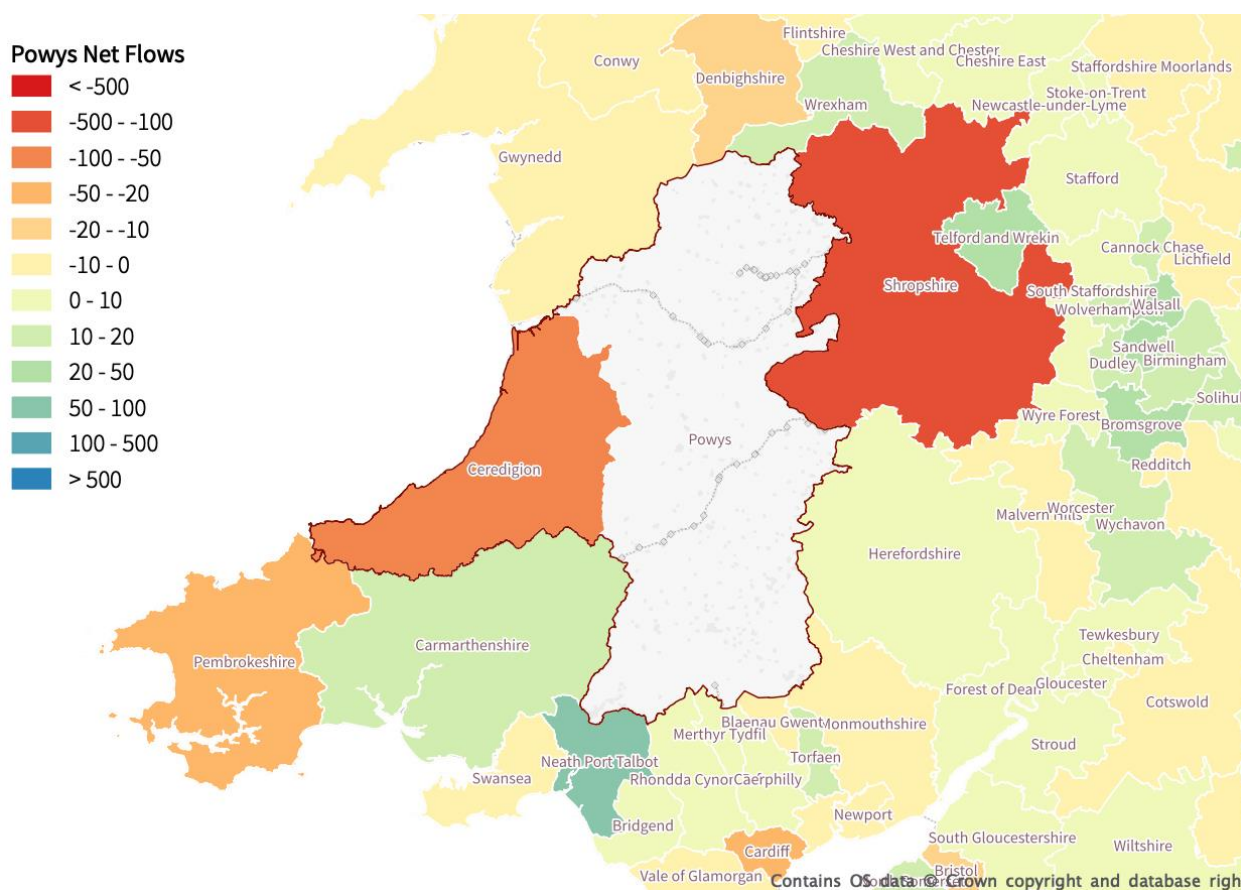
- Inflow: 8,143 all persons commute into Powys from other local authorities in the UK.
- Outflow: 11,638 all persons commute out of Powys to other local authorities in the UK or abroad.
- Net change: Overall, commuting results in a population decrease of 3,495 all persons in Powys.

Data Source: ONS, Census 2011

**Migration**

A38. The analysis of migration patterns (housing moves between local authorities – not international) gives an indication of the strength of the relationship between local authorities' housing markets. The map below illustrates the net flows between Powys and other local authorities, where a negative figure (yellow to red) indicates that a given local authority has more people moving in from Powys than vice versa. In 2017, within Mid Wales, there was a net negative flow to Ceredigion. The most significant negative flow is to its north east neighbouring local authority Shropshire, while the most significant positive net flow is from Neath Port Talbot to the South. Overall, as illustrated by Table 5, the migration balance for Powys is positive at 550.

**Figure A25: Powys Net Flows**



Data Source: ONS, Migration Statistics

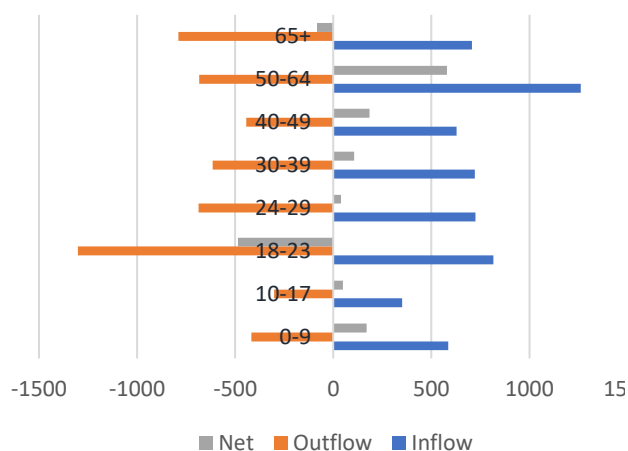
A39. The chart overleaf shows Powys' migration flows by age group in 2017. There is a positive balance across all age groups with the exception of the aged 18-23, whose negative net figure is likely to indicate people going to university, and for the aged 65+.

**Table A2: Migration Flows (2017)**

	Inflows	Outflows	Net Flows
<b>Powys</b>	5,800	-5,250	550
<b>Ceredigion</b>	5,500	-5,950	-450

Data Source: ONS, Migration Statistics

**Figure A26: Migration Flows by Age Group (2017)**



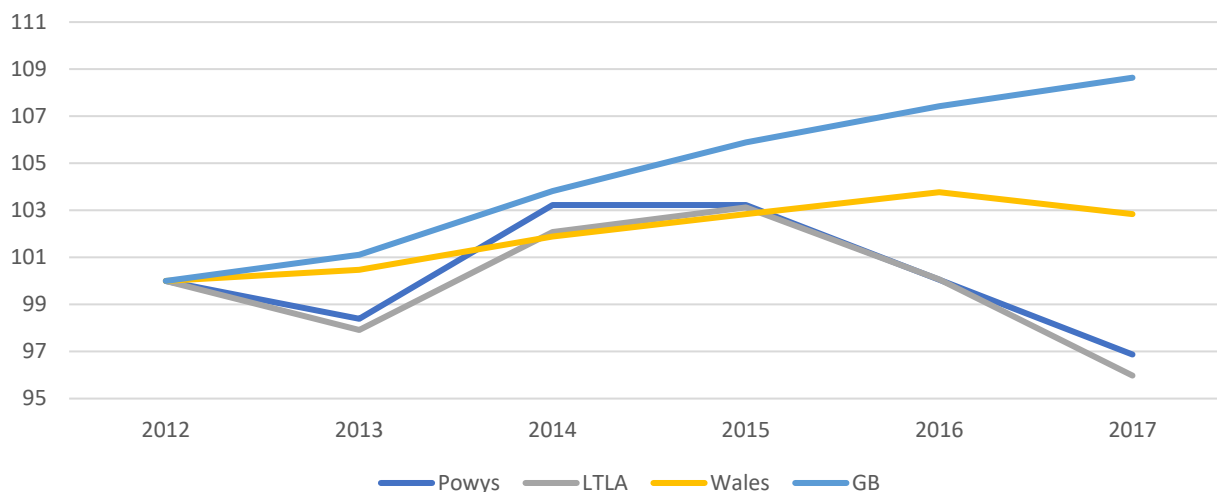
Data Source: ONS, Migration Statistics

### **Economy**

A40. As of 2017, Powys supported 61,000 jobs<sup>5</sup>, 5% of Wales jobs. Over the last five years (2012 to 2017), employment growth in Powys has fluctuated upwards and downwards, with significant growth between 2013 and 2014 and a fairly severe decline between 2015 and 2017, with an overall decline of nearly 2,000 jobs over the five-year period, or -3%: a negative growth rate that contrasts with the positive growth observed in Wales (+3%) and UK (+9%) over the same period. This decline has been primarily driven by the Retail, Agriculture and Health sectors (with a combined loss of nearly 3,000 jobs), while the sectors that have been driving growth are Manufacturing (+1,000), Information & Communications (+875) and Professional services (+560).

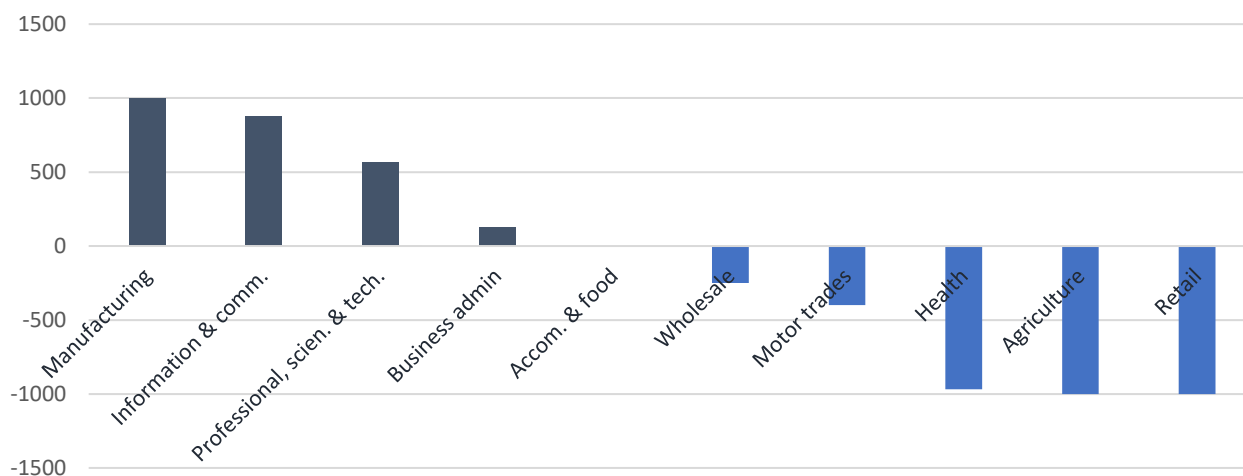
<sup>5</sup> Business Register and Employment Survey (BRES)

**Figure A27: Indexed Employment Growth (2012=100)**



Data Source: ONS, BRES

**Figure A28: Net Change in Employment (2012-17) - top 5 and bottom 5 changes by sector**

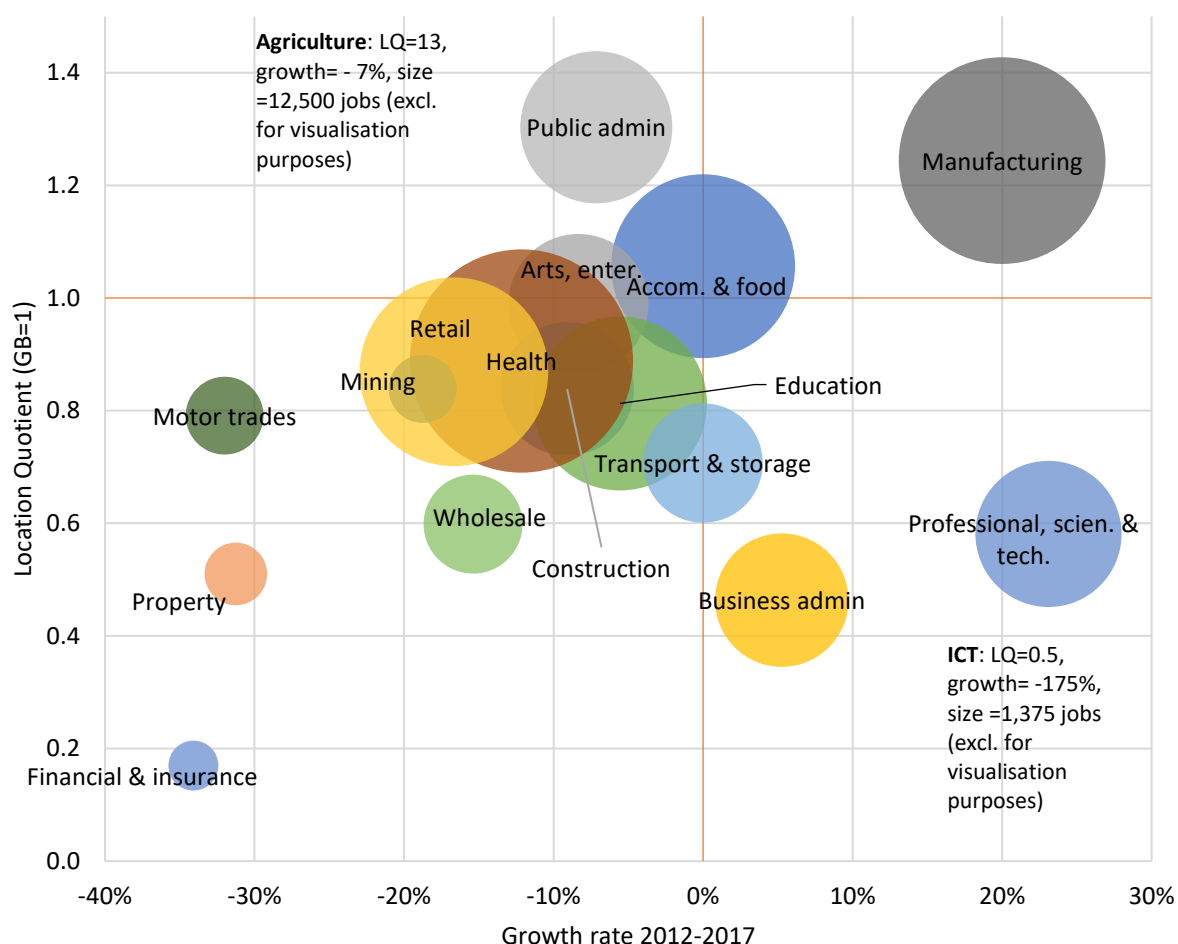


Data Source: ONS, BRES

A41. The following two charts illustrate the sectoral dynamics of change and specialisation in Powys. The horizontal axis of the first chart measures proportional change in employment for a given sector from 2012 to 2017, while the vertical axis measures specialisation relative to Great Britain indicated by the Location Quotient (LQ): the higher is a sector's LQ above 1, the higher is its degree of specialisation locally. Each sector is represented by the different bubbles, whose size indicates the size of that sector's employment in 2017. The second chart re-proposes the employment distribution by sector in 2017 in a pie chart to facilitate comparison.

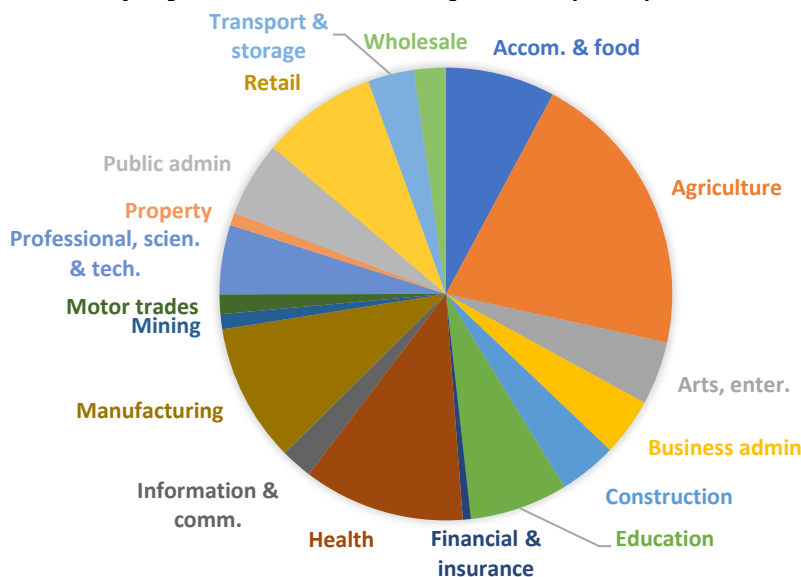
A42. Agriculture is the largest sector in Powys' economy, accounting for 12,500 jobs, over a fifth of total jobs and is also the sector displaying the highest degree of specialisation, being 13 times the size of the share of the Agricultural sector in Great Britain. However, the sector has declined by 7% over the period. Health is the second largest sector (7,000 jobs) but, as observed above, has lost 1,000 jobs over the period. Manufacturing is the third largest sector (6,000 jobs) it presents above level degree of specialisation and has undergone significant growth over the period (+20%). Professional, Sci & Tech Services and ICT are sectors currently under-represented in the economy but have grown considerably in the last five years, driving diversification towards a knowledge- and service-based economy. Other high-value services such as Finance & Insurance and Property however are falling further behind.

**Figure A29: Employment Specialisation and Change by Sector (2012-17)**



Data Source: ONS, BRES

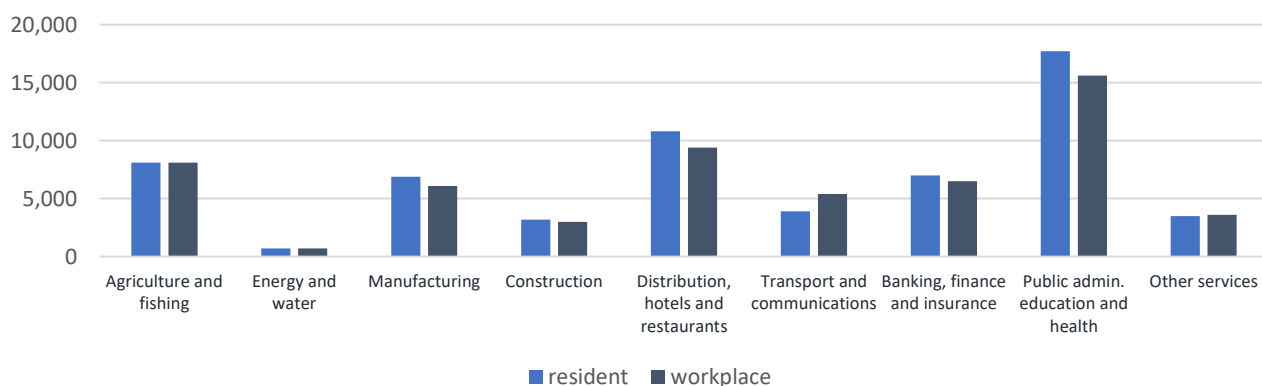
**Figure A30: Employment distribution by sector (2017)**



Data Source: ONS, BRES

A43. Finally, the chart below compares the distribution of local jobs (workplace) against the distribution of employment by residents - which can take place within as well as outside Powys. The sectors that present the largest demand/supply imbalance are Public Admin, education & health, Distribution, hotels & restaurants and Manufacturing, for which the local supply of jobs is lower than the number of residents working in the sector, indicating that out-commuting is more likely to take place within these industries. Transport & Communication, on the other hand, presents a higher supply of jobs than number of employed residents, indicating that some of these jobs must be taken by residents of other local authorities.

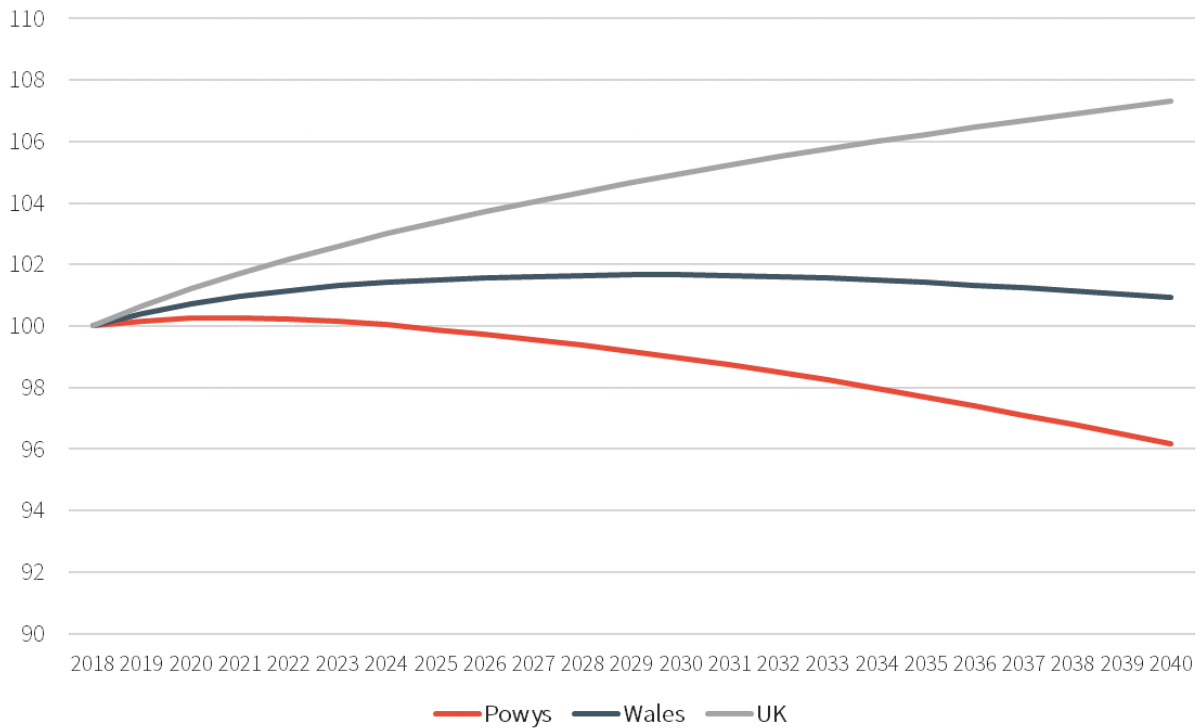
**Figure A31: Employment distribution 2018 Powys – Resident vs Workplace**



Data Source: ONS, APS Jan 2018-Dec 2018

**Economic Forecasts**

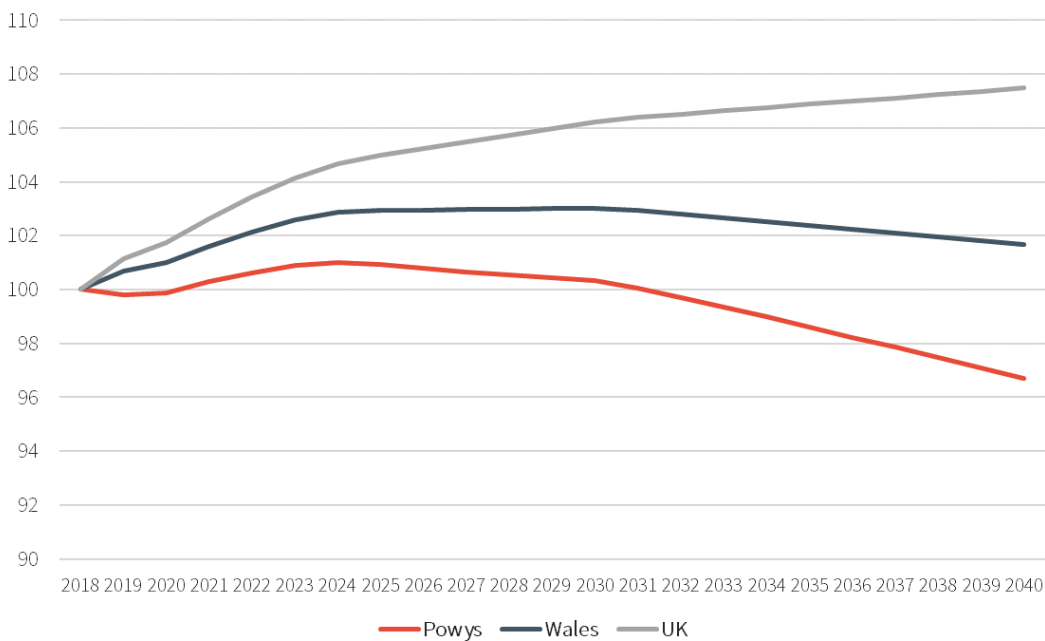
**Figure A32: Projected Population Change – 2018-2040**



Data Source: Oxford Economics

A44. Powys’ population is projected to decrease by 4% between 2018-2040. In the same period, employment is forecast to decrease by more than 3.5%.

**Figure A33: Forecast Employment Growth – 2018-2040**



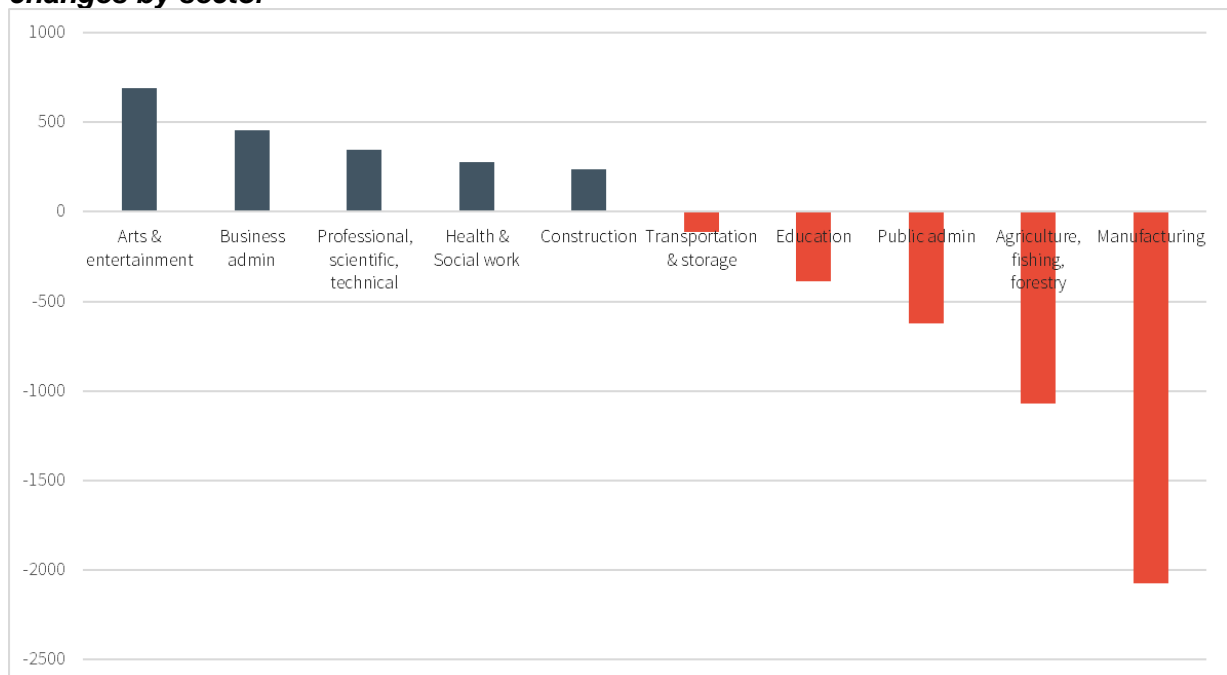
Data Source: Oxford Economics



A45. The decline is largely driven by loss of jobs in the education and agriculture sectors, totalling more than 3,000 jobs lost. The overall loss of employment in Powys is forecast to be more pronounced than both the Welsh and English overall trend. Modest growth in the arts and entertainment sector and business administration sectors will bring around 1,000 additional jobs by 2040.

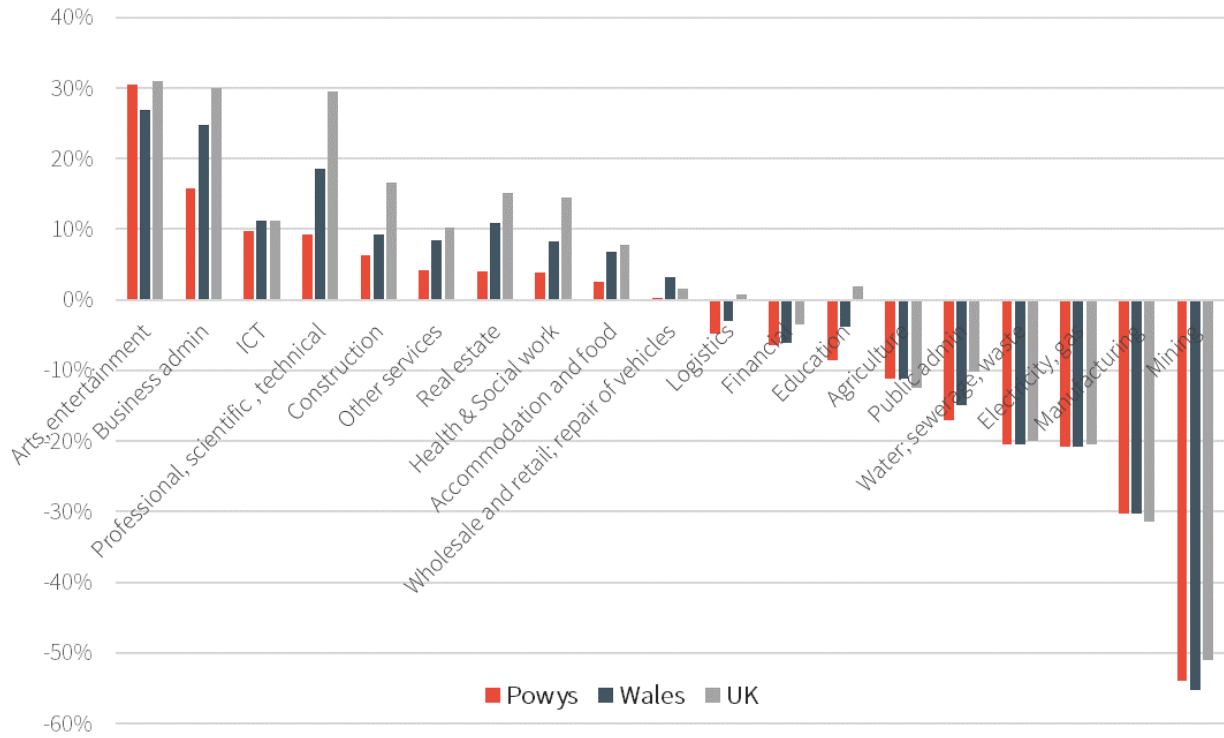
A46. Figure 35 further illustrates the more acute forecast decline of employment in Powys. Showing percentage change in employment to 2040, it can be seen that Powys' strongest growing sectors fail to meet the levels of growth in these sectors nationally, with the notable exception of arts and entertainment which is forecast to grow strongly in Powys. Those sectors forecast to decline in Powys will not do so at a significantly faster rate than will be seen in both Wales and England.

**Figure A34: Forecast Net Change in Employment (2018-40) - top 5 and bottom 5 changes by sector**



Data Source: Oxford Economics

**Figure A35: Forecast Proportional Change in Employment (2018-40) – Wales and UK comparison**



Data Source: Oxford Economics

## **APPENDIX 2**

### **VACANCIES**

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Address	Area	Tenure	Size		Price £/Sqm	Price	Agent
			Sqft	Sqm			
Ddole Road Industrial Estate, Llandrindod Wells, Llandrindod Wells, LD1 6DF	Powys	FH	2,971	276			McCartneys
Penisadre, East Street, Rhayader, LD6 5DU	Powys	FH	5,990	556		£ 130,000.00	McCartneys
Penisadre, East Street, Rhayader, LD6 5DU	Powys	FH	7,000	650		£ 245,000.00	McCartneys
Penisadre, East Street, Rhayader, LD6 5DU	Powys	FH	12,990	1,207		£ 380,000.00	McCartneys
The Courtyard, Upper House Farm, Crickhowell, NP8 1BP	Powys/BB	FH	Not Available	Not Available		£ 180,000.00	Not Available
Tre Owain Industrial Estate, Forge Road, Machynlleth, SY20 8EG	Powys	FH	9,090	844		£ 500,000.00	Barbers Commercial
Tre Owain Industrial Estate, Forge Road, Machynlleth, SY20 8EG	Powys	FH	13,743	1,277		£ 390,000.00	Towler Shaw Roberts LLP
Warehouse Unit, Off A458, Welshpool, SY21 0NS	Powys	FH	6,251	581		£ 565,000.00	Halls Commercial
Retail Warehouse, Foel, Welshpool	Powys	FH	56,628	5,261		£ 565,000.00	Halls Commercial
CARDI BUILDING SUPPLIES, C1177 FROM THE JUNCTION OF THE A484 AT CROESYLLAN TO THE JUNCTION OF THE B4570 AT LLANGOEDMOR, LLANGOEDMOR, SA43 2LH	Ceredigion	FH	158,477	14,723			JLL
Workshop at, A4120, Aberystwyth, SY23 3JS	Ceredigion	FH	Not Available	Not Available		£ 100,000.00	John Francis Commercial
Lower Wenallt, Lower Wenallt, Hay-on-Wye, HR3 5QW	Powys/BB	LH	545	51	39		McCartneys

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Sheep Barn, Pantyvithel Farm, Hay-on-Wye, HR3 5RH	Powys/BB	LH	Not Available	Not Available			McCartneys
Ddole Road Industrial Estate, Llandrindod Wells, Llandrindod Wells, LD1 6DF	Powys	LH	Not Available	Not Available			McCartneys
Berthllwyd Fawr Barn, Pengefnffordd, Brecon, LD3 0HA	Powys/BB	LH	560	52	15		McCartneys
Neuaddwen Cattle Barn, Talybont-On-Usk, Brecon, LD3 7YS	Powys/BB	LH	Not Available	Not Available			McCartneys
Barns & Stores Near, A4215, Brecon, LD3 8NP	Powys/BB	LH	4,068	378			McCartneys
Forest Industrial Estate, Defynnog Road, Brecon, LD3 8RS	Powys/BB	LH	1,486	138			Stuart Hogg Property Consultant
Forest Industrial Estate, Defynnog Road, Brecon, LD3 8RS	Powys/BB	LH	8,991	835			Stuart Hogg Property Consultant
The Courtyard, Upper House Farm, Crickhowell, NP8 1BP	Powys/BB	LH	1,033	96	106		Stuart Hogg Property Consultant
The Courtyard, Upper House Farm, Crickhowell, NP8 1BP	Powys/BB	LH	323	30	160		Stuart Hogg Property Consultant
Ynyscedwyn Industrial Estate, Trawsffordd Road, SA9 1DT	Powys	LH	1,500	139	81		Lambert Smith Hampton
Caerbont Enterprise Park, Caerbont, SA9 1SQ	Powys	LH	5,177	481			Hansteen Limited
GROOMS BUILDINGS, POOL ROAD, NEWTOWN, SY16 1DL	Powys	LH	4,043	376	33		Cooper Green Pooks
Unit 11 , Vastre Industrial Estate Newtown SY16 1DZ	Powys	LH	3,132	291	32		Cooke & Arkwright

Tudalen 394

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Vastre Industrial Estate, Heol Vastre, Newtown, SY16 1DZ	Powys	LH	505	47	200	Hansteen Limited-01443 844795,
Vastre Industrial Estate, Heol Vastre, Newtown, SY16 1DZ	Powys	LH	3,136	291	19	Morris Marshall & Poole Limited
Mochdre Industrial Estate, Mochdre Lane, Newtown, SY16 4LE	Powys	LH	10,456	971	33	Towler Shaw Roberts LLP
Mochdre Industrial Estate, Mochdre Lane, Newtown, SY16 4LE	Powys	LH	413	38		Morris Marshall & Poole
Former Builders Merchant Office, A470, Llanbrynmair, SY19 7DH	Powys	LH	21,528	2,000		McCartneys
Station Yard, Severn Road, Welshpool, SY21 7AZ	Powys	LH	3,856	358	59	Halls Commercial
Severn Farm Industrial Estate, Severn Road, Welshpool, SY21 7DF	Powys	LH	9,930	923	37	Towler Shaw Roberts LLP
Kilkydd Transport Depot, Welshpool, SY21 8RT	Powys	LH	6,608	614	25	Halls Commercial
Unit 9, The Old Creamery	Powys	LH	4,785	445	22	Towler Shaw Roberts
Park Road, New Radnor, LD8	Powys	LH	758	70	51	Chancellors
Ffrwdgrech industrial Estate, Brecon, LD3	Powys/BB	LH	500	46	185	James Dean Estate Agents
Stonehouse Farm, Llanfyllin, Powys, SY22	Powys	LH	5,460	507	10	Roger Parry and Partners
Caersws Village Workshop, Caersws, SY17	Powys	LH	445	41	54	Powys County Council
Talerddig Road, Llanerfyl, Sy21	Powys	LH	500	46	38	Powys County Council
Station Road, Caersws, SY17	Powys	LH	305	28	49	Powys County Council
Couzens House, Elvicta Business Park	Powys	LH	14,469	1,344	Not Available	

Parc Teifi Business Park, Parc Teifi Business Park, Cardigan, SA43 1EW	Ceredigion	LH	1,500	139	50	Stuart Hogg Property Consultant
Commercial Units, Bath House Road, Cardigan, SA43 1JY	Ceredigion	LH	Not Available	Not Available		Stuart Hogg Property Consultant-
Commercial Units, Bath House Road, Cardigan, SA43 1JY	Ceredigion	LH	6,932	644	27	Stuart Hogg Property Consultant
Commercial Units, Bath House Road, Cardigan, SA43 1JY	Ceredigion	LH	6,588	612	27	Stuart Hogg Property Consultant
Commercial Units, Bath House Road, Cardigan, SA43 1JY	Ceredigion	LH	6,566	610	27	Stuart Hogg Property Consultant
Commercial Units, Bath House Road, Cardigan, SA43 1JY	Ceredigion	LH	3,757	349	27	Stuart Hogg Property Consultant
Pentod Industrial Estate, Station Road, Cardigan, SA43 3AG	Ceredigion	LH	1,497	139	58	John Francis Commercial-
Parc Melin Trade Park, Glan Yr Afon Industrial Estate Aberystwyth SY23 3JQ	Ceredigion	LH	11,113	1,032	91	Cooke & Arkwright
Parc Melin, Glan Yr Afon Industrial Estate, Aberystwyth, SY23 3JQ	Ceredigion	LH	2,965	275		Legat Owen

Ceredigion

## **APPENDIX 3**

### **LIST OF CONSULTEES**



### **Appendix 3 - List of consultees**

#### Welsh Government

- Property
- Food
- Decarbonisation and Energy
- Digital Infrastructure
- Tourism Development
- Environment and Rural affairs

#### Ceredigion County

- Mid Wales Energy
- Corporate lead officer Economy and Regeneration
- Corporate lead officer Highways and Environmental

#### Powys

- Planning

#### Brecon Beacons National Park Authority

- Sustainable Tourism manager
- Chief executive officer
- Sustainable communities' manager
- Visitor Manager officer

#### Commercial Agents

- McCartneys Estate Agents
- Cooper Green Pooks
- Towler Shaw Roberts LLP
- Hughes Architects
- Stuart Hogg Property Consultants

#### Businesses

- TS Henderson Precision Engineers
- PolyCo/W Howard Group
- Protocol Control Systems
- Centre for Alternative Technology
- Compactor Orbital Gears
- Mid Wales Manufacturing Group
- Stagecraft

## **APPENDIX 4**

### **CONSULTATION RESPONSES**

## Appendix 4 – Consultations

### Introduction

A range of stakeholders were consulted to provide input into this study, including public sector agencies, business organisations, businesses, etc. The objective of the consultations was to gain a variety of opinions from local entities on the performance and opportunities for the Mid Wales economy.

The consultations were undertaken on a one-on-one basis, using telephone and face-to-face meetings. The consultations covered a broad range of topics, targeted to the consultees particular interests, including strengths/weaknesses of the local economy, potential for growth, constraints to development, skills, sectors, Brexit and key businesses.

The themes and feedback from the consultees have been collated into the points below:

#### ***Business***

- Businesses are generally positive about operating from the area and intend to continue to do so. Some business respondents were long-term operators in the local economy
- Manufacturing was considered a key sector in the economy
- Business respondents are aware that their location is significantly removed from major motorways; however, this is considered a facet of business life in the area and businesses are prepared to carry on in Mid Wales, with this understanding
- Some respondents noted a recent downward change in the economy, this has resulted in people reducing their businesses in terms of production and services. Businesses responded that they see this as a short term issue although this has led to uncertainty in the market
- One respondent stated that the automotive sector has been impacted significantly as it is an international market. It was reported that some businesses have been advised to hold off on trading until the issues with the economy are resolved. The agricultural sector is also an industry that is struggling
- Several respondents have expressed that one of the key challenges for businesses is the lack of supply of property. A knock on effect from this is the increasing cost of units due to this lack of supply
- Businesses are struggling with access to financial support. Due to the economic uncertainty, it was reported that some businesses have found that banks will not readily

loan money. This then constrains growth and businesses cannot develop and move forward

- While overall businesses are able to recruit staff, some respondents reported difficulties in obtaining appropriately skilled staff

### ***Property***

- Offa's Dyke business park was cited as an example of one of the more successful parks in the area, with a good take up and a range of different occupiers. It has the backing from the Welsh Government and is considered to be a high quality example in Mid Wales
- Not much private development in the area due to the cost of land and construction. As Powys is not an assisted area for grants there are limited opportunities to fill the funding. Welsh Government representatives see that the Government has a role in funding and delivering property that the private sector cannot provide
- According to the responses the demand is for smaller scale units, 930sqm (10,000sqft) to a maximum of 2,322sqm (25,000sqft)
- Supply of premises is less than demand in Mid Wales, resulting in businesses not being able to secure appropriate premises
- **Newtown** and **Welshpool** were cited as areas with little available premises and land, particularly for small to mid-sized industrial units
- One business respondent in **Knighton** cited that they are looking to expand but cannot find appropriate land/premises in Knighton. They would be looking for approximately 1,100 sqm (12,000 sqft) of B2 floorspace, with some offices
- **Builth Wells**, **Aberystwyth** and **Brecon** were also cited as having very limited availability of land and premises for employment uses
- The respondents highlighted the range of quality of units in the area. In particular it was mentioned that while some premises are available, these are generally poorer in quality (e.g. derelict units in Rhayader) which is why they remain vacant
- Aberystwyth University is a key asset and has the potential to work to increase interactions/collaborations with businesses
- There are a few factors that influence the economic market in Wales that have been highlighted by respondents. These include; the likely increase in protections of agricultural land resulting in a need to reuse brownfield land, Climate change resulting in a requirement to be zero carbon and more sustainable and finally the need to be more competitive

- One of the main issues in Mid Wales is the geographic spread
- It was cited that larger businesses struggle to get units large enough and are therefore forced to have multiple units in multiple locations

### **Roads**

- Strategic corridors are the main focus in terms of future development; north-south – A4834 and A487 and east-west – A44 and A458 – they need to be a focus when considering the location of new business parks
- A number of respondents spoke about the freight routes and the need to facilitate the businesses and connect the main areas of Mid Wales. Hereford and Shrewsbury are important areas to be connected to
- Welshpool and Newtown are currently saturated, therefore if new employment land in these areas is developed then new link roads will need to be built to connect the strategic corridors to these businesses
- Aberystwyth has problems with peak time traffic – though this is generally during school terms only. If Capel Bangor business park is to go ahead the traffic issue would need to be addressed (including the by-pass around Aberystwyth)
- Improvements to the road networks in Wales is highly influenced by the terrain
- The Newtown bypass has had a lot of improvements which in turn is helping businesses with connectivity

### **Rail**

- One respondent mentioned there are plans to extend the Cardiff metro to Merthyr Tydfil, which potentially could help connect Mid Wales to the south
- Opening up a new railway comes with a lot of challenges – there was a new station proposed at Abermule, this however, never went ahead
- There is a new train station currently under construction on Bow Street, Ceredigion – something to consider when businesses are looking to relocate
- There have been discussions in the past to change freight from road to rail. This was never taken any further due to the cost of double handling

### **Tourism**

- Outdoor activities such as walking, and mountain biking are one of the main reasons people choose to visit Mid Wales.
- One of the Welsh Government's key focuses is on the quality of visitor attractions. They have found people are wanting to invest in 4/5\* hotels and high quality restaurants rather than the recreational activities. The links between the food & beverage sector and tourism needs to improve
- Wales tourism is predominantly seasonal such as walking festivals. This can be a problem in the winter months. A calendar of events in Mid Wales would be a solution to address this
- A number of respondents want to see the investment that has been made in North Wales' tourism, such as Snowdonia, replicated in Mid Wales. Making the existing tourism sustainable is also a change people want to see (helped by the sustainable development fund)
- Marina and Canal improvements are the main current investments. There has also been a zip wire proposed
- Tourism in Mid Wales is predominantly domestic with a focus on the UK and Ireland, though Brecon Beacons has an emerging international profile
- One respondent's ideal situation for the future of Mid Wales would be two world class, sustainable attractions – the locations of these attractions, however, would be up to the entrepreneur
- There are some skills gaps within the tourism sector
- In Brecon Beacons there is a focus on increasing and improving the evening economy therefore persuading people to stay there for longer and overnight. This would likely be done by using and improving existing infrastructure
- The main issues surrounding tourism in the Brecon Beacons according to respondents is challenges of the high street such as the retail decrease in town centres and what to do with the remaining space. If broadband and connectivity was to improve in Brecon it may help resolve this problem
- In some areas in Brecon there is over-tourism which has a direct impact on wildlife and communities. One respondent believes increasing car parking and building a visitor centre would help this issue. Car parking was an issue mentioned by a number of respondents
- A number of respondents think that there should be a concentration on small local businesses

- Going forward there needs to be a focus on decreasing the carbon footprint of visitors. Respondents would like to see an innovation hub and a move from self-employment to employer bringing more benefits to areas
- The Centre for Alternative Technology (CAT) is a popular attraction for tourists in Powys
- In terms of tourism infrastructure that respondents would like to see, responses included implementation of shuttle buses, better car parking and train/tram links

### ***Food***

- The food and drink suppliers in Mid Wales mainly supply for Welsh supermarkets, venues such as hotels and restaurants, some major sporting events and schools and the NHS. They also provide for major retailers within Wales
- There is a need for food focused employment units. Generic industrial buildings are not designed to accommodate food manufacturing
- The two strongest areas in Wales are the north-east and south-east. The north-east is strongest in terms of logistics and therefore ease of movement to markets. The south-east is strong in terms availability of labour
- There are opportunities for future development in North Powys and at the bottom of Ceredigion near the M4
- Brexit is a potential impediment for the food and beverage sector, including farm production being impact (e.g. tariffs on livestock) and downstream delivery to markets.

### ***Energy***

- The capacity in the grid is a major obstacle to development – both energy production and wires capacity. This is holding back development due to the increased costs of upgrading the energy infrastructure in order to deliver projects
- Local hydrogen sector is Wales' 5<sup>th</sup> biggest exporter
- Renewables has some potential in Mid Wales, although the visual impacts would need to be managed

### ***Sustainable Technologies***

- CAT and IBERS were cited as key assets for Mid Wales to support and grow sustainable technologies sector

- CAT has a strong record of spinning out new enterprises from its graduate school. It has significant plans to increase its operations – including expanded graduate school, more on-site demonstrations and visitor attractions.
- Respondents saw an opportunity for a business park that supports this sector to be located in Mid Wales

### ***Environment***

- There was a strong theme of the need to respond to the threat of climate change, including the need to reduce carbon-based sectors and to mitigate to changes in the climate. This was feedback from public sector agencies and private businesses
- Aberystwyth has environmental constraints, located on a flood corridor this needs to be considered when looking at future development
- Well used network of footpaths however they are overused, and they need to be managed and improved

### ***Digital infrastructure***

- A number of respondents have expressed their concern for the broadband and connectivity issues in Mid Wales
- The main obstacles faced in terms of digital infrastructure in Wales is the surrounding environment and dispersed nature of the settlements
- In Wales 65 masts are needed to give 1million people broadband, whereas in the UK only 12 masts are needed to achieve the same number, due to the dispersed population
- The process of implementing broadband is a lot more complex in Wales compared to other areas in the UK. It can take anything between 6months to a number of years
- There is a heavy reliance on the UK government and Ofcom to legislate and enforce
- Enterprise Zones are the main priority for the delivery of digital infrastructure. There are projects underway focusing on improving broadband and mobile coverage. In particular on the A470 corridor this is the highest priority whereas all other surrounding areas are of lower priority
- There is no requirement for new developments/infrastructure, the only requirement needed is to make broadband and connectivity a priority in the first phase of building. Early engagement, according to a number of respondents, would make a huge difference.
- The voucher scheme, Gigabit, helps towards funding for private businesses



## **APPENDIX 5**

### **EMPLOYMENT FORECASTS**

### EMPLOYMENT FORECASTS – POWYS (000's)

Sector	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
A : Agriculture, forestry and fishing	9.3	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.3	9.3	9.2	9.1	9.0	8.9	8.9	8.8	8.7	8.6	8.5
B : Mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
C : Manufacturing	6.9	6.8	6.7	6.6	6.6	6.5	6.3	6.2	6.1	6.0	5.9	5.8	5.7	5.6	5.5	5.4	5.3	5.2	5.1	5.0	4.9	4.8
D : Electricity, gas, steam and air conditioning supply	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
E : Water supply; sewerage, waste management and remediation activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
F : Construction	3.8	3.8	3.8	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	7.5	7.5	7.6	7.6	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.6	7.6	7.6
H : Transportation and storage	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
I : Accommodation and food service activities	4.7	4.8	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.0	5.0	4.9	4.9	4.9	4.9	4.9	4.9	4.8	4.8	4.8
J : Information and communication	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
K : Financial and insurance activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
L : Real estate activities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
M : Professional, scientific and technical activities	3.8	3.8	3.8	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
N : Administrative and support service activities	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.4

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Sector	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
O : Public administration and defence; compulsory social security	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.1	3.1	3.1	3.1
P : Education	4.6	4.6	4.6	4.6	4.5	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2
Q : Human health and social work activities	7.3	7.3	7.3	7.3	7.4	7.4	7.4	7.4	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
R : Arts, entertainment and recreation	2.3	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.6	2.6	2.6	2.7	2.7	2.7	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9
S : Other service activities	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
Total	63.7	63.7	63.9	64.2	64.3	64.4	64.4	64.3	64.2	64.1	64.1	64.0	63.8	63.6	63.4	63.1	62.9	62.6	62.4	62.2	61.9	61.7

Source: Oxford Economics

Tudalen 405

**EMPLOYMENT FORECASTS – CEREDIGION (000's)**

Sector	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
A : Agriculture, forestry and fishing	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.3
B : Mining and quarrying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C : Manufacturing	1.6	1.6	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
D : Electricity, gas, steam and air conditioning supply	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
E : Water supply; sewerage, waste management and remediation activities	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
F : Construction	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	4.3	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2
H : Transportation and storage	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
I : Accommodation and food service activities	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.3
J : Information and communication	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
K : Financial and insurance activities	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
L : Real estate activities	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
M : Professional, scientific and technical activities	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7
N : Administrative and support service activities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7

Mid Wales Employment Sites and Premises Needs Assessment and Action Plan – Stage One  
Ceredigion and Powys County Councils, Brecon Beacons National Park Authority, Welsh Government

Sector	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
O : Public administration and defence; compulsory social security	2.1	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6
P : Education	5.4	5.4	5.4	5.3	5.3	5.3	5.2	5.2	5.2	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.0	5.0	4.9	4.9	4.9	4.9
Q : Human health and social work activities	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
R : Arts, entertainment and recreation	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5
S : Other service activities	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	33.4	33.3	33.4	33.5	33.6	33.6	33.5	33.5	33.4	33.4	33.3	33.3	33.2	33.1	33.0	32.9	32.7	32.6	32.5	32.4	32.3	32.1

Source: Oxford Economics

Tudalen 407

## **APPENDIX 6**

### **BIBLIOGRAPHY**

## BIBLIOGRAPHY

- Brecon Beacons National Park. *Local Development Plan: As adopted by the Brecon Beacons National Park Authority 2007-2022*. Copyright Brecon Beacons National Park. 2013
- Brecon Beacons National Park. *Local Development Plan: Review Report April*. Copyright Brecon Beacons National Park. 2018
- Brecon Beacons National Park. *Local Development Plan 2: Preferred Strategy July*. Copyright Brecon Beacons National Park. 2019
- Brecon Beacons National Park. *Management Plan for the Brecon Beacons National Park 2015-2020*. Copyright Brecon Beacons National Park. 2013
- Ceredigion County Council. *Ceredigion Local Development Plan 2007-2022: Volume 1 Strategy and Policies*. Crown Copyright. 2007
- Ceredigion County Council. *Employment Land Survey: 2017 survey data, with commentary and analysis completed April 2019*. Copyright Ceredigion County Council. 2019
- Ceredigion County Council. *Replacement Local Development Plan 2018-2033: Preferred Strategy 2019*. Copyright Ceredigion County Council, 2020
- Ceredigion County Council. *Topic Paper: Rural Economy and Employment Update for Preferred Strategy 2019*. Copyright Ceredigion County Council. 2020
- County Councillor Barry Thomas, Leader of Council. *Cabinet: Powys Public Service Board – Well-being Assessment 2017*. Crown Copyright and database rights. 2017
- Funnell, Paul. *Brecon Beacons National Park Authority: Corporate Plan 2019/2020*. Copyright Brecon Beacons National Park. 2019
- Jones, Caroline. *Corporate Strategy 2017-2022: Including Well-being and Improvement Objectives 2018-2019*. Copyright Ceredigion County Council. 2018
- Jones, Caroline. *Well-being & Improvement Objectives: Annual Report 2018-19*. Copyright Ceredigion County Council. 2018
- JLL. *Framework for Priority Property Interventions for Economic Development in Wales*. Copyright Jones Lang Lasalle IP, Inc. 2017
- Litchfields. *Brecon Beacons National Park: Employment Land Review*. Crown Copyright reserved. 2019
- Litchfields. *Brecon Beacons National Park LDP Review: Assessment of Housing need Interim update*. Crown Copyright reserved. 2019
- Powys County Council. *Delivering Vision 2025: Our Vision for transforming Powys County Council*. Crown Copyright and database rights. 2018
- Powys County Council. *Employment Land Site Allocations: Approach for the Sequential Testing and Determining of Sites, Position Statement*. Crown Copyright and database rights. 2018
- Powys County Council. *Powys Local Development Plan Topic Paper: Economy – Employment & Economic Development*. Crown Copyright and database rights. 2015
- Powys County Council. *Towards 2040: The Powys Well-being Plan*. Crown Copyright and database rights. 2018
- Powys County Council. *Powys Local Development Plan 2011-2026: Adopted Written Statement*. Crown Copyright and database rights 2018
- Powys County Council. *Economic Development Strategy for Powys County Council*. Crown Copyright and database rights. 2016

- Welsh Government. *Draft National Development Framework: Consultation Draft*. OGL Crown Copyright. 2019
- Welsh Government. *National Resources Policy*. OGL Crown Copyright. 2017
- Welsh Government. *Planning Policy Wales: Edition 10*. OGL Crown Copyright. 2018
- Welsh Government. *Practice Guidance: Building an Economic Development Evidence Base to Support a Local Development Plan*. OGL Crown Copyright. 2015
- Welsh Government. *Prosperity for All: Economic Action Plan*. OGL Crown Copyright. 2017
- Welsh Government. *Prosperity for All: The National Strategy*. OGL Crown Copyright. 2017
- Welsh Government. *Strategic Economic Priorities for the Mid Wales Region*. OGL Crown Copyright. 2019
- Welsh Government. *Technical Advice Note 23: Economic Development*. Crown Copyright. 2014





## Mid Wales Region Employment Sites Premises Needs and Action Plan Powys, Ceredigion and Brecon Beacons

---

Stage 2 Report  
July 2020

## CONTENTS

1.0	INTRODUCTION.....	3
2.0	LOCAL MARKET SITES – SUPPORTING BUSINESS AS USUAL DEMAND.....	5
3.0	STRATEGIC INTERVENTIONS – STIMULUS FOR INNOVATION AND GROWTH.	11
4.0	SECTORAL INTERVENTIONS – SUPPORTING A GROWTH AGENDA FOR THE ECONOMY .....	22

Appendix 1 – Strategic Interventions Programme

Appendix 2 – Demonstrating Market Failure on Employment Land – Viability Appraisal

## 1.0 INTRODUCTION

- 1.1 The **Mid Wales Employment Sites and Premises Needs Assessment and Action Plan** has been prepared by BE Group, Hatch and Per Consulting on behalf of Ceredigion and Powys County Councils, Brecon Beacons National Park Authority and the Welsh Government. This document represents Stage Two of the work – the **Action Plan** for the provision of employment sites and premises to support economic growth.
- 1.2 The employment strategy outlined in this report sets a clear ambition for change across the Mid Wales economy which builds on the Growing Mid Wales Partnership’s Strategic Economic Plan and growth ambition for the region. Realisation of economic transformation will demand successful intervention and support across a wide range of activities providing essential support for local people and established local businesses and creating the conditions to develop, attract and retain new innovative operations to the area.
- 1.3 This Action Plan focusses on the interventions necessary to stimulate the regional commercial property market and bring forward an appropriate range of employment sites and premises to meet the needs of the regional economy and, in particular, new, innovative and growth-oriented business sectors. It should be reviewed on a regular basis and a flexible approach adopted to enable the region to respond to opportunities and issues as they arise.
- 1.4 The Stage One Employment Sites and Premises Needs Assessment has identified a wide variety of both existing employment sites and new emerging opportunity areas with the potential to meet business requirements and help stimulate economic transformation in the future. Each identified site (and future sites to be identified) will require a different approach to stimulate market delivery. Those sites identified with potential to transform market demand require the greatest level of intervention and public support to realise growth ambitions. It is recognised that many existing employment sites in the Mid Wales region will have a localised function; with actions to support the delivery of these sites also likely to be at a local level. However, other sites have a higher order function demanding a more strategic approach to delivery.
- 1.5 As identified in the Stage One report, there is a need to address key market factors in Mid Wales to improve its economic performance, most notably including:

- The socio-economic challenges contributing to significant projected depopulation of the region.
- The endemic commercial market failure due to the significant viability challenge and constraint in bringing commercial sites and premises forward for business occupation. (See Appendix 2 for detailed explanation)
- The need for investment to bring the existing stock of commercial premises up to modern standards and the challenge of achieving this given the fragmented and largely private sector ownership of leased property.
- The limited supply of sites in the market, particularly in areas of existing high demand.
- The need to provide an appropriate mix of commercial premises to meet business requirements and facilitate future economic growth.
- The need for appropriate employment sites and premises for emerging growth sectors.

1.6 This Action Plan provides the direction to address these market factors.

1.7 The Covid-19 pandemic is causing unprecedented disruption to the economy. The initial economic shock is expected to lead to a period of recession, a contraction of the economy and increased unemployment, depending on how quickly the pandemic can be managed and restrictions lifted. The timing and pace of economic recovery is highly uncertain. The pandemic is expected to have a long-term impact on the Powys economy. Flexibility in approach and capitalising on new opportunities will be fundamental to supporting long term economic recovery and future growth in Mid Wales and further highlights the need to ensure that businesses have opportunities to grow the develop within Mid Wales.

## 2.0 LOCAL MARKET SITES – SUPPORTING BUSINESS AS USUAL DEMAND

2.1 There are many very well-established employment sites across the Mid Wales region which have supported the region in terms of local demand for many years. Most of these sites, which are highlighted in the table below, typically only have a small amount of undeveloped land remaining; largely comprising in-fill opportunities for local business needs.

2.2 The figures in Table 1 below represent likely useable land for employment purposes in those sites termed as Local Employment Sites as assessed in the Stage One report. Table 1 shows around 8.4 ha of land available in Powys (excluding the Brecon Beacons National Park area) across nine separate sites ranging from 0.5-1.1 ha. In Ceredigion, it is estimated that there is some 15.9 ha of land available across seven locations with site areas ranging from 0.3-3.2 ha.

**Table 1 – Local Employment Sites – Infill Development**

POWYS		CEREDIGION		BRECON BEACONS NP	
Site	Ha	Site	Ha	Site	Ha
Woodland Business Park, Ystradgynlais	1.14	Glanyrafon Industrial Estate, Aberystwyth	2.8	Ffrwdgrech Industrial Estate, Brecon	0.45
Wyeside Enterprise Park, Bulth Wells	1.2	Llambed Business Park, Lampeter	3.16	Talgarth Business Park	0.13
Broadaxe Business Park, Presteigne	1.01	Old Mart Site, Lampeter	0.29	Land off Hay Road, Talgarth	0.6
Parc Derwen Fawr, Llanidloes	0.5	Llandysul Enterprise Park	2.26	Mid Wales Hospital, Talgarth	0.5
Parc Hafren, Llanidloes	0.7	Parc Aberporth, Blaenannerch	1.78		
Churchstoke	1.12	Aeron Valley Enterprise Park, Lampeter	2.8		
Four Crosses	0.5	Parc Teifi, Cardigan	2.83		
Treowain Enterprise Park, Machynlleth	1.5				
Ddole Road, Llandrindod Wells	0.69				
	<b>8.36</b>		<b>15.92</b>		<b>1.68</b>

2.3 In Brecon Beacons National Park, there is only around 1.7 ha of employment land for local demand with many of the existing infill sites being very small and potentially difficult to deliver.

2.4 Whilst some investment may be needed to help unlock these local employment sites, the real priority for the Growing Mid Wales Partnership should be to provide targeted business support in these local market areas to stimulate market capacity for local growth and innovation (i.e. support that would enable businesses to grow within their

local area, rather than having to look elsewhere, such as incentives to invest locally and local skills support).

- 2.5 Rather than leading on site development, it is recommended that a flexible reactive stance is adopted for the Local Employment Sites, working with land-owners and local businesses as, when and if required to assist in bringing sites forward for development in response to actual market demand. This could be through streamlining/assisting with planning processes or providing a signposting role to funding and support that land-owners and businesses could tap into in order to help sites to come forward.
- 2.6 In addition to the infill development on established sites identified in Table 1 there are some undeveloped sites in the region that are also likely to form a local function when developed. Table 2 below lists those sites. Once again, a reactive, as required approach will be the focus for these sites.

**Table 2 – Local Employment Sites – Undeveloped Sites**

POWYS		CEREDIGION		BRECON BEACONS NP	
Site	Ha	Site	Ha	Site	Ha
Brynberth Business Park, Rhayader	3.7	No sites		No sites	
Gypsy Castle Land, Hay-on-Wye	2.4				
Buttington Quarry, Trewern	6.0				
	<b>12.1</b>		<b>0.0</b>		<b>0.0</b>

- 2.7 Tables 3 – 5 list the headline actions for these local employment sites. The timings listed refer to potential active interventions to help mobilise initial development, recognising that actual development is likely to span beyond the initial timescale shown and dependent on market demand. Deliberately this is heavily skewed to the early years of the planning timeframe as employment growth is projected to be strongest in the early years and to stimulate change. The nominated Lead organisation is shown to help co-ordinate activity albeit in partnership with others; including land-owners as appropriate.

**Table 3 – Recommended Actions – Powys Local Employment Sites**

Site	Actions	Lead	Timing
Woodland Business Park, Ystradgynlais	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Medium term option for speculative build of small unit scheme by WG</li> </ul>	WG	0-5 years
Wyeside Enterprise Park, Builth Wells	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Short term option for speculative build of small units, addressing shortage in Builth Wells</li> </ul>	WG	0-5 years
Broadaxe Business Park, Presteigne	<ul style="list-style-type: none"> <li>Review water supply availability &amp; waste water capacity</li> <li>Flood risk assessment</li> <li>Continue to promote plots to market</li> </ul>	WG	0-5 years
Parc Derwen Fawr, Llanidloes	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Medium term option for speculative build of small unit scheme by WG</li> </ul>	WG	0-5 years
Parc Hafren, Llanidloes	<ul style="list-style-type: none"> <li>Assess site for realistic potential for development (given its shape and size)</li> <li>Continue to retain for employment unless other uses (e.g. to support remaining business park) are feasible</li> </ul>	WG	0-5 years
Churchstoke	<ul style="list-style-type: none"> <li>Engage with landholder (Delfin Investments) to demonstrate demand for further units in broader region</li> <li>Encourage landholder to proceed with development</li> </ul>	PCC	0-5 years
Four Crosses	<ul style="list-style-type: none"> <li>Engage with landholder to identify intentions for site and to demonstrate demand for further units in broader region</li> <li>Encourage landholder to proceed with development</li> </ul>	PCC	0-5 years
Treowain Enterprise Park, Machynlleth	<ul style="list-style-type: none"> <li>Identify development opportunities to develop as a further stage of adjacent employment area, including access, infrastructure requirements and further units</li> <li>Consider site for sustainable technologies business park</li> </ul>	WG	0-5 years
Ddole Road, Llandrindod Wells	<ul style="list-style-type: none"> <li>Promote plots for private sector development</li> <li>Consider site servicing and infrastructure provision</li> </ul>	PCC	0-5 years
Brynberth Business Park, Rhayader	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development.</li> <li>Consider potential to improve the general appearance through landscaping etc.</li> </ul>	WG	0-5 years

Site	Actions	Lead	Timing
	<ul style="list-style-type: none"> <li>Masterplan of site and neighbouring employment uses to investigate preferred outcome for area, including investigating reduction in allocation for employment and broader mix of uses</li> <li>Long term option for speculative build of small unit scheme by WG, if required</li> </ul>		
Gypsy Castle Land, Hay-on-Wye	<ul style="list-style-type: none"> <li>Progress planning discussions, including appropriate mix within scheme. Encourage maximisation of employment within mixed-use scheme</li> <li>Condition timely delivery of employment uses within any approval</li> </ul>	Landholder	0-5 years
Buttington Quarry, Trewern	<ul style="list-style-type: none"> <li>Investigate access options for the site.</li> <li>Consider potential remediation costs and general site clean-up (e.g. remains of former uses)</li> <li>Identify complementary uses to energy proposal on remainder of site if this progresses</li> <li>Encourage for lower order employment uses</li> </ul>	Landholder	0-5 years

**Table 4 – Recommended Actions – Ceredigion Local Employment Sites**

Site	Actions	Lead	Timing
Glanyrafon Industrial Estate, Aberystwyth	<ul style="list-style-type: none"> <li>Improve access to site, including entryway and approach road</li> <li>Clear useable area of site</li> <li>Promote site to the market</li> </ul>	CCC	0-5 years
Llambed Business Park, Lampeter	<ul style="list-style-type: none"> <li>Engage with landholder to understand intentions for site</li> <li>Encourage landholder to proceed with development</li> </ul>	CCC	0-5 years
Old Mart Site, Lampeter	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Long term option for speculative build of small unit scheme by WG</li> </ul>	WG	0-5 years
Parc Aberporth, Blaenannerch	<ul style="list-style-type: none"> <li>Promote sites for more flexible range of business uses</li> </ul>	WG	0-5 years
Aeron Valley Enterprise Park, Lampeter	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Long term option for speculative build of small unit scheme by WG</li> </ul>	WG	0-5 years
Llandysul Enterprise Park	<ul style="list-style-type: none"> <li>Continue to promote plots for private sector development</li> <li>Long term option for speculative build of small unit scheme by WG</li> </ul>	WG	5-10 years



**Table 5 – Recommended Actions – Brecon Beacons National Park Local Employment Sites**

Site	Actions	Lead	Timing
Land off Hay Road, Talgarth	<ul style="list-style-type: none"> <li>Engage with landholder to promote demand for premises in this corridor</li> <li>Encourage development of units for B2, B8</li> </ul>	PCC/BBNPA	0-5 years
Mid Wales Hospital, Talgarth	<ul style="list-style-type: none"> <li>Promote adopted Development Brief for the site</li> <li>Encourage preparation of site Masterplan</li> <li>Encourage employment uses as part of development mix</li> </ul>	BBNPA/PCC	0-5 years
Cwrt Y Gollen, Crickhowell	<ul style="list-style-type: none"> <li>Prepare site masterplan to explore options for the site</li> <li>Consider short term development of units</li> </ul>	WG	0-5 years
Ffrwdgrech Industrial Estate, Brecon	<ul style="list-style-type: none"> <li>Promote remaining site for development</li> <li>Medium term option for speculative build of small unit scheme</li> </ul>	Landholder	5-10 years
Talgarth Business Park	<ul style="list-style-type: none"> <li>Promote remaining site for development, though size (0.13 ha) is limiting options</li> </ul>	WG	10+ years

2.8 It is recommended that each site is effectively marketed and promoted through the Business Wales Property Database to maximise local and national exposure to development potential. Economic Development teams within each Local Authority (i.e. PCC, CCC) should take appropriate actions to ensure information included is accurate and updated when necessary; including clear links and contact details for landowners and/or marketing agents.

2.9 In order to encourage private landholders to bring their sites forward in a timely manner, regular engagement with landholders is recommended in order for the Councils to understand specific constraints and barriers to development and for the landholders to be appraised of local opportunities/requirements of which the Councils are aware.

2.10 Furthermore, a working prospectus of sites should be compiled to act as an easy reference document for both planning and economic development teams and assist in monitoring of delivery progress. The document should include location, site plan, ownership details, availability, size, development potential, and progress with key actions and next steps.

- 2.11 Alongside the above actions for infill and undeveloped local sites, it is recommended that an on-going **programme of refurbishment and renewal** of existing stock is also encouraged. This should include efforts to improve energy efficiency of existing buildings. A refurbishment and renewal programme could form part of the overall funding strategy, provided on a grant aid basis.
- 2.12 In Ceredigion, a grant programme to work with private landlords and owner occupiers may be feasible given the greater flexibility around state aids as an assisted area. It is noted that post-Brexit assisted areas and the implications for state aid may not apply in the same manner. Therefore, such an approach for the region as a whole could be considered (depending on emerging regulations) in the post-Brexit environment.
- 2.13 Properties in public ownership should be considered for improvement as part of an ongoing action plan for investment.

### **3.0 STRATEGIC INTERVENTIONS – STIMULUS FOR INNOVATION AND GROWTH**

- 3.1 A more pro-active approach is recommended by the Growing Mid Wales Partnership for a number of other site and emerging opportunities to ensure clear leadership and drive to bring land forward and stimulate wider market demand and interest. This is especially important to attract new innovative business investment potential and growth sectors to meet the economic ambition for the region.
- 3.2 Investigations into employment land availability as set out in the Stage One report indicate that, whilst there is land identified for development, there are very few sites immediately available and almost no available property which meet the more exacting demands of higher-value, innovative research oriented business sectors. As the Mid Wales region seeks to support and stimulate business growth and attract new business investment, the ready availability of suitable property and strategically located employment sites is even more imperative to back up the marketing drive and demonstrate ability to respond swiftly to business investment timetables.
- 3.3 The key sites and priority actions recommended to deliver on the ambitions across both Powys and Ceredigion are summarised in the following tables. The sites already identified and recommended actions are considered critical to support the economic transformation and growth of Mid Wales and should be critical priorities for intervention and the focus of resources. The indicative timings of the actions highlighted in Tables 6, 7 & 8 are also illustrated in Appendix 1.
- 3.4 The timings listed refer to potential active interventions to help mobilise initial development, recognising that actual development is likely to span beyond the initial timescale shown and dependent on market demand. The nominated Lead organisation is shown to help co-ordinate activity albeit in partnership with others; including land-owners as appropriate.

**Table 6 – Recommended Strategic Interventions – Powys**

Priority	Site	Objectives	Actions	Lead	Timing
1	<b>Llanidloes Road, Newtown</b>	Preserve Prime Employment site in Newtown. Business Growth & Skills integration	<ul style="list-style-type: none"> <li>Engage with College as site owner</li> <li>Discuss delivery options and approach</li> <li>Prepare Flood Risk Assessment</li> <li>Topographical Survey</li> <li>Site layout/masterplan</li> <li>Consider potential for LDO</li> <li>Promote for initial spec development</li> </ul>	PCC/WG/NPT Group of Colleges	0-5 years delivery
2	<b>Offa's Dyke Business Park Extension, Welshpool</b>	Secure additional land adjacent to established and successful Business Park (similar in scale to existing business park)	<ul style="list-style-type: none"> <li>Promote allocation in LDP review</li> <li>Explore adjacent land ownerships</li> <li>Enter negotiations for option/acquisition</li> <li>Prepare site layout/masterplan</li> <li>Establish service capacity</li> <li>Consider potential LDO</li> </ul>	PCC/WG	0-5 years Planning  5-10 years delivery
3	<b>Mid Wales Sustainable Technology Park (potentially also could be located in Ceredigion)</b>	Capitalise on the research & innovation from Machynlleth Centre for Alternative Technology and other sustainable technology related businesses in the region.	<ul style="list-style-type: none"> <li>Broad site search to identify area with best potential whilst maintain links with CAT</li> <li>Site options appraisal – delivery and development potential</li> </ul>	PCC/WG lead	0-5 years planning  5-10 years delivery
4	<b>Land adj. Gwernyfed Avenue, Three Cocks</b>	Emerging market interest in area Capitalise on central location and accessibility	<ul style="list-style-type: none"> <li>Early discussion with Dwr Cymru</li> <li>Identify foul sewer solutions</li> <li>Review cost implications for delivery</li> </ul>	PCC support to promotional work  Private Sector to deliver	0-5 years delivery
5	<b>Abermule Business Park, Abermule</b>	Establish new recycling facility.  Consolidate location for general industry	<ul style="list-style-type: none"> <li>Recycling centre under construction</li> <li>Prepare design proposals for business units</li> </ul>	PCC/WG	0-5 years

Priority	Site	Objectives	Actions	Lead	Timing
			<ul style="list-style-type: none"> <li>Confirm build costs and funding</li> </ul>		
6	<b>Heart of Wales Business Park, Llandrindod Wells</b>	<p>Established, high-quality business park.</p> <p>Large site area remaining (more than local infill) although mostly responding to local demand</p>	<ul style="list-style-type: none"> <li>Promote for WG speculative development – ready to go location.</li> <li>Review site layout/SUDS Drainage</li> </ul>	WG	0-5 years

**Table 7 – Recommended Strategic Interventions – Ceredigion**

Priority	Site	Objectives	Actions	Lead	Timing
1	<b>Aberystwyth Innovation &amp; Enterprise Centre, Aberystwyth</b>	<p>Capitalise on £40m innovation and research campus. Reserve future employment land for business expansion</p>	<ul style="list-style-type: none"> <li>Review sites/ownership</li> <li>Engage with University – joint vision for business growth</li> <li>Topographical Survey</li> <li>Site layout/masterplan</li> <li>Consider potential LDO</li> <li>Promote for initial spec development</li> </ul>	CCC/Aberystwyth University	<p>0-5 years planning</p> <p>5-10 years delivery</p>
2	<b>Horeb Business Park, Llandysul</b>	<p>Establish critical mass for local food hub. Capitalise on start-up/innovation support through Food Centre Wales.</p>	<ul style="list-style-type: none"> <li>Complete option agreement on adjacent land</li> <li>Progress design proposals for food standard units</li> </ul>	CCC	0-5 years delivery
3	<b>Parc Teifi Cardigan</b>	<p>Potential to expand existing business park.</p> <p>Although mainly local demand – priority intervention required.</p>	<ul style="list-style-type: none"> <li>Promote allocation in Local Plan</li> <li>Review adjacent land ownerships</li> <li>Examine flood risk constraints &amp; ecological conditions</li> <li>Enter negotiations to purchase land</li> </ul>	CCC/WG	<p>0-5 years Planning</p> <p>5-10 years delivery</p>
4	<b>Aberystwyth candidate sites</b>	<p>Capture opportunities from mixed-use developments to provide</p>	<ul style="list-style-type: none"> <li>Work with land owners to promote Local Plan Allocation</li> </ul>	CCC to lead in conjunction with landowners & agents	0-5 years Planning

Priority	Site	Objectives	Actions	Lead	Timing
	Llanbardarn Fawr Campus Penglais & Frongoch Farm Wern Phillip Farm	employment land within the town to meet demand	<ul style="list-style-type: none"> <li>Review site capacity and infrastructure requirements</li> <li>High-level topographical &amp; ecological review</li> <li>Outline layout/design context</li> </ul>		5-10 years+ delivery

**Table 8 – Recommended Strategic Interventions – Brecon Beacons National Park (within Powys)**

Priority	Site	Objectives	Actions	Lead	Timing
1	Cwrt Gollen y	Establish new business park as part of mixed-use residential development	<ul style="list-style-type: none"> <li>Site servicing to facilitate private sector development</li> <li>Consider short term development of units</li> </ul>	WG	0-5 years
2	Brecon Beacons Enterprise Park, Brecon	Requirement to expand existing successful business park for local demand	<ul style="list-style-type: none"> <li>Promote allocation/requirement in Local Plan – area of search or exception policy</li> <li>Examine site locations/ownerships and options to acquire</li> <li>Prepare site layout plans and determine infrastructure requirements</li> <li>Support site servicing for private sector development</li> </ul>	WG/PCC	0-5 years

### **Areas of search for additional sites**

3.5 In parallel with the above priority interventions, there is an immediate, **short-term action for further sites to be identified in Mid Wales** to increase the overall quantum of land in the region over the longer term. In particular, it was identified in the Stage One report that there are demonstrable shortages of available employment land to meet any further land demand in:

- Newtown
- Welshpool
- Brecon
- Builth Wells
- Knighton

3.6 It is recognised that such searches have been undertaken in recent years, particularly for Newtown, Welshpool and Brecon, and for these locations there are very limited options available that are not flood-prone or within the National Park. Therefore, broader searches along transport corridors such as the A483 and A489 should also be undertaken. A range of factors will need to be assessed in identifying potential sites including for example accessibility, sustainable transport links, the availability and capacity of services infrastructure, and deliverability.

### **Public Sector Intervention – Recommended Approach**

3.7 A range of interventions are likely to be required to bring forward appropriate and suitable commercial property development across Mid Wales. The table below summarises the typical approaches available from both public, private and joint venture solutions. Whilst it may be feasible to respond to some existing local demand through a combination of mixed-use and gap-funding solutions, the commercial property market is likely to need more intensive public sector support for the advanced provision of accommodation targeted at the newer, more transformative business sectors that form the ambition for the growing mid wales economy of the future.

3.8 In seeking to break the mould of traditional market demand, the Mid Wales economy must be able to present the best opportunities to attract otherwise footloose investment. Professional experience has shown that time and time again, the ready availability of suitable high-quality property is often the ultimate deal-maker or breaker for business investment (all other things being equal, such as availability of labour,

market access, etc.). Most new or expanding businesses have very short turn-round periods to ensure they can capture their sector upswing or bring new products to the market. Even if their business model has been many years in formation, the decision to invest often results in a very short window for delivery – with property typically being the last element of the decision process.

- 3.9 For the Mid Wales economy to establish itself as an investment location a swift response is needed to bring more land and property forward, ready for business occupation. This is why most of the actions identified above are set in the 0-5 year time period to pave the way for future development on the ground.
- 3.10 Market conditions, however, do not create sufficient confidence to bring forward new speculative development and there is demonstrable market failure in the development of commercial property as detailed in the analysis of costs and potential values provided in Appendix 2. Intervention is required to overcome such funding gaps.
- 3.11 With commercial property development showing viability gap of around 60%, based on current market indicators, soft market interventions are insufficient to bridge the large gap and facilitate private sector provision. This means more direct, public sector delivery of advanced commercial property is required to help attract new business occupiers and build confidence in the commercial development market with the longer-term objective to create a more sustainable commercial property market.
- 3.12 Modern business needs and expectations extend beyond the need for land and property. Ultrafast broadband provision is an expectation and critical in order for local businesses to remain competitive in the broader market. Infrastructure to provide gigabit connectivity within Mid Wales will improve the attractiveness of the local market. Furthermore, businesses are increasingly looking to reduce their carbon footprint, driven both through regulations/policies of governments and consumer expectations. Businesses should be supported in lowering their carbon footprint, through the provision of low carbon energy sources and storage within Mid Wales and encouraging/incentivising low carbon business practices.
- 3.13 A site by site approach is required to ascertain the most appropriate means of development delivery. Initial public sector leadership is required to either acquire new land for development (e.g. Offa's Dyke extension, Welshpool) or establish a



development and infrastructure masterplan (e.g. Llanidloes Road, Newtown and Aberystwyth Innovation & Enterprise Centre).

- 3.14 Advanced property development on each of these priority sites will also help establish the market credentials of each location and set the scene to stimulate the regional economy. The table below discusses potential delivery mechanisms for employment sites, including traditional and innovative approaches to delivering sites.

**Table 9 – Potential Delivery Mechanisms**

<b>Mechanism</b>	<b>Description</b>
Private Sector Led/Private Sector Funded	This will happen where development is financially viable, there are willing developers and market confidence in occupier demand and potential for rental growth. Public sector input may be more focused on nurturing market confidence through positive engagement by planning and economic development officers, to ensure a smooth delivery of the relevant property mix.
Mixed Use Development to cross-fund Employment Land	Responds to potential viability gap, but no direct public sector intervention (other than a planning authority role). Rather the public sector and the developer negotiate a suitable development mix which includes a strong element of higher value uses to offset the gap. This does not automatically mean housing but could include retail or leisure uses, appropriate to the location, which can also improve values. Pubs/restaurants, a gym or hotel are examples of uses that both generate reasonable returns for developers and can improve the offer and attractiveness of a potential business park scheme.
Low Level Public Support  Practical Advice	Public sector support does not always mean large scale investment. Sometimes a landowner may simply be unaware of the full potential of their site, level of market demand or how site constraints can be overcome. An increasingly common approach is for local authorities to assume some of the initial research costs, producing for example a planning brief or masterplan to show the owner/developer what is possible and prompt development. Support on site and area marketing may also be welcome.
Medium Level Public Support  De-Risking Development	The public sector could go further to “de-risk” commercial development through, for example, direct delivery of infrastructure and/or site improvement work. This could include environmental mitigation, enhanced drainage and/or on and off-site highway improvements which could otherwise impinge on the development viability. Pro-active support may also be required to ensure strategic infrastructure and services are available including energy and waste treatment.
Planning support & Local Development Orders	Greater use of Local Development Orders can be a way of unlocking development potential and resolving potential planning risks/barriers. By advancing planning consent in this way, it can help speed up development delivery process in response to investor/occupier demand.
Public Sector Land Acquisition	In this approach the public sector takes the lead in acquiring employment land, taking a more proactive approach to development delivery either as direct provider or in partnership with others.
Joint Venture Agreement	A defined agreement between public sector agencies and private developer partners. It is most commonly used where land is, at least in part, owned by

Mechanism	Description
	<p>the public sector. The public sector can then support development by inputting the land at low or nil value or by seeking out infrastructure funding. Such a Joint Venture partnership can take a number of forms:</p> <ul style="list-style-type: none"> <li>• Contractual Partnership – Normally a short-term arrangement where the parties enter into a contractual arrangement where one party, usually the developer, will deliver. It would relate to the most straightforward developments.</li> <li>• Joint Venture through formation of a limited company formed through share issue - A common arrangement where each party will put in an element of cost and risk, and the return reflects the share. The council may put in land and/or capital, the developer will often meet development costs. The arrangement may see proceeds distributed in different ways. This could be a revenue share, or a share on sale of the investment. The party taking the greater level of risk will normally have first call on the profit.</li> <li>• Company limited by guarantee – Tends to be more for non-profit making arrangements and can introduce a number of partners to the company. This arrangement is more likely to be suitable for marketing and promotion of regeneration schemes rather than a Joint Venture to deliver development.</li> </ul>
<p>Public Sector Support – Loans and Gap Funding</p>	<p>A range of public sector interventions have operated in Wales over the years with growing political preference towards “un-locking” schemes which help to underpin private sector confidence for market delivery. Currently these comprise a Property Development Grant programme from Welsh Government or facilitated loan agreement through the Development Bank for Wales. The level of public sector support is constrained by State Aid regulations.</p> <p><b>Property Development Grant</b> – is typically provided at the minimum level necessary to resolve a project viability gap. The level of gap funding is also constrained depending on Assisted Area Status, with the maximum intervention being available in the areas of West Wales &amp; the Valleys, which currently includes Ceredigion but not Powys.</p> <p><b>Wales Property Fund – Development Bank</b> – will provide loan funding especially for SME developers in Wales addressing a range of mixed-use, stalled residential sites and commercial property development. The Wales Commercial Property Fund, for example, provides loans between £250k - £5m with payback up to 5 years. Loans are limited to 65% of Gross Development Value which can constrain developers but they can cover 100% of development costs. Charges are similar to the open market ranging from 4-12% depending on covenant strength and capacity; with arrangement fees ranging from 1-4%. Although a welcomed additional source of funding, generally access to development finance is not the major constraint for developers.</p> <p><b>Rental Guarantee</b></p> <p>Another direct support approach could be through rental guarantees (either in terms of minimum rental thresholds) or where a public body (Local Authority or Welsh Government) enter into a long-term “head-lease” arrangement with the developer to help secure funding and the public body then “sub-lets” to future business occupiers.</p>
<p>Long lease interest and Annuity Rent</p>	<p>This is also increasingly used to support investments by pension funds and other major financial institutions into developments. The institution will fund the development in exchange for a lease of circa 35 years and an annuity rent paid by a secure covenant such as the council acting as developer. This would be a low but secured rent over the time period with agreed</p>

Mechanism	Description
	uplifts. The developer can then sub-let at market value to obtain a profitable rent. At the end of the 35 years the property will revert to the developer for £1 and the developer retains the long-term asset value.
Public Sector direct development	Ultimately, when soft intervention schemes as set out above still fail to encourage private sector development the remaining option is for the public sector to take full responsibility for speculative property development. This means the public body takes full financial and market risk prior to securing a commercial tenant or freehold sale of the completed property. The public sector is able to secure funding at significantly competitive rates through the Public Works Loan Board (PWLB) and defer repayments over the lifetime of the completed asset (40 - 50 years potentially). While public sector direct development has traditionally been the remit of Welsh Government, there is also scope for the local authorities to be more active in this area.

### Potential Property Requirements

- 3.15 Reflecting on the potential different needs of future growth sectors and the spatial distribution of regional opportunities, a range of commercial property should be brought forward in advance to stimulate occupier demand.
- 3.16 The economic projections set out in the Stage One Report highlighted underlying growth potential for around 1,000 additional jobs in the short term (2020-2025) with potential to stimulate a further 1,000 jobs in the medium term (2025-30) and up to 2,000 further jobs opportunities in the longer term over 10 years+ in the future (2030-2040), *if active interventions are implemented*. Depending on the type of activity across the different sectors, a range of different properties will be required. The scale of potential demand is illustrated in Table 10 below reflecting the different employment densities from different occupiers and operations. The table shows the range of floorspace that could be required if all the employment growth was contained within one floorspace category. This should be read as indicative only, with actual requirements set by business needs and specifications at the time of development.

**Table 10 – Potential Total Floorspace Requirements of Employment in Different Land Use Types**

Property Type/Use	Floorspace Density/FTE job	2020-2025	2025-2030	2030+
B1(b) R&D Space	40-60 sqm	40,000 - 60,000 sqm	40,000 - 60,000 sqm	80,000 - 120,000 sqm
B1 (c) Light Industry	47 sqm	47,000 sqm	47,000 sqm	94,000 sqm
B2 Advanced Manufacturing	36 sqm	36,000 sqm	36,000 sqm	72,000 sqm

3.17 This shows potential demand for between 36,000 sqm to 60,000 sqm of commercial floorspace in each five-year period over the study timeline of 2020-2040, depending on the assumptions of land use types. In practice, a blend of different types of property will be required to meet projected demand whilst some employment will also take up or re-use existing floorspace in some locations.

3.18 A potential scenario could be envisaged to assume an equal split between the use types listed in Table 10 above, as well as an equal proportion being assumed as re-use of existing space (local absorption) and thereby not requiring new space.

**Table 11 – Potential New Floorspace Requirements (including local absorption)**

Property Type/Use	Employment	2020-2025	2025-2030	2030+
Local Absorption	25%	Nil new space	Nil new space	Nil new space
B1(b) R&D Space	25%	10,000 - 15,000 sqm	10,000 - 15,000 sqm	20,000 - 30,000 sqm
B1 (c) Light Industry	25%	11,750 sqm	11,750 sqm	23,500 sqm
B2 Advanced Manufacturing	25%	9,000 sqm	9,000 sqm	18,000 sqm
<b>Total New Floorspace Required</b>		<b>30,750 – 35,750 sqm</b>	<b>30,750 – 35,750 sqm</b>	<b>61,500 – 71,500 sqm</b>

3.19 As demonstrated in the Stage One report, there is demand in Mid Wales for a broad range of unit sizes. While the majority of units transacted in recent years has been small (e.g. <500 sqm for industrial premises), there are significant unmet requirements for mid to larger units (1,000-3,000 sqm) and some requirements for even larger units (>5,000 sqm). Businesses requiring larger premises are more likely to have capacity (and a preference for) to build stock themselves and thus would be looking for appropriate land. Small to medium enterprises are more likely to be looking for built premises and thus a programme of speculative building should look to focus on such units.

3.20 In line with this and the research of Stage One (in particular, see Table 52 of the Stage One report), a programme of speculative development could be prepared in key areas of demand. In practical terms suggested speculative development could be as follows. The table presents the total floorspace and an indicative range of individual unit sizes.

**Table 12 – Potential Programme of Speculative Development**

<b>Property Type/Use</b>	<b>2020-2025</b>	<b>2025-2030</b>	<b>2030+</b>	<b>Total</b>
<b>Aberystwyth</b>				
B1(b) R&D Space	5,000 sqm (50-1,000 sqm)	5,000 sqm (50-1,000 sqm)	15,000 sqm (50-1,000 sqm)	25,000 sqm
B1 (c) Light Industry	3,000 sqm (50-500 sqm)		6,000 sqm (50-500 sqm)	9,000 sqm
<b>Llandysul (Horeb)</b>				
B2 Food Units	1,100 sqm (50-200 sqm)			
<b>Newtown</b>				
B1(b) R&D Space				
Mix B1 (c) Light Industry & B2 Advanced Manufacturing	3,000 sqm (200-1,500 sqm)	3,000 sqm (200-1,500 sqm)	6,000 sqm (200-1,500 sqm)	
<b>Welshpool</b>				
B2 Advanced Manufacturing		5,000 sqm (200-2,000 sqm)	10,000 sqm (200-2,000 sqm)	

## **4.0 SECTORAL INTERVENTIONS – SUPPORTING A GROWTH AGENDA FOR THE ECONOMY**

4.1 As well as interventions to help deliver sites, the Growing Mid Wales Partnership can have a role in specific sectoral support. As identified in the Stage One report, sectors that are current strengths or emerging opportunities in Mid Wales include:

- Higher Value Manufacturing
- Food and beverage
- Tourism and hospitality
- Sustainable technologies
- Defence and security

4.2 The Growing Mid Wales Strategic Economic Plan 2020 provides greater detail on the economic priorities and actions needed to realise the economic growth potential of the region. Table 9 identifies a range of actions that can be considered to help support these priority business sectors and drive potential future growth as set out in the Stage One report. These should be read as recommended actions that the Partnership can consider to support growth in targeted sectors.

4.3 Several actions set out earlier in relation to bringing specific employment sites forward will also have benefits to these sectors. The following sector specific actions would be additional to the prior actions. The overall objective of supporting specific sectors is to promote economic growth, building on Mid Wales' strengths and market niches. Therefore, the sectoral objectives below support this overall objective.

4.4 The proposed public sector leads are provided in Table 13 for each sector that will lead on and coordinate public sector interventions. It is anticipated that a shared involvement at the local authority and Welsh Government levels will be appropriate for most sector interventions. However, the success of the growth and development of these sectors is significantly reliant on the private sector and public sector interventions should be targeted to stimulate private sector investment and activity.

**Table 13 – Sectoral Actions**

Sector	Objectives	Actions	Lead	Timing
High Value Manufacturing	To support and enhance the existing manufacturing strengths and ensure sector can take advantage of emerging opportunities	<ul style="list-style-type: none"> <li>• Ensure that property interventions are properly promoted to businesses to demonstrate the increased capacity for growth in Mid Wales</li> <li>• Ensure appropriate engagement and participation of businesses and business groups in the Mid Wales Growth Deal process</li> <li>• Promote regional manufacturing strengths and competitive advantages, such as centrality in Wales, links to West Midlands, cost of living, etc.</li> <li>• Establish a fund to support development of innovative projects within Mid Wales</li> <li>• Establish a young entrepreneur's grant/prize for innovation in manufacturing</li> <li>• Engage in programme of speculative development of industrial units to stimulate growth in manufacturing</li> <li>• Link with colleges and universities to provide appropriate skills applicable to advanced manufacturing</li> <li>• Link to innovation and research and development funding and support</li> </ul>	PCC, CCC, WG	<p>0-5 years</p> <p>0-5 years</p> <p>0-5 years</p> <p>5-10 years</p> <p>5-10 years</p> <p>0-5 years and on-going</p> <p>0-5 years</p> <p>0-5 years</p>
Food and Beverage	To broaden and enhance this sectoral strength of Mid Wales.	<ul style="list-style-type: none"> <li>• Support expansion of Food Centre Wales, including incubator units, grow-on space and traditional units both at Horeb and other locations in the region.</li> <li>• Support downstream enterprises and projects within Mid Wales to broaden value-adding of agricultural products within the region (e.g. processing within the region; use of local produce in retailing, restaurants).</li> <li>• Support appropriate on-farm schemes that provide value-added opportunities, including tourism opportunities, packaging/ processing of produce to add local value and potential "scale-up"</li> </ul>	CCC/PCC	<p>0-5 years</p> <p>0-5 years and on-going</p> <p>0-5 years and on-going</p>

Sector	Objectives	Actions	Lead	Timing
		<p>enterprises from farm to factory.</p> <ul style="list-style-type: none"> <li>• Ensure that LDPs have flexibility to accommodate appropriate on-farm uses (e.g. rural enterprises).</li> <li>• Promote information sharing and collaboration between primary, processor and dining/retailing businesses, through a range of events (training, trade shows, demonstrations) and partnerships</li> <li>• Support adoption of technical improvements within the agricultural sector, through incentivisation, information sharing, resource sharing, site visits. A portfolio of leading enterprises/case studies of early adopting businesses in Mid Wales should be promoted in the industry</li> <li>• Encourage adaptations to agricultural practices to mitigate and adapt to climate change, including processes, products and land management.</li> <li>• Enhance skills development in agriculture, processing, retailing and hospitality, through expansion of short and long-course programmes in FE and HE institutions.</li> </ul>		<p>0-5 years</p> <p>5-10 years</p> <p>0-5 years</p> <p>0-5 years</p> <p>5-10 years</p>
Tourism and Hospitality	To broaden the tourism and hospitality offer in Mid Wales.	<ul style="list-style-type: none"> <li>• Programme of maintenance and renewal of tourism assets (e.g. upkeep of trails, car-parking, improved signage, etc.)</li> <li>• Alignment of the strategic direction of the tourism sector across Mid Wales</li> <li>• Support sustainable low-impact tourism enterprises in rural areas.</li> <li>• Support enhancement of visitor accommodation offer, including products that service a broader market (e.g. business, education visitors)</li> <li>• Support existing accommodation enterprises through information sharing and business support to</li> </ul>	PCC, CCC, BBNPA	<p>0-5 years and on-going</p> <p>0-5 years</p> <p>0-5 years</p> <p>0-5 years</p> <p>0-5 years</p>



Sector	Objectives	Actions	Lead	Timing
		<p>ensure diversity and viability of accommodation stock</p> <ul style="list-style-type: none"> <li>Identify sites for key tourism assets (not on or impacting on employment sites)</li> <li>Demand assessment for hotel in eastern corridor (Newtown and/or Welshpool) with preference for a town centre or gateway location</li> </ul>		<p>0-5 years</p> <p>0-5 years</p>
Sustainable Technologies	To support and develop this industry and ensure that the benefits are retained within Mid Wales	<ul style="list-style-type: none"> <li>Development of Enterprise park hub for sustainable technologies – development of business case and feasibility study to confirm support as initial action</li> <li>Development of starter units to support commercialisation of research opportunities – Aberystwyth and/or Machynlleth</li> <li>Promotion of region's technical assets, businesses and expertise</li> <li>Establishment of a sector forum to bring together FE/HE assets, businesses and public sector stakeholders to increase profile of sector, encourage collaboration and promote/lobby externally</li> </ul>	CCC, PCC, WG	<p>5-10 years</p> <p>0-5 years</p> <p>0-5 years</p> <p>5-10 years</p>
Defence and Security	To support the industry, including its current strengths and emerging opportunities	<ul style="list-style-type: none"> <li>Support of unmanned aircraft specialisation at Parc Aberporth, with potential for long-term expansion</li> <li>Development of NSC, in line with current planning</li> <li>Development of starter units to support complementary businesses to NSC, including high security, laboratory and traditional uses. Speculative development is likely to be required, though demonstration of local demand should be established</li> </ul>	WG, CCC	<p>10+ years</p> <p>0-5 years</p> <p>5-10 years</p>
Skills	To ensure that the labour force of today and in coming years has appropriate skills to meet local business needs.	<ul style="list-style-type: none"> <li>Investigate options for further sites for FE/HE facilities, particularly specialist facilities servicing target sectors such as advanced manufacturing, food and beverage, agri-tech, construction. (Case study:</li> </ul>	WG, CCC, PCC, BBNPA	5-10 years

Sector	Objectives	Actions	Lead	Timing
		<p>Scarborough Skills Construction Village)</p> <ul style="list-style-type: none"> <li>Encourage further R&amp;D links between local businesses and FE/HE assets, particularly in target sectors in specialist facilities (see above)</li> <li>Mentoring programme for youth and young adults, using business leaders in Mid Wales</li> <li>Promotion programme highlighting career pathways within Mid Wales targeting high school students</li> <li>Programme of soft skills training to assist in readiness for workforce (e.g. interview skills, application support, organisational skills, communication skills, etc.)</li> </ul>		<p>5-10 years</p> <p>0-5 years</p> <p>0-5 years</p> <p>0-5 years</p>
Energy	To increase capacity and resilience of energy supply in Mid Wales	<ul style="list-style-type: none"> <li>Continue to support capacity mapping undertaken by WG</li> <li>Demonstrate capacity improvements business case – align with ambition of Growth Deal and Mid Wales Energy Strategy &amp; Action Plan</li> <li>Encourage on-site low carbon energy production and storage within employment areas (ensure planning policy alignment across Mid Wales to facilitate this)</li> <li>Support renewable energy development and research – align with overall policy for net zero carbon</li> </ul>	WG, CCC, PCC,	<p>0-5 years</p> <p>0-5 years</p> <p>0-5 years and on-going</p> <p>0-5 years and on-going</p>
Infrastructure	To deliver sufficient infrastructure to support targeted growth in business development	<ul style="list-style-type: none"> <li>Gigabit/ultrafast broadband for existing and new employment sites</li> <li>5G coverage and exploitation</li> <li>Roads – demonstration of benefits of targeted package of road improvements for business development and growth</li> <li>Provision of a range of community infrastructure to support vibrant, attractive communities</li> </ul>	WG, CCC, PCC,	On going

## **APPENDIX 1**

### **STRATEGIC INTERVENTIONS**

## Powys

Mid Wales Employment Land - Action Plan & Programme	2020				2021				2022				2023				2024				2025			
POWYS SITES	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Llanidloes Road Newtown</b>																								
PCC/College dialogue - establish joint vision for site																								
Consider potential for LDO/Outline Planning Process																								
Promote potential for priority speculative development - WG/Mid Wales Deal																								
Commission Topographical Survey																								
Commission Flood Risk Assessment and Mitigation Plan																								
Commission Site Layout/Masterplan - scope development potential																								
Review other planning issues - access/transport/ecology etc																								
Prepare planning application/LDO approval																								
Initiate enabling site-works - & Speculative Development																								
<b>Offas Dyke Business Park Extension</b>																								
WG/Land Owner negotiations & Acquisition																								
Consider potential for LDO/Outline Planning Process																								
Commission Topographical Survey																								
Commission Site Layout/Masterplan - scope development potential																								
Establish Infrastructure Needs/Service Capacity																								
Initiate enabling site-works - & Speculative Development																								
<b>Three Cocks - Area Search</b>																								
Discuss sewer capacity/supply constraint with Dwr Cymru																								
Review options for resolution in 2020-25 programme																								
Promote improvements for next phase of Dwr Cymru's capital programme																								



## Ceredigion

Mid Wales Employment Land - Action Plan & Programme	2020				2021				2022				2023				2024				2025			
CEREDIGION SITES	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Aberystwyth Innovation &amp; Enterprise Centre</b>																								
Engage with University - joint vision for business growth & commercialisation																								
Review site ownership/options adjacent to ICE																								
Subject to site review - explore acquisition or JV options																								
Undertake Topographical Survey/Baseline Environmental Survey & Flood Risk																								
Commission site layout/Masterplan - scope development potential																								
Consider potential for LDO/Outline Planning Process																								
Review other planning issues - access/transport/ecology etc																								
Prepare planning application/LDO approval																								
Initiate enabling site-works - & Speculative Development																								
<b>Horeb Business Park</b>																								
Complete option agreement on adjacent land																								
Progress Design proposals for food-standard units																								
Confirm build costs and consider funding options																								
Consider procurement - potential D&B contracts																								
<b>Parc Teifi Cardigan</b>																								
Review adjacent land ownerships - explore potential acquisition with WG																								
Examine flood risk constraints & ecology																								
Enter negotiations to acquire land for expansion of site																								
Promote site for potential WG Property Grant/Spec Development																								
<b>Aberystwyth Candidate Sites</b>																								



## **APPENDIX 2**

### **DEMONSTRATING MARKET FAILURE ON EMPLOYMENT LAND – VIABILITY APPRAISAL**



## INTRODUCTION & CONTEXT

This appraisal demonstrates local market failure in achieving commercially viable property development within the Mid Wales area.

It has been prepared by PER Consulting Ltd working as sub-consultants to BE Group leading the Mid Wales Employment Land Study. PER Consulting is regulated by the RICS and the appraisals presented below have been compiled in accordance with established RICS guidance and good practice. All appraisals were prepared as at January 2020.

Generic viability appraisals have been prepared for a range of different property types – B2 Industrial, B1 Hybrid space, B1 Office and B2 specialist food-standard business units. For simplicity, each appraisal is based on the construction of a generic 10,000 ft<sup>2</sup> business unit. Appropriate build costs have been applied using BCIS data with commercial values calibrated reflecting local market conditions in terms of rental values and investment yields. Full details of the assumptions adopted in the appraisals are set out later in the report.

## OVERVIEW – MARKET FAILURE

The table below summarises the results of the residual viability appraisals for each type of property. In all cases, total development costs exceed the estimated commercial value of the completed property, based on prevailing market conditions. The residual loss calculated in each case ranges from 55% of development costs for B2 Industrial, 57% of costs for B1 Office space, 63% for B1 Hybrid space and up to 70% loss for B2 Food-Grade units.

**Table A1: Residual Development Appraisals – Overview Results**

	B2 Industrial	B1 Hybrid	B1 Office	B2 Food-Grade
Development Costs	£1.1m	£1.6m	£2.3m	£2.4m
Completed Property Value	£0.5m	£0.6m	£1.0m	£0.7m
Residual Profit/(Loss)	(£0.6m)	(£1.0m)	(£1.3m)	(£1.7m)
% Profit/(Loss) on Costs	(55%)	(63%)	(57%)	(70%)

This compares with a typical market return of around +15 to +20% required against construction costs to make a scheme viable and stimulate market delivery of new floorspace.

The viability appraisals show there is an enormous “gap” to be bridged to create a viable market proposition. This “gap” cannot be resolved easily through relatively small interventions such as soft market loans or joint-venture arrangements where the required subsidy to create a viable scheme will breach current State Aid conditions.

Whilst market conditions and investment confidence remain constrained across Mid Wales, only public sector funded development appears feasible to support the ambition for growth and economic transformation.

## VIABILITY APPRAISAL ASSUMPTIONS

Details of the key assumptions included in the development viability appraisals are set out below. The full appraisal sheet is set out at the end.

### Property Build Costs

General allowance for property build-costs have been drawn from BCIS On-line service as at December 2019. The national data-base provides local market evidence which has been calibrated to Powys as a general proxy of market conditions across Mid-Wales.

A range of figures are typically provided by BCIS showing Low to High Costs. The main appraisals have been based on the MEDIAN costs with sensitivity tests run using the Lower Quartile figures as illustrated in the table below.

**Table A2: BCIS Build Cost £/ft<sup>2</sup>**

	<b>Lower Quartiles</b>	<b>Median</b>
B2 Advanced Factories –Generally	£51.47	£73.30
B1 Mixed factory/offices generally	£71.44	£109.72
B2 Food/drink factories	£88.63	£160.16
B1 Offices	£113.06	£147.81

### **External Works & Services**

The BCIS cost estimates are for construction work only (including on-site contractor preliminaries). Further allowance has to be made for external site works such as site layout, landscaping, car-parking, internal road layout and utility connections. In the absence of specific scheme designs, these are typically calibrated based on a percentage uplift to the standard build cost. Usually around 15% allowance will cover most commercial sites. For Mid-Wales, a higher allowance of 20% has been applied to reflect potential additional costs associated with localised flood risk mitigation, SUDS drainage and likely ecological management.

These cost allowances assume an otherwise serviced development site (see land costs later) with main utilities available to the edge of the plot and main road access already provided.

### **Contingency Allowance**

A general 10% contingency has been applied to all construction costs to reflect potential for further abnormal site development or servicing costs.

### **Professional Fees**

A further 10% allowance has been applied for professional fees to include architect design costs, engineering costs (civil and M&E services) as well as inclusive of planning fees.

### **Finance Costs**

Private sector finance costs have been allowed for at 7% overall to cover both arrangement fees and interest rates. This is a relatively competitive market rate reflecting current conditions on development finance. Finance has been applied assuming 100% debt although in practice the loan to cost ratio is typically 80-90% with the balance either being provided through unsecured (mezzanine) finance or developer equity – both of which will be more expensive than the secured finance rate currently applied.

### **Draw Down Costs – applying finance**

Most development finance is provided on a draw-down basis with interest charges being applied on the development cash-flow rather than the full loan provision.

Development cash-flows typically follow an S-curve over the construction period. For simplicity, the appraisals assume a 12 month build programme with only 50% of the loan facility accruing finance charges in that period on the further assumption the loan is repaid on completion and immediate sale of completed asset. In practice, of course, there can be a delay between completion of construction, reaching a lease agreement for full occupation and subsequent investment sale to realise value. Further finance costs would, therefore, be normally incurred during this void/marketing period.

No finance charges have been applied to the land assuming the developer seeks a licence agreement to occupy during construction and land purchase is completed coterminous with the completion and sale of the completed asset.

### **Land Acquisition**

Land purchase costs have been based on assumed land value of £70,000 per acre for land with main services to the edge. All developments assume 40% site coverage requiring around 0.5 acre plots for the B2 and B1 Hybrid units and 0.25 acres for the B1 offices being developed over two-floors.

### Capital Values

The value of completed developments have been calibrated based on market rent and investment yield allowances assuming immediate occupancy and either investment sale or freehold sale to occupier (i.e. no allowance for voids between completion and occupation)

For each property type the net internal or net-lettable area has been calibrated from the gross floorspace constructed based on 10% reduction for Industrial/B1 Hybrid Space and 15% reduction for Office Space allowing for common areas such as stairwells/entrance reception etc. These are standard market assumptions for Gross to Net allowances.

Market rents applied are shown below reflecting current passing rents in the local market. These will be lower than asking rents to reflect occupier negotiations and to off-set any incentives such as rent-free period etc. A range of alternative rental levels also been examined in the sensitivity tests.

**Table A3: Market Rent Assumptions**

Property Type	Market Rent £/ft <sup>2</sup>
B2 Industrial	£5.00
B1 Hybrid	£6.00
B1 Office	£10.00
B2 Food Unit	£7.00

A flat 8% investment yield has been applied to all property types reflecting local market uncertainty in occupier confidence and covenant strength.

The net realisable values have then been calibrated allowing for disposal costs of around 5% of the capital value to include Letting Agent/Investment Agent and Legal Fees in marketing and disposal of the completed development.

These are considered realistic and appropriate assumptions on commercial value and reflect the relatively cautious approach taken by developers and expected from funding bodies in considering loan requests and funding risks.

### Sensitivity Appraisal

The complexity of the development appraisal process and scale of financial gap to realise a commercially viable development scheme means movement will be required across a range of assumptions rather than minor adjustments to single variables alone. A further sensitivity appraisal has been prepared as set out in Appendix 2 and summarised below.

The following combined changes to key assumptions are required to tip the balance towards marginal viability achieving around 15-20% return on costs.

**Table A4: Sensitivity Tests – Combined Changes**

Property Type	Market Rent £/ft <sup>2</sup>	Investment Yield	Lower Build Cost £/ft <sup>2</sup>	Return on Costs
B2 Industrial	+30% to £6.50	Down 2 points to 6%	-30% to £51.47	14.6%
B1 Hybrid	+50% to £9.00	Down 2 point to 6%	-35% to £71.44	15.7%
B1 Office	+80% to £18.00	Down 1 point to 7%	-25% to £113.06	21.0%

B2 Food Unit	+57% to £111.00	Down 2 points to 6%	-45% to £88.63	14.7%
--------------	-----------------	---------------------	----------------	-------

The table shows a need to achieve substantial reductions in build-costs – these are within the Lower Quartile range provided by BCIS but inevitably could also have an impact on quality and implications for addressing sustainability features in the designs. It should be noted, however, construction cost inflation is currently running at around 3.2% per annum (2018-19); well above general inflation.

Equally, market rents will also need to rise substantially, matched by movement in commercial confidence and reflected in improved investment yields.

Mid Wales Employment Land - Demonstration of Market Failure			Generic Residual Appraisal	
				Jan-20
	<b>Industrial</b>	<b>B1</b>	<b>Office</b>	<b>Food Unit</b>
Gross Floorspace sq ft	10,000	10,000	10,000	10,000
Build Costs/ sq ft - Median	73.30	109.72	147.81	160.16
Construction Costs	£ 732,999	£ 1,097,176	£ 1,478,075	£ 1,601,635
External Works/Services incl Flood Risk	£ 146,600	£ 219,435	£ 295,615	£ 320,327
20%				
<b>Build Cost Sub-Total</b>	<b>£ 879,599</b>	<b>£ 1,316,611</b>	<b>£ 1,773,690</b>	<b>£ 1,921,962</b>
Contingency Allowance	£ 87,960	£ 131,661	£ 177,369	£ 192,196
10%				
<b>Total Construction Costs</b>	<b>£ 967,559</b>	<b>£ 1,448,272</b>	<b>£ 1,951,059</b>	<b>£ 2,114,158</b>
Professional Fees (Design, Engineers, Planning)	£ 96,756	£ 144,827	£ 195,106	£ 211,416
10%				
<b>Total Build Costs</b>	<b>£ 1,064,314</b>	<b>£ 1,593,099</b>	<b>£ 2,146,165</b>	<b>£ 2,325,574</b>
Finance Cost	£ 37,251	£ 55,758	£ 75,116	£ 81,395
7%				
<i>12 month build 50% draw-down</i>				
<i>Zero void period assumed Land acquired on completion</i>				
<b>Total Cost including finance</b>	<b>£ 1,101,565</b>	<b>£ 1,648,858</b>	<b>£ 2,221,281</b>	<b>£ 2,406,969</b>
<b>Land Costs</b> - site area assuming 40% coverage	0.50	0.50	0.25	0.50
<i>Land value - @ £70k per acre serviced</i>	£ 35,000	£ 35,000	£ 17,500	£ 35,000
<b>Total Development Costs including Land</b>	<b>£ 1,136,565</b>	<b>£ 1,683,858</b>	<b>£ 2,238,781</b>	<b>£ 2,441,969</b>
Net Lettable Floorspace	9,000.0	9,000.0	8,500.0	9,000.0
Market Rent	£5.00	£6.00	£10	£7.00
Rental Income per annum	£ 45,000	£ 54,000	£ 80,750	£ 63,000
Yield Assumption	8%	8%	8%	8%
YP Factor	12.50	12.50	12.5	12.50
<b>Gross Capital Value</b>	<b>£ 562,500</b>	<b>£ 675,000</b>	<b>£ 1,009,375</b>	<b>£ 787,500</b>
Less Disposal Costs (Agency/Legal Fees)	£ 28,125	£ 33,750	£ 50,469	£ 39,375
5%				
<b>Net Value</b>	<b>£ 534,375</b>	<b>£ 641,250</b>	<b>£ 958,906</b>	<b>£ 748,125</b>
<b>Profit/Loss</b>	<b>£ (602,190)</b>	<b>£ (1,042,608)</b>	<b>£(1,279,875)</b>	<b>£(1,693,844)</b>
<b>Return/Loss on Costs</b>	<b>-52.98%</b>	<b>-61.92%</b>	<b>-57.17%</b>	<b>-69.36%</b>

Mid Wales Employment Land - Demonstration of Market Failure			Sensitivity Appraisal	
				Jan-20
	<b>Industrial</b>	<b>B1</b>	<b>Office</b>	<b>Food Unit</b>
Gross Floorspace sq ft	10,000	10,000	10,000	10,000
Build Costs/ sq ft - Median	51.47	71.44	113.06	88.63
Construction Costs	£ 514,679	£ 714,418	£ 1,130,621	£ 886,288
External Works/Services incl Flood Risk	£ 102,936	£ 142,884	£ 226,124	£ 177,258
20%				
<b>Build Cost Sub-Total</b>	<b>£ 617,614</b>	<b>£ 857,302</b>	<b>£ 1,356,745</b>	<b>£ 1,063,545</b>
Contingency Allowance	£ 61,761	£ 85,730	£ 135,674	£ 106,355
10%				
<b>Total Construction Costs</b>	<b>£ 679,376</b>	<b>£ 943,032</b>	<b>£ 1,492,419</b>	<b>£ 1,169,900</b>
Professional Fees (Design, Engineers, Planning)	£ 67,938	£ 94,303	£ 149,242	£ 116,990
10%				
<b>Total Build Costs</b>	<b>£ 747,313</b>	<b>£ 1,037,336</b>	<b>£ 1,641,661</b>	<b>£ 1,286,890</b>
Finance Cost	£ 26,156	£ 36,307	£ 57,458	£ 45,041
7%				
<i>12 month build 50% draw-down</i>				
<i>Zero void period assumed Land acquired on completion</i>				
<b>Total Cost including finance</b>	<b>£ 773,469</b>	<b>£ 1,073,642</b>	<b>£ 1,699,119</b>	<b>£ 1,331,931</b>
<b>Land Costs</b> - site area assuming 40% coverage	0.50	0.50	0.25	0.50
<i>Land value - @ £70k per acre serviced</i>	£ 35,000	£ 35,000	£ 17,500	£ 35,000
<b>Total Development Costs including Land</b>	<b>£ 808,469</b>	<b>£ 1,108,642</b>	<b>£ 1,716,619</b>	<b>£ 1,366,931</b>
Net Lettable Floorspace	9,000.0	9,000.0	8,500.0	9,000.0
Market Rent	£6.50	£9.00	£18	£11.00
Rental Income per annum	£ 58,500	£ 81,000	£ 153,000	£ 99,000
Yield Assumption	6%	6%	7%	6%
YP Factor	16.67	16.67	14.28571429	16.67
<b>Gross Capital Value</b>	<b>£ 975,000</b>	<b>£ 1,350,000</b>	<b>£ 2,185,714</b>	<b>£ 1,650,000</b>
Less Disposal Costs (Agency/Legal Fees)	£ 48,750	£ 67,500	£ 109,286	£ 82,500
5%				
<b>Net Value</b>	<b>£ 926,250</b>	<b>£ 1,282,500</b>	<b>£ 2,076,429</b>	<b>£ 1,567,500</b>
<b>Profit/(Loss)</b>	<b>£ 117,781</b>	<b>£ 173,858</b>	<b>£ 359,809</b>	<b>£ 200,569</b>
<b>Return/(Loss) on Costs</b>	<b>14.57%</b>	<b>15.68%</b>	<b>20.96%</b>	<b>14.67%</b>



## Mid Wales Region Employment Sites Premises Needs and Action Plan Powys, Ceredigion and Brecon Beacons

---

Stage 3 Report—Outline Business Case  
March 2021

## CONTENTS

1.0	INTRODUCTION.....	2
2.0	THE STRATEGIC CASE FOR INTERVENTION .....	6
3.0	THE ECONOMIC CASE AND VALUE FOR MONEY.....	10
4.0	THE COMMERCIAL CASE .....	12
5.0	THE FINANCIAL CASE.....	13
6.0	THE MANAGEMENT CASE.....	15

Appendix 1 – Strategic Interventions Programme

Appendix 2 – Demonstrating Market Failure on Employment Land – Viability Appraisal

Appendix 3 – Speculative Floorspace Development & Cost Assumptions



## 1.0 INTRODUCTION

1.1 The **Mid Wales Employment Sites and Premises Needs Assessment and Action Plan** has been prepared by BE Group, Hatch and Per Consulting on behalf of Ceredigion and Powys County Councils, Brecon Beacons National Park Authority and the Welsh Government. The work was undertaken in three stages.

- Stage 1: Employment Sites and Premises Assessment
- Stage 2: Action Plan
- Stage 3: Outline Business Case for Intervention

1.2 This document represents Stage Three of the work – the scoping of an **Outline Business Case** for a Mid Wales Property Infrastructure Investment Fund to deliver a programme of targeted and prioritised investments in employment sites and premises.

1.3 The Growing Mid-Wales Partnership has an ambition to realise economic transformation and growth throughout the heart of Wales. Full achievement of this ambition will demand cross-cutting intervention across a range of inter-linked programmes building confidence and local resilience in people, skills, connected infrastructure, business and commercial property development. These are essential ingredients for a competitive and sustainable regional economy.

1.4 Throughout the lifetime of this commission and its three stages, the GMW Partnership have progressed the establishment of new governance and managements arrangements in region and have successfully negotiated Heads of Terms for a Mid Wales Growth Deal with both Governments. This would be a combined capital investment from both Governments of £110m over a period of 10 years<sup>1</sup> (NOTE: the Spring Budget 2021 accelerated the profile from 15 years to 10 years).

1.5 A Portfolio Business Case is being developed for the Growth Deal. This stage 3 report has been developed to consider all options to bring the identified proposals in stages 1 and 2 forward in the form of a Strategic Outline Case that could be considered within

---

<sup>1</sup> [http://growingmidwales.co.uk/media/12112/Mid-Wales-Growth-Deal-Heads-of-Terms-Document-2020/pdf/Mid\\_Wales\\_Growth\\_Deal\\_Heads\\_of\\_Terms\\_FINAL\\_DRAFT\\_SIGNED\\_ENGLISH1.pdf?m=1608630554093](http://growingmidwales.co.uk/media/12112/Mid-Wales-Growth-Deal-Heads-of-Terms-Document-2020/pdf/Mid_Wales_Growth_Deal_Heads_of_Terms_FINAL_DRAFT_SIGNED_ENGLISH1.pdf?m=1608630554093)

the Growth Deal Portfolio. At the conclusion of our commission, the region will need to review the proposals against the emerging Portfolio Business Case and follow relevant UKG/WG Governance and Assurance guidance to formally mandate the further development of the SOC into subsequent business cases for a Portfolio/Programme.

- 1.6 Earlier research into future business demand and economic trends (see Stage 1 Report) highlights the lack of readily available and appropriate quality of employment sites and business premises to meet the more exacting needs of innovative businesses in the future; despite other improvements in technical skills and local research capacity emerging in the region. The Mid Wales region is not alone in this challenge, as there has been little or no modern business floorspace delivered across Wales by the private sector in the last decade; other than office provision in the centre of Cardiff where market rents have improved. This is the key message in the Report to Welsh Government by SQW (Commercial Property: Market Analysis & Potential Interventions – March 2020).
- 1.7 This highlights the need for public intervention as a result of widespread “market failure” and recommends the Welsh Government progress a national programme for property intervention. Whilst this is to be welcomed, it can only have a relatively nominal impact on the Mid Wales regional demand and a further complementary local development programme is recommended to be delivered by the Growing Mid Wales Partnership to improve local competitiveness and attractiveness of the region.
- 1.8 The rest of this document presents a Strategic Outline Case for a Mid Wales Property Infrastructure Investment Fund. The paper follows the Treasury Guidance for “Better Business Cases” and the “Five Case Model” to determine the most appropriate way forward setting out consideration of:
  - Strategic Case – i.e. the rationale for the intervention.
  - Economic Case – to demonstrate value for money and socio-economic returns.
  - Commercial Case – exploring viability of proposals.
  - Financial Case – demonstrating affordability to the Mid Wales Partnership
  - Management Case – identifying recommended delivery process.

### **Earlier Stages of this Study**

- 1.9 This scoping of an Outline Business Case is Stage Three of this study and should be read in conjunction with the earlier work. **Stage One** of the study reviewed the key property market dynamics of the Mid Wales region, assessed growth opportunities of employment sites, reviewed key sectors for the region and provided recommendations for the delivery of employment sites in Mid Wales. The recommendations in the Stage One report are:

**Recommendation 1: Continue to plan at the larger than local level.** While a dispersed and disparate area, the Mid Wales region has some key economic interactions and commonalities and a region-wide approach to employment land planning is appropriate.

**Recommendation 2: The employment land need for the Larger than Local Area should be at least 62.5 ha to satisfy growth to 2040.** This includes a five-year buffer to account for uncertainties and compares to the current realistic supply of about 57.2 ha. Therefore, it is recommended to provide further choice in the market to ensure that there is sufficient supply over the planning period. This requirement of 62.5 ha should be considered as a minimum, with further land required to satisfy emerging sectors.

**Recommendation 3: A hierarchy of employment sites is recommended for Mid Wales.** Given the constrained market, it is important that all employment sites are brought forward within the planning period. However, there are particular locations of need in Mid Wales and thus the Action Plan includes a suite of priority sites that form the core of targeted actions by the Councils and Welsh Government to drive delivery of further employment premises.

**Recommendation 4: New employment sites are located in strategic locations.** The priority locations for additional sites in Mid Wales should be Newtown, Welshpool, Aberystwyth, Brecon, Builth Wells, Knighton, Cardigan and Llandysul.

**Recommendation 5: New premises are provided in strategic locations that reflect local demand.** A larger range of unit sizes is required in Newtown and Welshpool, with a more moderate range in Aberystwyth. Small unit sizes are required in the market towns, including Brecon, Cardigan, Builth Wells, Knighton and Llandysul.

**Recommendation 6: Public sector interventions are required in areas of market failure.** It is recommended that the public sector continue to have a development role in the market through targeted interventions.

1.10 The **Stage Two** report is an Action Plan for Mid Wales, including strategic property interventions, local property interventions and key sectoral interventions. The key priority employment sites identified are:

**Table 1 – Strategic Intervention Sites**

Priority	Site
<b>Powys</b>	
1	Llanidloes Road, Newtown
2	Offa's Dyke Business Park Extension, Welshpool
3	Mid Wales Sustainable Technology Park (potentially also could be located in Ceredigion)
4	Land adj. Gwernyfed Avenue, Three Cocks
5	Abermule Business Park, Abermule
6	Heart of Wales Business Park, Llandrindod Wells
<b>Ceredigion</b>	
1	Aberystwyth Innovation & Enterprise Centre, Aberystwyth
2	Horeb Business Park, Llandysul
3	Parc Teifi Cardigan
4	Aberystwyth candidate sites: Llanbardarn Fawr Campus Penglais & Frongoch Farm Wern Phillip Farm
<b>Brecon Beacons NP</b>	
1	Cwrt y Gollen
2	Brecon Beacons Enterprise Park, Brecon

1.11 The key sectors for interventions are:

- Higher Value Manufacturing
- Food and beverage
- Tourism and hospitality
- Sustainable technologies
- Defence and security

## 2.0 THE STRATEGIC CASE FOR INTERVENTION

2.1 The Growing Mid Wales Partnership has established a clear ambition for economic and social growth taking advantage of the opportunities and overcoming local challenges to become a fairer, smarter region which reaches its full potential. (Vision for Growing Mid Wales – Strategic Economic Plan & Growth Deal Roadmap – May 2020).

2.2 The vision for Mid Wales by 2035 is:

*“An enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities.”*

2.3 A Portfolio Business Case is being drafted, with the first draft of the Strategic Portfolio Business Case being approved at the GMW Board meeting on 11/03/21<sup>2</sup>. This draft Portfolio clearly set the context and foundation for investment in Employment Sites and Premises, as part of the Supporting Enterprise theme that has been identified within scope of the Portfolio. Enabling business growth is identified as a strategic aim with an investment objective of increased job creation through investment in employment floor space.

2.4 A lack of private investment and availability of suitable commercial property across the region is a critical draw-back to achieving these long-term growth ambitions. This was a key conclusion in the Stage One Report of the Mid Wales Employment Sites & Premises Needs Assessment (December 2019) which highlighted:

- Much of the existing industrial and office premises in Mid Wales is dated and in need of refurbishment, with little new stock being developed to improve the overall quality of available property.
- Occupancy rates are very high, including in premises that are older and sub-optimal. Feedback from commercial agents revealed that some businesses are settling in less than ideal premises (e.g., older premises, not in preferred location, lower energy efficiency, etc.) due to lack of modern options.

---

<sup>2</sup> [Agenda for Bwrdd Tyfu Canolbarth Cymru / Growing Mid Wales Board on Thursday, 11th March, 2021, 5.30 pm Cyngor Sir Powys County Council \(modern.gov.co.uk\)](#)

- Commercial agents also reported a range of unmet requirements in the market, predominantly for industrial stock, including small, medium and larger units. This interest pre-dated the current Covid-19 pandemic but has remained strong reflecting national demand for manufacturing and distribution markets. At the time, demand for between 55,000 – 70,000 m<sup>2</sup> of floorspace was identified which could potentially accommodate over 1,000 local jobs. The lack of available property is undoubtedly preventing the local and regional economic from growing.
  - Despite these requirements, there is very little private sector development activity or interest in the market. This is due to a lack of indigenous commercial developer firms in Mid Wales and critically, schemes not seen to be viable due to construction costs rising above likely end market values.
  - This market failure is constraining the local market and leading to several sites not being developed.
- 2.5 For any region seeking to promote economic growth and attract new business investment in high value sectors, the ready availability of suitable, modern property is often a pre-requisite to respond to business enquiries. A lack of property and inability to respond swiftly to enquiries will undoubtedly constrain Mid Wales in meeting its ambitions for growth and economic transformation and could lead to economic decline within the region as key businesses relocate elsewhere to acquire suitable units.
- Stimulus for Innovation & Growth – need for Public Intervention**
- 2.6 A strong, pro-active approach by the Mid Wales Partnership is recommended to bring land and premises forward to stimulate market demand and respond to business needs. This is vital if Mid Wales is to attract otherwise footloose business investment and to retain its key employers.
- 2.7 Whilst a range of interventions and partnership solutions can be supported, there is clear need to overcome current market failure through direct public investment to unlock development and deliver commercial property ahead of occupier demand.
- 2.8 Analysis completed for the Stage 1 Employment Land Study (and set out in Appendix 2) demonstrates a commercial viability gap of around 60% based on current market indicators. This cannot be overcome through simple gap-funding mechanisms and

means more direct, public sector delivery of advanced commercial property is required to help attract new business occupiers and build development market confidence in the longer term.

### **Portfolio Programme**

- 2.9 The aim is to establish a strategic programme of direct public investment to secure delivery of essential employment property & infrastructure to meet current and stimulate future demand and complementary measures to stimulate investment by the private sector. In the early stages, 100% public investment is likely to be needed to unlock development potential. Ownership of the completed assets will remain with one or other lead public body (either the LA or Welsh Government, or a joint venture partnership between the two) with rental income and any future capital receipts potentially being recycled back into the Fund.
- 2.1 The fund will be used for both infrastructure and property delivery to capture business investment and unlock economic growth potential. Direct private sector investment in new employment sites and premises and the upgrading of existing building stock could also be supported through measures to help address financial viability either through the Fund or a separate intervention delivered through the Development Bank of Wales.
- 2.2 The Stage 1 demand analysis identified a realistic need for a forward programme of some 16,000 m<sup>2</sup> of speculative property required over the five year period 2020-2025 and a further 17,000 m<sup>2</sup> in the second five year period to 2030.
- 2.3 Delivery of this level of future floorspace demand will require public investment of at least £20.5m in the first five years to 2025 and a further £17.1m+ in the second period to 2030. The full break-down of investment is summarised in the table below and allows for investment in site servicing, construction work and professional fees but excludes land purchase costs. The detailed cost assumptions are set out in Appendix 3.

**Table 2 – Potential Public Sector Investment in Employment Space**

<i>Excludes land costs</i>	<b>2020-2025</b>	<b>2025-2030</b>
<b>Aberystwyth</b>		
B1(b) R&D Space	£8.0m	£8.0m
B1(c) Light Industry	£3.5m	
<b>Llandysul</b>		
B2 Food Units	£3.0m	-
<b>Newtown</b>		
B1(c) / B2 Industrial	£3.5m	£3.5m
<b>Welshpool</b>		
Advanced Site Services	£2.5m	
B1(c) / B2 Industrial	-	£6.0m
<b>Brecon/Builth/Knighton/Cardigan</b>		
B1(c) / B2 Industrial	£4.5m	£4.5m
	<b>£25.0m</b>	<b>£22.0m</b>

Note: See Appendix 3 for detailed assumptions. All figures rounded.



### **3.0 THE ECONOMIC CASE AND VALUE FOR MONEY**

3.1 The primary objective is to unlock local development potential and stimulate the attraction of new business investment and future growth. The Employment Land Study Action Plan (September 2020) identifies a wide range of potential public sector interventions which will be deployed to support local business growth and activity. It is clear that these alone cannot resolve the fundamental market failure in terms of advanced property development and a much deeper level of public intervention involving direct delivery is required to promote the Mid Wales region as being open for business to attract the necessary economic transformation.

3.2 The strategic options considered, therefore, are summarised below:

#### **Option 1 - Do-Nothing**

3.3 It is clear from the employment forecasts, (even pre-Covid) that doing nothing will not realise the transformation required in the Mid Wales economy. The market trends show a dramatic fall in employment capacity across Mid Wales with consequential negative impact on people and local communities.

#### **Option 2 – Business Support & Planning Interventions**

3.4 Whilst there remains an important role for a wide range of “soft” interventions and support for business including leadership in site promotion and planning delivery, the scale of local market failure means these interventions alone cannot plug the market gap demonstrated in the viability appraisals as shown in Appendix 2 of this report.

#### **Option 3 – Evergreen Fund - Recycled Investment**

3.5 The potential for a recycled, evergreen fund of investment with capital returns would really only work in a more mature property market. Whilst there may still be scope for selected investment on a minimum grant or soft loan basis to unlock specific private schemes, these are more likely to be by exception and would only respond to immediate demand and not prepare the way for transformational business growth and investment.

#### **Option 4 – Selected Investment**

3.6 Reflecting the scale of local market failure, the preferred approach is to identify a programme of individual development schemes for targeted, prioritised investment led and delivered by the public sector. This will provide the essential flexibility for the

Growing Mid Wales Partnership to stimulate market confidence and create the capacity needed to attract mobile investment and realise transformational growth. This would be delivered through a Mid Wales Property Infrastructure Investment Fund. The proposal would be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises.

- 3.7 Delivery of new property development of around 16,000 m<sup>2</sup> in the first five-year period to 2025 could generate some 386 gross new jobs across the Mid Wales region. Based on an average GVA per high-value job (priority target sectors) of £27,900 (2018 prices) this will generate some £10.8 millions of economic value per annum; or £108 million assuming a typical ten-year duration. This presents a gross Benefit Cost Ratio (BCR) of over 4:1 against the initial investment fund of £25.0m.

**Table 3 – Potential Jobs and GVA from Public Sector Investment 2020-2025**

2020-2025	Floorspace m2	Gross Jobs	GVA p.a.
<b>Aberystwyth</b>			
B1(b) R&D Space	5,000	106	£3.0m
B1(c) Light Industry	3,000	64	£1.8m
<b>Llandysul</b>			
B2 Food Units	1,000	23	£0.6m
<b>Newtown</b>			
B1(c) / B2 Industrial	3,000	83	£2.3m
<b>Brecon/Builth/Knighton/Cardigan</b>			
B1(c) / B2 Industrial	4,000	110	£3.1m
<b>Totals</b>	<b>16,000</b>	<b>386</b>	<b>£10.8m</b>

Note: Job numbers based on Homes & Communities Agency Employment Density Guide 2015

## **4.0 THE COMMERCIAL CASE**

- 4.1 The purpose of the fund is for the public sector to manage the commercial viability risk, potentially taking on the role of developer to accelerate property development across the region. The public sector will continue to work in partnership with private sector contractors across the region and use established construction frameworks to manage the procurement process where appropriate.
- 4.2 Procurement managers from the public sector partners will advise on the most efficient and effective process to follow for each project including consideration of Design & Build contracts where specialist design solutions provide best value for money.
- 4.3 Supporting measures to stimulate private sector investment in employment sites and premises could be delivered through a separate investment fund administered by the Mid Wales region or through the Development Bank of Wales.

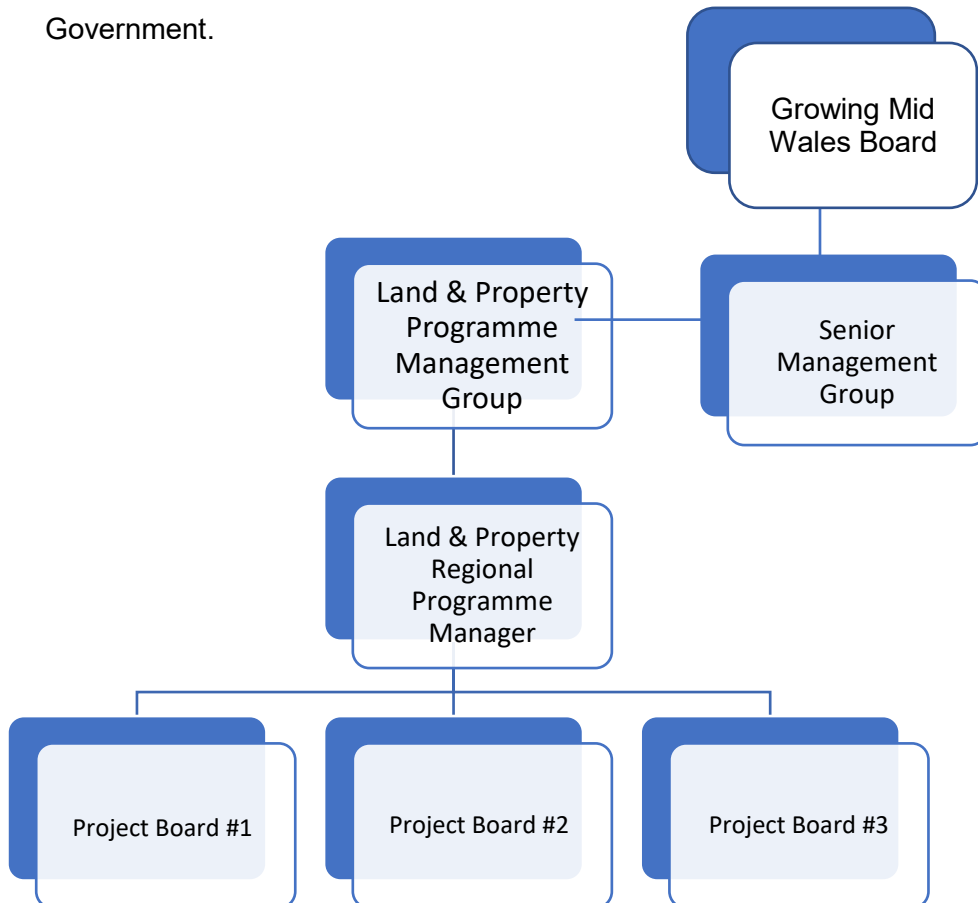
## 5.0 THE FINANCIAL CASE

- 5.1 The Property Infrastructure Investment Fund will be drawn from the planned £110m combined funding for the Growing Mid Wales Growth Deal between the local partners, Welsh Government and UK Government. The Fund will be a capital only investment programme to support direct investment designed to bring forward advanced development of commercial property and site infrastructure to unlock future growth potential. The investment programme and site specific development opportunities should complement wider regional economic priorities and integrate measures such as skills, low carbon energy, digital connectivity, transport and support the delivery of growth sectors.
- 5.2 The initial £25m fund in the first five years will be targeted at priority business growth sectors to position Mid Wales as a strong contender to attract inward investment and job creation. Reflecting the availability of land at Horeb and Aberystwyth and the potential association with Aberystwyth University, investment is weighted more towards Ceredigion where £14.5m of investment is required to bring forward the required speculative development.
- 5.3 Some £3.5m is required to bring forward development at Newtown in association with Neath Port Talbot Group of Colleges as landowner; whilst early site infrastructure investment (£2.5m) will be required in Welshpool to extend the existing Offa's Dyke Business Park.
- 5.4 Some £4.5m is identified to support smaller business development and growth opportunities in market towns such as Brecon, Builth Wells, Knighton and in Cardigan – although these may be linked more to established occupier requirements rather than truly speculative development.
- 5.5 The second five year period (2025-2030) is more evenly distributed with potential to bring new development forward in Welshpool once the land is prepared as well as further development in Newtown requiring combined investment of £9.1m with a further £8m of investment for a second phase development in Aberystwyth. A further £4.5m may be also be required in the smaller market towns as above. The programme will however need to remain responsive to changing needs and opportunities over this period which may alter the geographic priorities for investment.

- 5.6 Funding contributions could be evenly split into thirds drawing on UK and Welsh Government contributions together with the Local Authority support. This would require each Local Authority to contribute some £8.0m over the full ten years. This approach ensures the programme is affordable within current approved financial parameters for Mid Wales.

## 6.0 THE MANAGEMENT CASE

6.1 The Mid Wales Property Infrastructure Investment Fund will be co-ordinated by a Regional Programme Manager (Land & Property) reporting to a Programme Management Group of senior representatives from each local authority and the Welsh Government.



6.2 Individual project boards will be assembled with responsibility for preparing detailed project business cases on scheme by scheme basis. Project business cases will be supported by the Programme Manager and scrutinised for value for money by the Programme Management Group who will make recommendations for funding support to the Senior Management Group, who will, in turn make recommendations to the Growing Mid Wales Board to release the required funding.

6.3 Project gateway reviews and scrutiny of funding applications will be conducted in accordance with the Treasury 5-Case Business Case Model and appraisal process. This will ensure a regional overview is maintained whilst also reflecting local needs.

- 6.4 The Programme Management Group will be in a position to identify potential project and programme synergies to maximise value for money from the programme investment.
- 6.5 The Programme Management Group will comprise staff from each local authority and the Welsh Government with appropriate background and skill in financial management, infrastructure delivery and property development to formally assess and evaluate project proposals. A thorough risk assessment and due diligence on applicants' ability to deliver will be integral to the review process.
- 6.6 Funding decisions will also take account of the programme objectives:
- Minimum funding necessary to move forward in timely fashion (can include funding up to 100% of eligible project costs).
  - Designed to meet needs of target and priority business sectors (in accordance with Growing Mid Wales Vision).
  - Investment in recognised growth areas with potential to leverage private occupier and business investment.
- 6.7 As individual projects are approved, a detailed delivery plan will be established which will be formulated into the Heads of Terms funding agreement and include provision for project monitoring and evaluation; feeding into the overall programme evaluation process.
- 6.8 When property assets are completed, consideration of including a legal charge on the property/land can be considered to further protect the Growing Mid Wales Partnership's financial claims and control over future disposal.

## **APPENDIX 1**

### **STRATEGIC INTERVENTIONS**



## Powys

Mid Wales Employment Land - Action Plan & Programme	2020				2021				2022				2023				2024				2025			
POWYS SITES	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Llanidloes Road Newtown</b>																								
PCC/College dialogue - establish joint vision for site																								
Consider potential for LDO/Outline Planning Process																								
Promote potential for priority speculative development - WG/Mid Wales Deal																								
Commission Topographical Survey																								
Commission Flood Risk Assessment and Mitigation Plan																								
Commission Site Layout/Masterplan - scope development potential																								
Review other planning issues - access/transport/ecology etc																								
Prepare planning application/LDO approval																								
Initiate enabling site-works - & Speculative Development																								
<b>Offa's Dyke Business Park Extension</b>																								
WG/Local Owner negotiations & Acquisition																								
Consider potential for LDO/Outline Planning Process																								
Commission Topographical Survey																								
Commission Site Layout/Masterplan - scope development potential																								
Establish Infrastructure Needs/Service Capacity																								
Initiate enabling site-works - & Speculative Development																								
<b>Three Cocks - Area Search</b>																								
Discuss sewer capacity/supply constraint with Dwr Cymru																								
Review options for resolution in 2020-25 programme																								
Promote improvements for next phase of Dwr Cymru's capital programme																								



## Ceredigion

Mid Wales Employment Land - Action Plan & Programme	2020				2021				2022				2023				2024				2025			
CEREDIGION SITES	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Aberystwyth Innovation &amp; Enterprise Centre</b>																								
Engage with University - joint vision for business growth & commercialisation																								
Review site ownership/options adjacent to ICE																								
Subject to site review - explore acquisition or JV options																								
Undertake Topographical Survey/Baseline Environmental Survey & Flood Risk																								
Commission site layout/Masterplan - scope development potential																								
Consider potential for LDO/Outline Planning Process																								
Review other planning issues - access/transport/ecology etc																								
Prepare planning application/LDO approval																								
Initiate enabling site-works - & Speculative Development																								
<b>Horeb Business Park</b>																								
Complete option agreement on adjacent land																								
Progress Design proposals for food-standard units																								
Confirm build costs and consider funding options																								
Consider procurement - potential D&B contracts																								
<b>Parc Teifi Cardigan</b>																								
Review adjacent land ownerships - explore potential acquisition with WG																								
Examine flood risk constraints & ecology																								
Enter negotiations to acquire land for expansion of site																								
Promote site for potential WG Property Grant/Spec Development																								
<b>Aberystwyth Candidate Sites</b>																								



## **APPENDIX 2**

### **DEMONSTRATING MARKET FAILURE ON EMPLOYMENT LAND – VIABILITY APPRAISAL**

## INTRODUCTION & CONTEXT

This appraisal demonstrates local market failure in achieving commercially viable property development within the Mid Wales area.

It has been prepared by PER Consulting Ltd working as sub-consultants to BE Group leading the Mid Wales Employment Land Study. PER Consulting is regulated by the RICS and the appraisals presented below have been compiled in accordance with established RICS guidance and good practice. All appraisals were prepared as at January 2020.

Generic viability appraisals have been prepared for a range of different property types – B2 Industrial, B1 Hybrid space, B1 Office and B2 specialist food-standard business units. For simplicity, each appraisal is based on the construction of a generic 10,000 ft<sup>2</sup> business unit. Appropriate build costs have been applied using BCIS data with commercial values calibrated reflecting local market conditions in terms of rental values and investment yields. Full details of the assumptions adopted in the appraisals are set out later in the report.

## OVERVIEW – MARKET FAILURE

The table below summarises the results of the residual viability appraisals for each type of property. In all cases, total development costs exceed the estimated commercial value of the completed property, based on prevailing market conditions. The residual loss calculated in each case ranges from 55% of development costs for B2 Industrial, 57% of costs for B1 Office space, 63% for B1 Hybrid space and up to 70% loss for B2 Food-Grade units.

**Table A1: Residual Development Appraisals – Overview Results**

	B2 Industrial	B1 Hybrid	B1 Office	B2 Food-Grade
Development Costs	£1.1m	£1.6m	£2.3m	£2.4m
Completed Property Value	£0.5m	£0.6m	£1.0m	£0.7m
Residual Profit/(Loss)	(£0.6m)	(£1.0m)	(£1.3m)	(£1.7m)
% Profit/(Loss) on Costs	(55%)	(63%)	(57%)	(70%)

This compares with a typical market return of around +15 to +20% required against construction costs to make a scheme viable and stimulate market delivery of new floorspace.

The viability appraisals show there is an enormous “gap” to be bridged to create a viable market proposition. This “gap” cannot be resolved easily through relatively small interventions such as soft market loans or joint-venture arrangements where the required subsidy to create a viable scheme will breach current State Aid conditions.

Whilst market conditions and investment confidence remain constrained across Mid Wales, only public sector funded development appears feasible to support the ambition for growth and economic transformation.

## VIABILITY APPRAISAL ASSUMPTIONS

Details of the key assumptions included in the development viability appraisals are set out below. The full appraisal sheet is set out at the end.

### Property Build Costs

General allowance for property build-costs have been drawn from BCIS On-line service as at December 2019. The national data-base provides local market evidence which has been calibrated to Powys as a general proxy of market conditions across Mid-Wales.

A range of figures are typically provided by BCIS showing Low to High Costs. The main appraisals have been based on the MEDIAN costs with sensitivity tests run using the Lower Quartile figures as illustrated in the table below.

**Table A2: BCIS Build Cost £/ft<sup>2</sup>**

	<b>Lower Quartiles</b>	<b>Median</b>
B2 Advanced Factories –Generally	£51.47	£73.30
B1 Mixed factory/offices generally	£71.44	£109.72
B2 Food/drink factories	£88.63	£160.16
B1 Offices	£113.06	£147.81

### **External Works & Services**

The BCIS cost estimates are for construction work only (including on-site contractor preliminaries). Further allowance has to be made for external site works such as site layout, landscaping, car-parking, internal road layout and utility connections. In the absence of specific scheme designs, these are typically calibrated based on a percentage uplift to the standard build cost. Usually around 15% allowance will cover most commercial sites. For Mid-Wales, a higher allowance of 20% has been applied to reflect potential additional costs associated with localised flood risk mitigation, SUDS drainage and likely ecological management.

These cost allowances assume an otherwise serviced development site (see land costs later) with main utilities available to the edge of the plot and main road access already provided.

### **Contingency Allowance**

A general 10% contingency has been applied to all construction costs to reflect potential for further abnormal site development or servicing costs.

### **Professional Fees**

A further 10% allowance has been applied for professional fees to include architect design costs, engineering costs (civil and M&E services) as well as inclusive of planning fees.

### **Finance Costs**

Private sector finance costs have been allowed for at 7% overall to cover both arrangement fees and interest rates. This is a relatively competitive market rate reflecting current conditions on development finance. Finance has been applied assuming 100% debt although in practice the loan to cost ratio is typically 80-90% with the balance either being provided through unsecured (mezzanine) finance or developer equity – both of which will be more expensive than the secured finance rate currently applied.

### **Draw Down Costs – applying finance**

Most development finance is provided on a draw-down basis with interest charges being applied on the development cash-flow rather than the full loan provision.

Development cash-flows typically follow an S-curve over the construction period. For simplicity, the appraisals assume a 12 month build programme with only 50% of the loan facility accruing finance charges in that period on the further assumption the loan is repaid on completion and immediate sale of completed asset. In practice, of course, there can be a delay between completion of construction, reaching a lease agreement for full occupation and subsequent investment sale to realise value. Further finance costs would, therefore, be normally incurred during this void/marketing period.

No finance charges have been applied to the land assuming the developer seeks a licence agreement to occupy during construction and land purchase is completed coterminous with the completion and sale of the completed asset.

## Land Acquisition

Land purchase costs have been based on assumed land value of £70,000 per acre for land with main services to the edge. All developments assume 40% site coverage requiring around 0.5 acre plots for the B2 and B1 Hybrid units and 0.25 acres for the B1 offices being developed over two-floors.

## Capital Values

The value of completed developments have been calibrated based on market rent and investment yield allowances assuming immediate occupancy and either investment sale or freehold sale to occupier (i.e. no allowance for voids between completion and occupation)

For each property type the net internal or net-lettable area has been calibrated from the gross floorspace constructed based on 10% reduction for Industrial/B1 Hybrid Space and 15% reduction for Office Space allowing for common areas such as stairwells/entrance reception etc. These are standard market assumptions for Gross to Net allowances.

Market rents applied are shown below reflecting current passing rents in the local market. These will be lower than asking rents to reflect occupier negotiations and to off-set any incentives such as rent-free period etc. A range of alternative rental levels also been examined in the sensitivity tests.

**Table A3: Market Rent Assumptions**

Property Type	Market Rent £/ft <sup>2</sup>
B2 Industrial	£5.00
B1 Hybrid	£6.00
B1 Office	£10.00
B2 Food Unit	£7.00

A flat 8% investment yield has been applied to all property types reflecting local market uncertainty in occupier confidence and covenant strength.

The net realisable values have then been calibrated allowing for disposal costs of around 5% of the capital value to include Letting Agent/Investment Agent and Legal Fees in marketing and disposal of the completed development.

These are considered realistic and appropriate assumptions on commercial value and reflect the relatively cautious approach taken by developers and expected from funding bodies in considering loan requests and funding risks.

## Sensitivity Appraisal

The complexity of the development appraisal process and scale of financial gap to realise a commercially viable development scheme means movement will be required across a range of assumptions rather than minor adjustments to single variables alone. A further sensitivity appraisal has been prepared as set out in Appendix 2 and summarised below.

The following combined changes to key assumptions are required to tip the balance towards marginal viability achieving around 15-20% return on costs.

**Table A4: Sensitivity Tests – Combined Changes**

Property Type	Market Rent £/ft <sup>2</sup>	Investment Yield	Lower Build Cost £/ft <sup>2</sup>	Return on Costs
B2 Industrial	+30% to £6.50	Down 2 points to 6%	-30% to £51.47	14.6%
B1 Hybrid	+50% to £9.00	Down 2 point to 6%	-35% to £71.44	15.7%
B1 Office	+80% to £18.00	Down 1 point to 7%	-25% to £113.06	21.0%
B2 Food Unit	+57% to £11.00	Down 2 points to 6%	-45% to £88.63	14.7%



The table shows a need to achieve substantial reductions in build-costs – these are within the Lower Quartile range provided by BCIS but inevitably could also have an impact on quality and implications for addressing sustainability features in the designs. It should be noted, however, construction cost inflation is currently running at around 3.2% per annum (2018-19); well above general inflation.

Equally, market rents will also need to rise substantially, matched by movement in commercial confidence and reflected in improved investment yields.

Mid Wales Employment Land - Demonstration of Market Failure			Generic Residual Appraisal	
				Jan-20
	<b>Industrial</b>	<b>B1</b>	<b>Office</b>	<b>Food Unit</b>
Gross Floorspace sq ft	10,000	10,000	10,000	10,000
Build Costs/ sq ft - Median	73.30	109.72	147.81	160.16
Construction Costs	£ 732,999	£ 1,097,176	£ 1,478,075	£ 1,601,635
External Works/Services incl Flood Risk	£ 146,600	£ 219,435	£ 295,615	£ 320,327
20%				
<b>Build Cost Sub-Total</b>	<b>£ 879,599</b>	<b>£ 1,316,611</b>	<b>£ 1,773,690</b>	<b>£ 1,921,962</b>
Contingency Allowance	£ 87,960	£ 131,661	£ 177,369	£ 192,196
10%				
<b>Total Construction Costs</b>	<b>£ 967,559</b>	<b>£ 1,448,272</b>	<b>£ 1,951,059</b>	<b>£ 2,114,158</b>
Professional Fees (Design, Engineers, Planning)	£ 96,756	£ 144,827	£ 195,106	£ 211,416
10%				
<b>Total Build Costs</b>	<b>£ 1,064,314</b>	<b>£ 1,593,099</b>	<b>£ 2,146,165</b>	<b>£ 2,325,574</b>
Finance Cost	£ 37,251	£ 55,758	£ 75,116	£ 81,395
7%				
<i>12 month build 50% draw-down</i>				
<i>Zero void period assumed Land acquired on completion</i>				
<b>Total Cost including finance</b>	<b>£ 1,101,565</b>	<b>£ 1,648,858</b>	<b>£ 2,221,281</b>	<b>£ 2,406,969</b>
<b>Land Costs</b> - site area assuming 40% coverage	0.50	0.50	0.25	0.50
<i>Land value - @ £70k per acre serviced</i>	£ 35,000	£ 35,000	£ 17,500	£ 35,000
<b>Total Development Costs including Land</b>	<b>£ 1,136,565</b>	<b>£ 1,683,858</b>	<b>£ 2,238,781</b>	<b>£ 2,441,969</b>
Net Lettable Floorspace	9,000.0	9,000.0	8,500.0	9,000.0
Market Rent	£5.00	£6.00	£10	£7.00
Rental Income per annum	£ 45,000	£ 54,000	£ 80,750	£ 63,000
Yield Assumption	8%	8%	8%	8%
YP Factor	12.50	12.50	12.5	12.50
<b>Gross Capital Value</b>	<b>£ 562,500</b>	<b>£ 675,000</b>	<b>£ 1,009,375</b>	<b>£ 787,500</b>
Less Disposal Costs (Agency/Legal Fees)	£ 28,125	£ 33,750	£ 50,469	£ 39,375
5%				
<b>Net Value</b>	<b>£ 534,375</b>	<b>£ 641,250</b>	<b>£ 958,906</b>	<b>£ 748,125</b>
<b>Profit/Loss</b>	<b>£ (602,190)</b>	<b>£ (1,042,608)</b>	<b>£(1,279,875)</b>	<b>£(1,693,844)</b>
<b>Return/Loss on Costs</b>	<b>-52.98%</b>	<b>-61.92%</b>	<b>-57.17%</b>	<b>-69.36%</b>

Mid Wales Employment Land - Demonstration of Market Failure			Sensitivity Appraisal	
				Jan-20
	<b>Industrial</b>	<b>B1</b>	<b>Office</b>	<b>Food Unit</b>
Gross Floorspace sq ft	10,000	10,000	10,000	10,000
Build Costs/ sq ft - Median	51.47	71.44	113.06	88.63
Construction Costs	£ 514,679	£ 714,418	£ 1,130,621	£ 886,288
External Works/Services incl Flood Risk	£ 102,936	£ 142,884	£ 226,124	£ 177,258
20%				
<b>Build Cost Sub-Total</b>	<b>£ 617,614</b>	<b>£ 857,302</b>	<b>£ 1,356,745</b>	<b>£ 1,063,545</b>
Contingency Allowance	£ 61,761	£ 85,730	£ 135,674	£ 106,355
10%				
<b>Total Construction Costs</b>	<b>£ 679,376</b>	<b>£ 943,032</b>	<b>£ 1,492,419</b>	<b>£ 1,169,900</b>
Professional Fees (Design, Engineers, Planning)	£ 67,938	£ 94,303	£ 149,242	£ 116,990
10%				
<b>Total Build Costs</b>	<b>£ 747,313</b>	<b>£ 1,037,336</b>	<b>£ 1,641,661</b>	<b>£ 1,286,890</b>
Finance Cost	£ 26,156	£ 36,307	£ 57,458	£ 45,041
7%				
<i>12 month build 50% draw-down</i>				
<i>Zero void period assumed Land acquired on completion</i>				
<b>Total Cost including finance</b>	<b>£ 773,469</b>	<b>£ 1,073,642</b>	<b>£ 1,699,119</b>	<b>£ 1,331,931</b>
<b>Land Costs</b> - site area assuming 40% coverage	0.50	0.50	0.25	0.50
<i>Land value - @ £70k per acre serviced</i>	£ 35,000	£ 35,000	£ 17,500	£ 35,000
<b>Total Development Costs including Land</b>	<b>£ 808,469</b>	<b>£ 1,108,642</b>	<b>£ 1,716,619</b>	<b>£ 1,366,931</b>
Net Lettable Floorspace	9,000.0	9,000.0	8,500.0	9,000.0
Market Rent	£6.50	£9.00	£18	£11.00
Rental Income per annum	£ 58,500	£ 81,000	£ 153,000	£ 99,000
Yield Assumption	6%	6%	7%	6%
YP Factor	16.67	16.67	14.28571429	16.67
<b>Gross Capital Value</b>	<b>£ 975,000</b>	<b>£ 1,350,000</b>	<b>£ 2,185,714</b>	<b>£ 1,650,000</b>
Less Disposal Costs (Agency/Legal Fees)	£ 48,750	£ 67,500	£ 109,286	£ 82,500
5%				
<b>Net Value</b>	<b>£ 926,250</b>	<b>£ 1,282,500</b>	<b>£ 2,076,429</b>	<b>£ 1,567,500</b>
<b>Profit/(Loss)</b>	<b>£ 117,781</b>	<b>£ 173,858</b>	<b>£ 359,809</b>	<b>£ 200,569</b>
<b>Return/(Loss) on Costs</b>	<b>14.57%</b>	<b>15.68%</b>	<b>20.96%</b>	<b>14.67%</b>

## **APPENDIX 3**

### **SPECULATIVE FLOORSPACE DEVELOPMENT COST ASSUMPTIONS**

**Mid Wales Speculative Development - Cost Assumptions**

BCIS Median /m2	Floorspace m2	Build Cost	2020 - 2025			Fees	Total
			Site Costs	Contingency			
			20%	10%	10%		
	<b>Aberystwyth</b>						
£1,102	B1(b) R&D Space	5,000	£5,510,000	£1,102,000	£661,200	£727,320	£8,000,520
£807	B1 (c) Light Industry	3,000	£2,421,000	£484,200	£290,520	£319,572	£3,515,292
	<b>Llandysul (Horeb)</b>						
£1,889	B2 Food Units	1,000	£1,889,000	£377,800	£226,680	£249,348	£2,742,828
	<b>Newtown</b>						
£1,102	B1(b) R&D Space						
£807	B1 (c) / B2	3,000	£2,421,000	£484,200	£290,520	£319,572	£3,515,292
	<b>Welshpool</b>						
£807	B2 Advanced Manufacturing			£2,500,000			£2,500,000
	<b>Brecon/Builth/Knighton/Cardigan</b>						
£807	B1 (c) / B2	4,000	£3,228,000	£3,145,600	£387,360	£426,096	£4,687,056
		16,000	£15,469,000	£5,593,800	£1,856,280	£2,041,908	£24,960,988

Tudalen 479

Tudalen 480

BCIS Median /m2	Floorspace m2	Build Cost	2025-2030			Fees	Total
			Site Costs	Contingency			
			20%	10%	10%		
	<b>Aberystwyth</b>						
£1,102	B1(b) R&D Space	5,000	£5,510,000	£1,102,000	£661,200	£727,320	£8,000,520
£807	B1 (c) Light Industry		£0	£0	£0	£0	£0
	<b>Newtown</b>						
£1,102	B1(b) R&D Space						
£807	B1 (c) / B2	3,000	£2,421,000	£484,200	£290,520	£319,572	£3,515,292
	<b>Welshpool</b>						
£807	B2 Advanced Manufacturing	5,000	£4,035,000	£807,000	£484,200	£532,620	£5,858,820
	<b>Brecon/Builth/Knighton/Cardigan</b>						
£807	B1 (c) / B2	4,000	£3,228,000	£645,600	£387,360	£426,096	£4,687,056
		<b>17,000</b>	<b>£15,194,000</b>	<b>£3,038,800</b>	<b>£1,823,280</b>	<b>£2,005,608</b>	<b>£22,061,688</b>



# SQW

## Mid Wales Applied Research & Innovation Study: Executive Summary

Tudalen 481

June 2021



# Study Context (1)

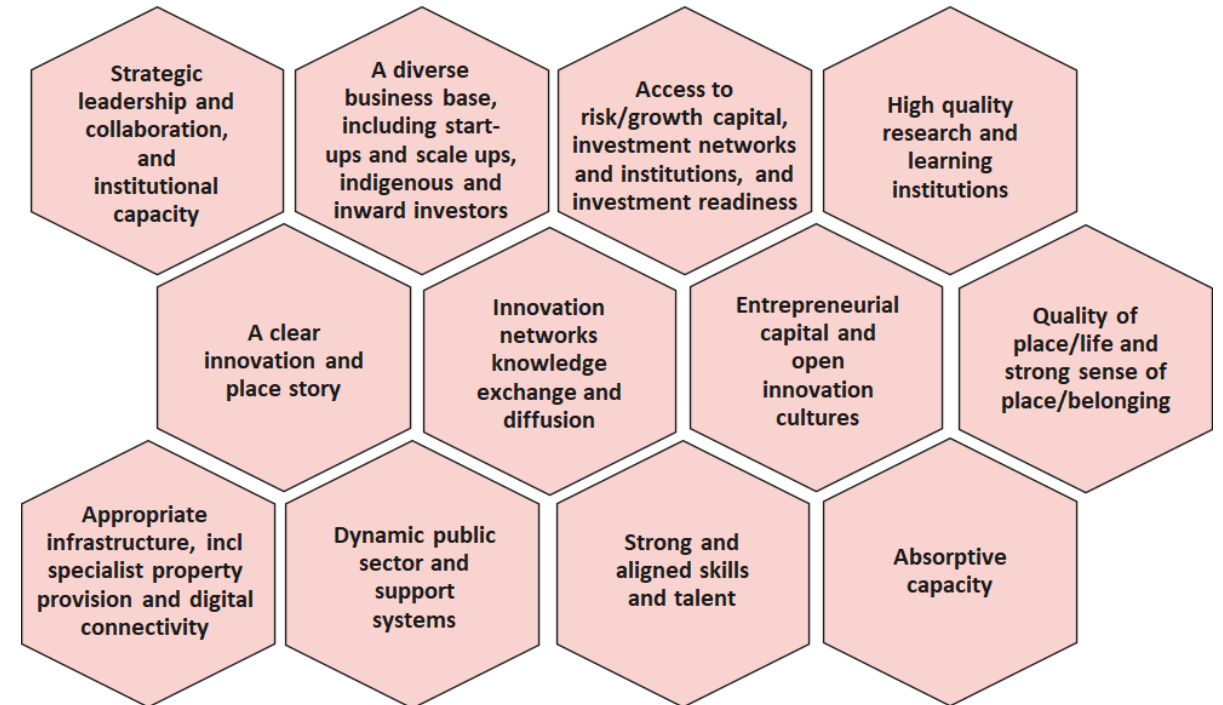
## Applied research and innovation matters ...

A wealth of evidence demonstrates the link between investment in research and innovation and economic growth/productivity

A range of factors affect whether local innovation ecosystems function effectively, and deliver economic growth benefits

An increasing recognition of the importance of place in relation to research and innovation

### Ingredients' for successful place-based innovation ecosystems





# Study Context (2)

## ... the role of applied research and innovation in the strategic policy agenda

The Welsh Government's 'Prosperity for All' sees innovation as key to addressing the longstanding productivity deficit with the UK ...

... but the end of Structural Funds and uncertainty over successor schemes and engagement with Horizon Europe presents challenges for Wales

The 'Vision for Growing Mid Wales' identified applied research and innovation as a key strategic priority for the region in 2020

The UK Government's commitment to 'Build Back Better' includes innovation as one of three 'pillars of growth' and prioritises innovation in forthcoming strategies (e.g. the UK R&D Place Strategy and Innovation Strategy)

Tudalen 483

## Vision for Mid Wales in 2035

By 2035, Mid Wales will be:

*"An enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities"*

Through collaborative and integrated working, we will build on our unique assets to ensure that the region's economy is recognised by the following characteristics:



**ENTERPRISING** – open for business, new and old. A place to start and grow enterprise to enhance regional productivity with a good quality of life.



**SKILLED** – a skilled and flexible labour market supported by academic and vocational learning that responds to industry demands that reverses current population trends.



**INNOVATIVE** – a test bed for innovation, developing new products and processes capitalising on existing research and industry strengths and creating new/strengthening existing industrial clusters.



**CONNECTED** – a fully connected region, unlocking its economic potential driving business growth and innovation and improving social and labour mobility.



**PRODUCTIVE** – a strong, productive economy providing the right conditions for business to generate better quality, higher paid jobs alongside better employment opportunity.



**PROSPEROUS** – a regional economy that is rooted in fairness and equality of opportunity with accessible training and employment pathways.



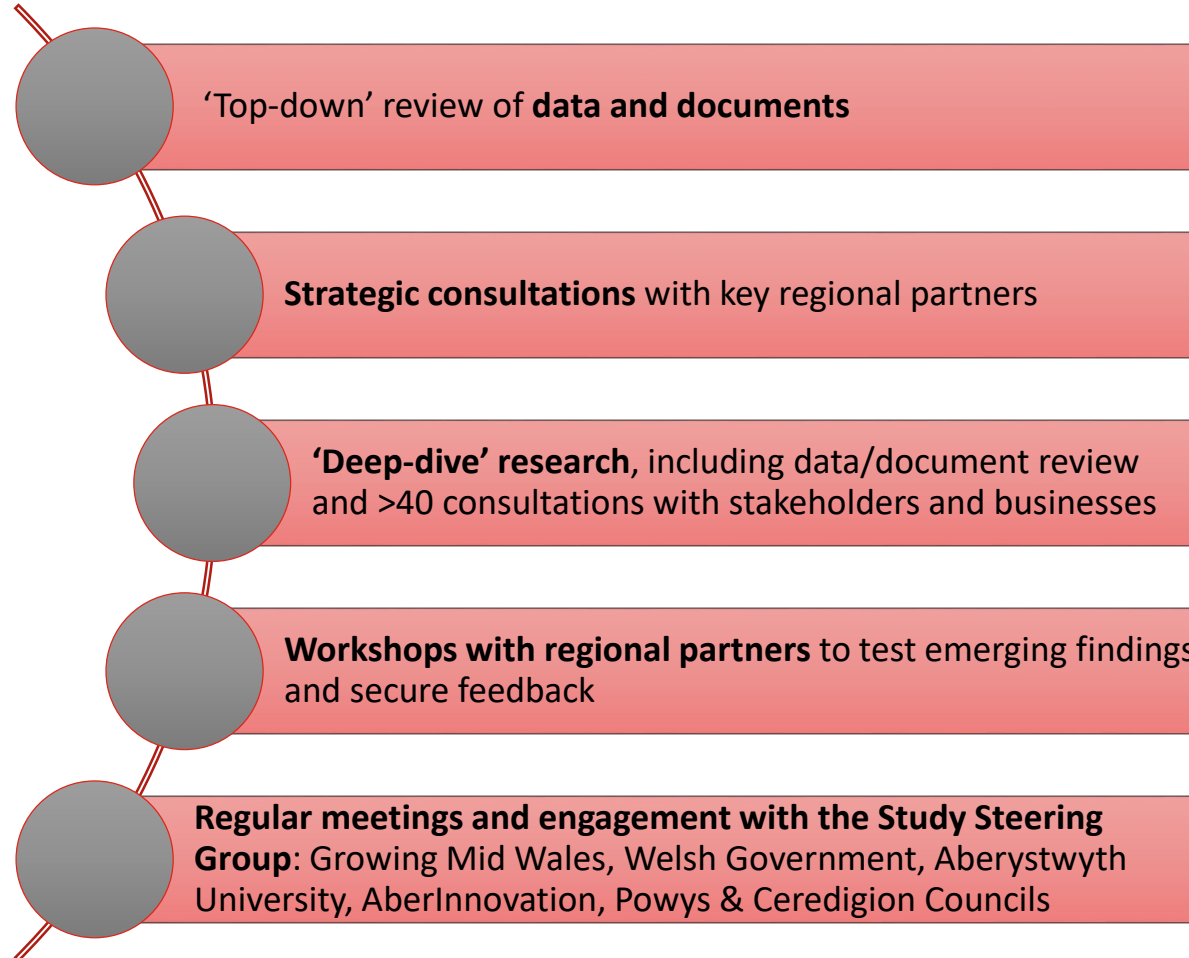
**DISTINCTIVE** – a region with a unique natural and cultural landscape & heritage, offering an exceptional quality of life and potential to lead UK decarbonisation and clean growth.

# Study Aims & Approach

Tudalen 484

**1) Provide a robust evidence base on applied research and innovation in Mid Wales:** examining the capabilities of the region, its relationships and linkages with other places, and key strengths and weakness

**2) Develop a Vision for applied research and innovation in Mid Wales,** aligned with the overarching 'Vision for Growing Mid Wales' to 2035. to: provide a strategic framework and agenda, shaping the on-going process of project development, categorisation and decision-making by regional partners



Agri-food & Bioscience	
Low Carbon & Green Energy	
Advanced Manufacturing	
Enabling Digital Technologies	

# State of the Region: Operating contexts

## A significant and growing productivity challenge ...

In 2018, **productivity stood at 65% of the UK** vs. 70% in 2002

Mid Wales is not unique, all Welsh Growth Deal/City Region are below the UK, but **the challenge is most evident here**

## ... a distinctive economy, shaped by its spatial and culture context

Mid Wales is known for its **natural beauty and remoteness**, with a diverse mix of natural landscapes

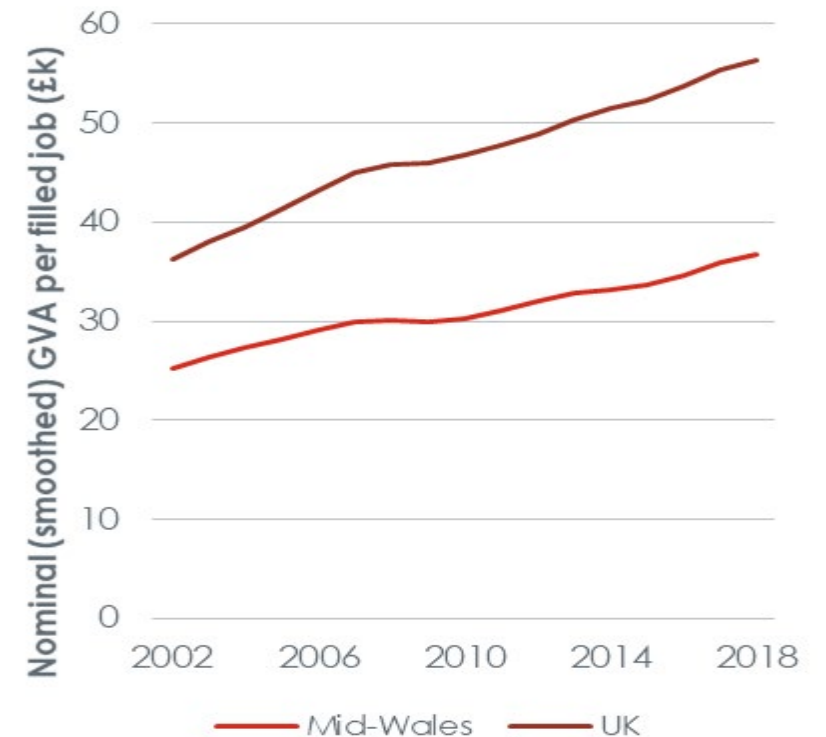
**Agriculture and Tourism** account for over 1/4 of employment

Mid-Wales is more reliant than most places on **micro-businesses**, with relatively few medium-sized or large firms

**Mid-Wales is culturally distinctive** e.g. 29% of residents are Welsh speakers, (rising to almost half in Ceredigion)

Mid-Wales has an **ageing and declining population**

Regional and national Productivity



(Source: ONS, 2020)

# State of the Region: Applied Research and Innovation

## Strengths

- Home to Aberystwyth University, an internationally significant institution
- Presence of some highly innovative and entrepreneurial businesses, and emerging 'clusters' in specific locations/areas
- Strong flow of graduate start-ups from Aberystwyth University and the Centre for Alternative Technology
- On-going development of AberInnovation as a focal point for knowledge exchange and enterprise development
- Evidence of well-developed collaborations and relationships with other research and innovation assets nationally and internationally

## Weaknesses

- Business base is dispersed across the region
- Under-representation of start-ups, and innovative active and high growth firms
- Modest levels of knowledge exchange within the region historically, and few academic spin-outs
- Region not maximising its potential in leveraging public applied research and innovation funding
- Under-represented in securing growth finance (e.g. equity finance) from the private sector
- Skills gaps and issues recruiting well-qualified and ambitious staff to support innovation
- Cultural, capability and capacity issues relating to commercialisation and innovation

# Deep-dive perspectives



## Agri-food & Bioscience

- Well-established and **nationally and internationally recognised**, predominantly (but not entirely) academic driven strengths in **plant breeding/soils, biorefining, and animal health** are well-established
- Emerging and connected opportunities in **food manufacturing, veterinary science, agri-technologies** e.g. AI, satellite navigation, and CEA
- Strong role of AU in leverage of R&D funding, extensive collaboration nationally, and high quality/volume of research outputs
- **Multiple, leading edge research assets** and organisational head quarters, with clustering around Aberystwyth but also across the region
- Small but growing group of innovative agri-tech firms
- Strong supply of **graduates and post-docs from AU**
- Strengths well aligned to **global priorities and nature of Mid Wales' local economy**



## Low Carbon & Green Energy

- Key research assets include **AU and the Centre for Alternative Technology**
- Strengths in **biomass, biowaste and biorefining; sustainable construction materials** and retrofitting' and supporting the **commercial exploitation of renewable energy generation**
- Small number of important and competitive innovative firms
- **Regional landscape** ideal to exploit renewable energy research and innovation



## Advanced Manufacturing

- **Industry-led specialisms in automotive and power electronics**, plus automation, additive manufacturing, plastic injection mouldings and components
- Nascent but private-sector led motion engineering **control drives and power electronics cluster in Severn Valley**
- Assets include several large R&D and innovative active companies, plus innovative SMEs engaged in applied research and innovation, with plans to grow and invest
- **Strong R&D links outside of Mid Wales**, but weaker within the region



## Enabling Digital Technologies

- **Pockets of excellence in AI, robotics, sensors and geoinformatics/earth observation**, but modest in scale, research led and unconnected
- Plans for major digital-related investments e.g. the **National Spectrum Centre, Global Rail Centre of Excellence**, and **Wales Trusted Digital Repository** in nationally unique assets, with scope for national and local benefits.

# Strengths and opportunities

---

Tudalen 488

Strong and consistent evidence to show genuine depth and breadth of distinctive strengths in plants and crops, animal health, bioenergy, and food manufacturing in Mid Wales

Key opportunities, building on existing strengths, in veterinary science, sustainable construction, renewable energy, agri-tech, automotive and power electronics

## Looking across the four themes, the deep dive analysis found:

---

- Evidence of the **breadth and depth of expertise** and **distinctive applied research and innovation opportunities** for the region, but some areas of expertise are relatively small-scale and/or disparate, and many opportunity areas are quite heavily research-based at present. **The economic contribution of this research offer is not currently being realised fully.**
- Existing strengths and opportunity areas **align very closely with – and have potential to make a distinctive contribution to – national and global strategic priorities**, especially those relating to net zero and green recovery, higher value production (e.g. in manufacturing and food), the need for technological convergence and digitisation, infectious diseases in a post-Covid context, and (for agri-food) sustainability and resilience in the sector.



# Strengths and opportunities

---

There is scope to better connect strengths *within and across* the deep-dive themes to maximise synergies and growth opportunities

## Looking across the four themes, the deep dive analysis found:

---

- There is evidence of **strong, complementary and well-established connections in some cases** e.g. in plants/crops and animal health. However, other **links *within and across* themes are weak or nascent** – based either on a small number of projects, ad hoc/bilateral relationships, or barely developed at all.
- **Strengthening these links further** – particularly across areas of expertise – could form a **distinctive and complementary “package” of expertise and critical mass** in applied research and innovation in related and complementary capabilities.
- **Developing nascent opportunities *in combination with existing strengths*** creates an opportunity to exploit new opportunities, raise Mid Wales profile as a national/international actor, and deliver economic benefit via firm growth and inward investment.

# Challenges

---

Tudalen 490  
The innovation ecosystem in Mid Wales is operating sub-optimally, with barriers to innovation and missed opportunities for economic growth

## The deep dive research and wider evidence highlighted key cross-cutting challenges to address:

---

- **Leadership, collaboration and co-ordination at a strategic level** within (and potentially across) the applied research and innovation thematic strengths
- **Collaboration and networking**, which includes academic-business and business-to-business collaboration within themes, and engagement across themes, which is particularly important given the dispersed nature of some research/innovation strengths
- **Skills, capability, information and finance to innovate and commercialise**, i.e. to progress applied research and innovation to the point of financial returns, and greater local economic benefits
- **Providing the conditions** that are important to enable innovative firms to grow, particularly in terms of **workspace, testing facilities and skills**.



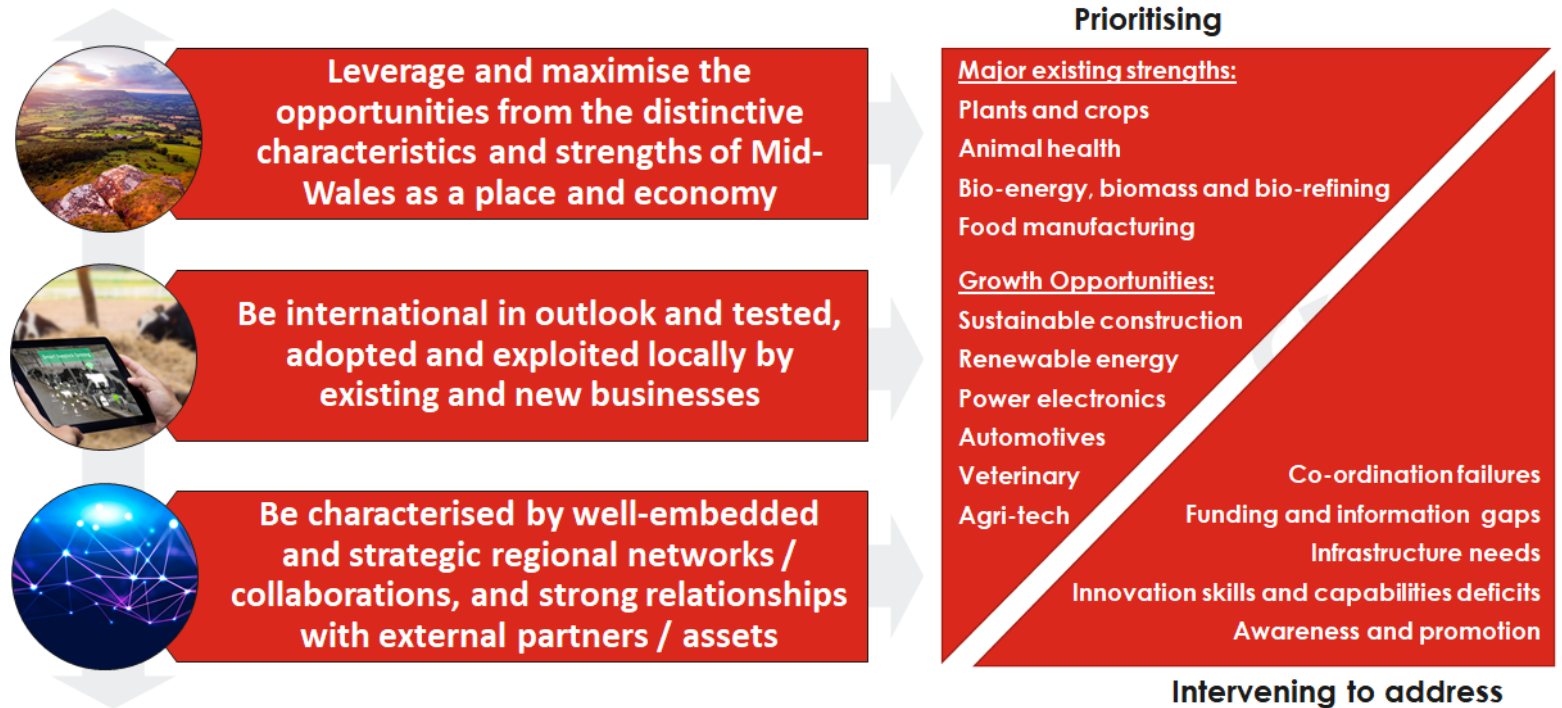
# Vision

Looking forward, it is critical that Mid Wales is better able to articulate and promote the contribution of its applied research and innovation strengths to national and global strategic priorities ...

... and ensure that the economic benefits associated with applied research and innovation are realised, maximised and retained within the region where possible.

## A vision reflecting Mid Wales' distinctiveness and priorities, setting a long-term agenda to raise the profile and impact of applied research and innovation

### Applied Research & Innovation in Mid-Wales will ...



# Next Steps

**Delivering successfully against the Vision for Applied Research and Innovation will be the responsibility of a wide range of partners and stakeholders across the region over the medium to long-term, and will require sustained effort and commitment over the coming years.**

Tudalen 492

**This Study will help to inform the work of partners in developing and prioritising interventions to enhance the regional applied research and innovation offer. This will include – but not be confined to – ideas and concepts to funded potentially by the Mid Wales Growth Deal.**

**Finally, there is an opportunity to consider ‘pivoting’ the Steering Group that has overseen this work (and potentially the wider group of stakeholders involved in the workshops) into a longer-term regional forum for overseeing progress in delivering against the Vision for Applied Research and Innovation.**

# Research, analysis and advice

Tudalen 493

# SQW



## Contact

For more information:

**Joe Duggett**

**SQW**

t. 0161 475 2109

e. [jduggett@sqw.co.uk](mailto:jduggett@sqw.co.uk)

**Rebecca Pates**

**SQW**

t. 0161 475 2112

e. [rpates@sqw.co.uk](mailto:rpates@sqw.co.uk)

[www.sqw.co.uk](http://www.sqw.co.uk)

# Mid Wales Applied Research and Innovation Study

A Report to the Growing Mid Wales Partnership

# Contents

1. Introduction to the Study.....	1
2. Strategic context .....	3
3. Applied Research and Innovation: 'State of the Region' .....	7
4. Insights from the 'deep-dive' research .....	24
5. A Vision for Applied Research and Innovation .....	48

---

**Contact:**

**Rebecca Pates**

**Tel: 0161 475 2112**

**email: [rpates@sqw.co.uk](mailto:rpates@sqw.co.uk)**

**Approved by:**

**Joe Duggett**

**Director**

**Date: 22/06/2021**

---

**Disclaimer**

This report takes into account the particular instructions and requirements of our client. It is not intended for, and should not be relied upon by, any third party and no responsibility is undertaken to any third party.

Whilst SQW has used reasonable care and skill throughout, it is unable to warrant either the accuracy or completeness of information supplied by the client or third parties, and it does not accept responsibility for any legal, commercial or other consequences that arise from its use.

---

# 1. Introduction to the Study

- 1.1** This document presents the **Mid Wales Applied Research and Innovation Study**. Commissioned by the Growing Mid Wales Partnership, the Study was led by independent economic consultants SQW, and delivered over the November 2020 to May 2021 period. Further detail and underpinning evidence is provided in a separate supporting annex.
- 1.2** Covering the areas of Ceredigion and Powys, the purpose of the Study was two-fold:
- to provide a **robust evidence base on applied research and innovation in Mid Wales**; this includes examining the capabilities of the region, its relationships and linkages with other places, and key strengths and weakness
  - to develop a **Vision for applied research and innovation in Mid Wales**; this will provide the strategic framework, and an overarching agenda, to shape the on-going process of project development, categorisation and decision-making by regional partners.
- 1.3** An important driver behind the commissioning of the Study was the Mid Wales Growth Deal, for which Heads of Terms were agreed with the Welsh and UK Governments in December 2020. This followed the publication in April 2020 of the 'Vision for Growing Mid Wales' which had identified applied research and innovation as one eight Strategic Growth Priorities. The Growth Deal provides an important strategic backdrop to this report, and Growth Deal funding will play an important role potentially in taking forward projects aligned with the Vision.
- 1.4** However, it is important to recognise **that this Study is not specifically focused on the Growth Deal, nor is it a 'bidding document'**. Rather the purpose is to provide an evidence base and strategic agenda around which applied research and innovation activity in the region can be framed over the medium to long term, informing projects, programmes and processes that deliver positive economic outcomes.

## Study process

- 1.5** Practically, the Study has involved:
- a **'top-down' review of data and documents** related to applied research and innovation, and relevant wider contextual conditions and performance
  - **strategic consultations with key regional partners**, gathering primary evidence on the region's key strengths and weakness in applied research and innovation
  - **'deep-dive' research on four areas** identified through the 'top down' review and strategic consultations: Agri-food and Bioscience; Low Carbon and Green Energy; Advanced Manufacturing; and Enabling Digital Technologies
    - the research included a desk-based analysis of documents and data relevant to each area, and over 40 consultations with stakeholders and businesses across the region

- **two online workshops with regional partners** to present emerging findings and secure feedback in relation to the evidence base and draft vision
  - **regular meetings and engagement with the Study Steering Group** which involved representatives from: Growing Mid Wales, Welsh Government, Aberystwyth University, AberInnovation, Powys County Council, and Ceredigion County Council.
- 1.6 Collectively, over 75 individuals involved in applied research and innovation in Mid Wales provided inputs to the Study.

## Study parameters

- 1.7 Five important points in relation to the Study parameters are noted:
- First **the focus was on Mid Wales as an integrated region**, it did not seek to disaggregate or compare performance within the region, for example between Ceredigion and Powys. The spatial distribution of applied research and innovation assets/activity matters, and is discussed in the Study. However, the purpose is to understand what this means for the capabilities and offer of the region overall, not its constituent local areas.
  - Second, **the focus was on Mid Wales absolutely**, whilst data on relative position/performance is discussed where relevant, the Study did not seek to ‘rank’ or ‘benchmark’ Mid Wales to other places in Wales, or elsewhere. Indeed, as discussed throughout, Mid Wales is unique and distinctive, and such an approach would be potentially quite misleading.
  - Third, **the focus was on the applied research and innovation of Mid Wales capability and offer as a place**. The Study is not a review, audit, assessment or commentary of the individual applied research and innovation activities, priorities or investments of specific institutions, in the public or private sector. Importantly, it did not include a formal mapping of levels of innovation within individual businesses across the region.
  - Fourth, and linked to this, the focus was on evidencing and characterising the applied research and innovation offer in the region in terms of assets, priorities, existing strengths and opportunities for the region itself and for UK Plc. The research has considered how this can be maximised, but did not seek to assess or estimate its economic or wider societal impact.
  - Fifth, as reflected in the title, **the focus was on innovation and applied research**, which encompasses activities directed primarily towards practical aims/objectives, and/or which seeks to produce new products or processes or to improve existing products or processes. Basic or pure research is important – and core to research assets in the region - however is not the focus of this Study, which is concerned ultimately with how research and innovation can best contribute to regional economic performance and growth.

## 2. Strategic context

### Key messages

A wealth of evidence demonstrates the link between investment in research and innovation and economic growth and productivity. However, a range of factors influence the effectiveness and impact of local innovation ecosystems.

Applied research and innovation are prominent in the strategic economic policy agenda affecting Mid Wales. Both the UK and Welsh Government are committed to supporting investment and activity in this area, which is seen as crucial in delivering against productivity and wider societal goals. However, the end of Structural Funds and uncertainty over successor schemes presents challenges.

The 'Vision for Growing Mid Wales' identified applied research and innovation as a key strategic priority for the region in 2020.

### Why applied research and innovation matters ...

- 2.1** There is a wealth of empirical evidence demonstrating the link between investment in research and innovation and economic growth. As summarised by one major study:

*Research and Innovation (R&I) are key drivers of productivity and economic growth .... Firms and economies achieve large and significant returns on these investments, which also create new and better jobs. The importance of R&I increases even further as our economies become more knowledge-based and intensive in intangible assets. R&I investments are also crucial to address key societal challenges and improve well-being. They contribute to improving health outcomes, fight against climate change, and build more inclusive and resilient societies.<sup>i</sup>*

- 2.2** There are various factors which can enable or hinder this relationship between research and innovation and economic growth, including knowledge flows, access to talent and skills, technology changes, and the diffusion and adoption of new technologies and innovations across the business base. Indeed, research and innovation systems (often termed 'innovation ecosystems') are complex, which require various parts, processes, interventions and conditions to perform optimally. This is discussed in more detail in Section 4.
- 2.3** There is also an increasing recognition of the role of place in research and innovation. This is particularly in the context that since the Global Financial Crisis, the UK's geography of economic recovery and growth has been highly uneven. Growth has been concentrated in London and its hinterland, while much of the rest of the UK (including Wales, and Mid Wales) has fallen further behind; disparities – on economic indicators (e.g. GVA per capita/job) and measures aligned to well-being (e.g. disposable household income and life expectancy) – have increased substantially. This has been associated with uneven levels of investment in research and innovation, and areas characterised by this (relatively) low level of investment tend to correlate with those identified as being in need of 'levelling up'. It is within this context that considerations of the applied research and innovation offer of Mid Wales, and the opportunities for growth this brings, are grounded.



## ... and its role in the strategic policy agenda

### At UK and Welsh levels

- 2.4** The **importance of research and innovation to economic performance is reflected in policy priorities across all levels.** Notably, the UK government has committed to raise total R&D investment – an important part of the overall research and innovation process – to 2.4% of GDP by 2027. The recent ‘Build Back Better’ plan established Innovation as one of three ‘pillars of growth’<sup>ii</sup>. Many of the aims set out in the Plan are relevant to and align with the focus of this Study in Mid Wales, including the importance of skills and talent, supporting adoption and diffusion among SMEs, and access to finance and funding.
- 2.5** Three additional strategies are proposed by the UK Government which are currently in development at the time of writing (June 2021):
- **R&D People and Culture Strategy:** this will aim to put the UK at the forefront of attracting, retaining and developing diverse, talented people and the teams.
  - **UK R&D Place Strategy:** this will set out plans to drive greater place-based outcomes from the UK R&D system, focusing on how R&D can help to accelerate economic recovery and support ‘levelling up’ across the UK.
  - **Innovation Strategy** which will set out a vision for the UK to become one of the world’s most innovative nations; while the Innovation Strategy is likely to present a macro view of the UK-wide research and innovation system. The region will need to be cognisant of the Strategy and its focus to best position Mid Wales – both strategically, and in terms of alignment to potential funding streams and interventions – to respond to its intent.
- 2.6** The recently published ‘Plan for Wales’ sets out the UK Government’s existing commitments to Wales. Covering a broad range of policy areas, the Plan reflects the wider policy agenda, with a recognition of both the importance of research and innovation to supporting economic growth and recovery in Wales, and by highlighting existing investments and activities that are seeking to deliver against this intent. Important from a Mid Wales perspective include the focus on developing the Welsh low-carbon and renewable energy resources – a particular area of interest for this Study – and the Government support for the proposed Global Centre of Rail Excellence in Powys (and neighbouring Neath Port Talbot).
- 2.7** This focus on the role of research and innovation was recognised by the Welsh Government in 2017’s ‘Prosperity for All: Economic Action Plan’, with **innovation seen as key to addressing the longstanding productivity deficit to the rest of the UK.** Within this context, the Reid Review of Government Funded Research and Innovation in Wales (also published in 2017) highlighted that in many ways, Wales performs well when it comes to collaboration between the research base and industry. However, the review also found that the research base was not sufficiently at scale to deliver its full economic potential, and that the level of skills and knowledge within the Welsh workforce will need to increase significantly to deliver Welsh Government ambitions for enhanced productivity, competitiveness and prosperity.

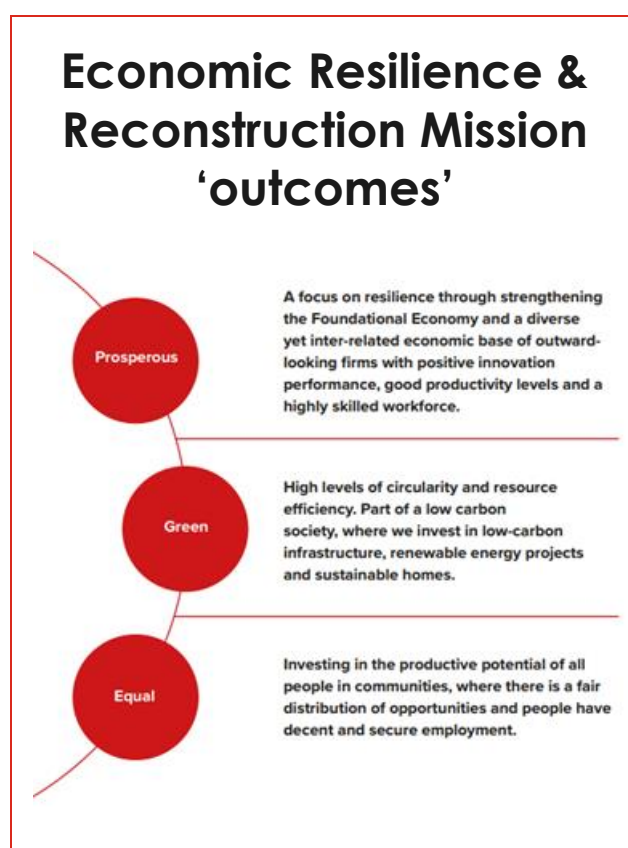
**2.8** More recently the ‘Strength in Diversity’ report (also by Professor Reid) again highlighted the strengths of the Welsh innovation landscape, including industrial engagement in collaborative R&D, but emphasised changes in the funding and policy landscape, and the key challenges faced by the Welsh research and innovation base. These challenges include the end of Structural Funds (which have been crucial for funding research and innovation across Wales, including in the capacity of the research base), and uncertainty over the successor scheme, alongside uncertainty over the shape and nature of UK engagement in Horizon Europe (the successor to Horizon 2020).

**2.9** Notably, with arrangements for the Shared Prosperity Fund to be confirmed, wider research and innovation funding sources are likely to become increasingly competitive, including for example, funding through the Industrial Strategy Challenge Fund, meaning an increasing imperative to ensure strategic alignment with the UK Government’s “Research and Development Roadmap”.

**2.10** The effects of COVID-19 on research and innovation activity, investment, and outcomes are also potentially pronounced, and profound. This is recognised in the Welsh Government’s ‘Economic resilience and reconstruction mission’, which sets out an agenda to ensure economic resilience and reconstruction which responds both to the current COVID-19 crisis, and anticipates the consequences of EU Exit.

**2.11** **Research and innovation are important cross-cutting issues across the Mission**, particularly in relation to the ‘Prosperous’ and ‘Green’ outcomes; the percentage of businesses which are innovation-active is one of the measures by which success in economic reconstruction will be measured.

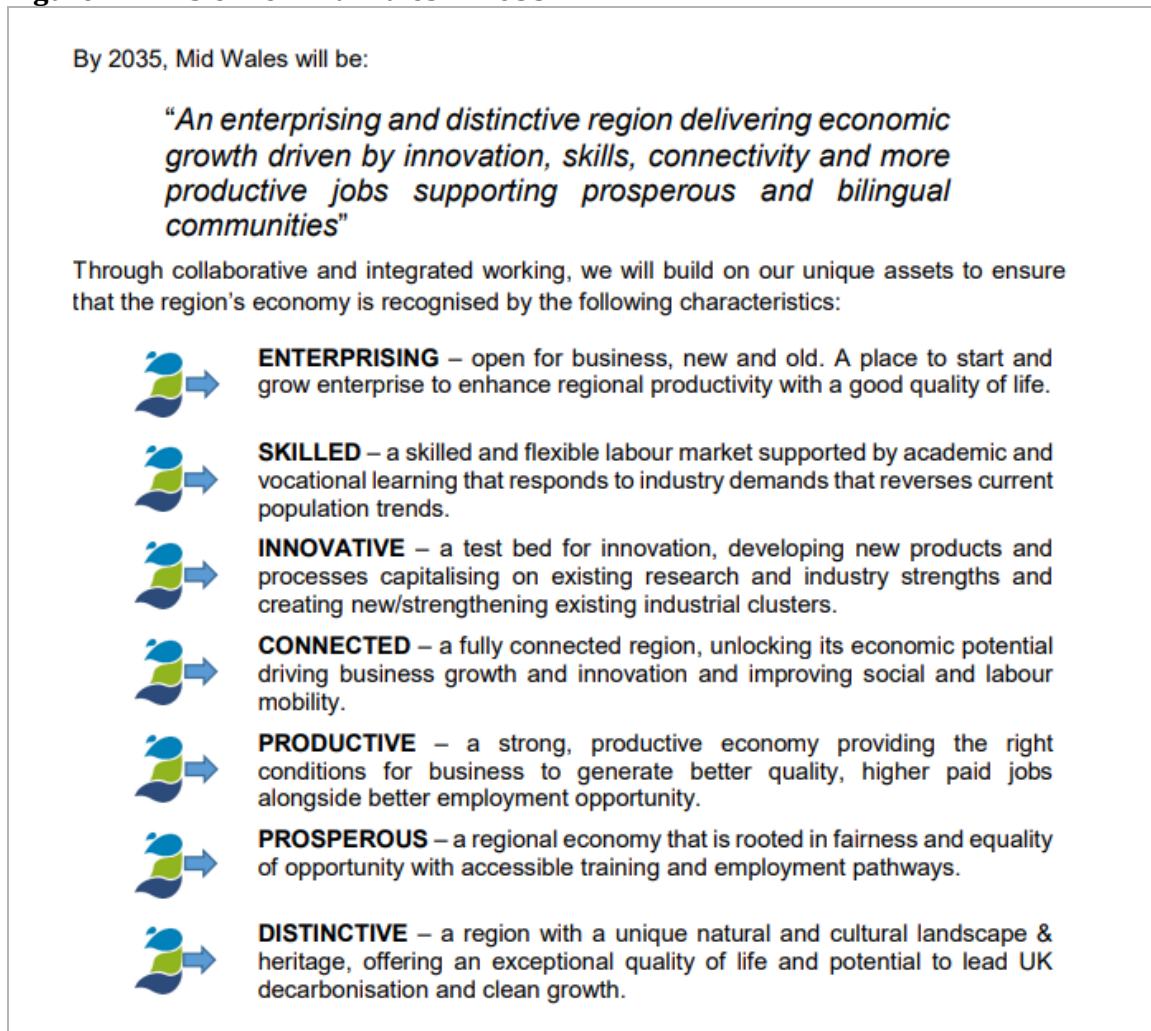
**2.12** Taking forward this agenda will also be informed by the recent **review for the Welsh Government on the innovation landscape in Wales**. The findings – that there is excellent innovation across Wales but that this operates at too small a scale – is consistent with earlier analysis. The implications of this work are not yet known fully, however, they will be crucial for Mid Wales going forward, and this Study provides an important opportunity to inform and influence these policy discussions, to help best position the region in this changing landscape.



## In Mid Wales

**2.13** This emphasis on research and innovation as crucial for economic growth – and recovery from COVID-19 nationally is also reflected at a regional level in Mid Wales. As noted in Section 1, the ‘**Vision for Growing Mid Wales**’ in April 2020 identified **applied research and innovation as a key strategic priority in delivering the regional-vision** (Figure 2-1).

**Figure 2-1: Vision for Mid Wales in 2035**



Source: A Vision for Growing Mid Wales

**2.14** Importantly, applied research and innovation does not stand alone. There are crucial relationships with other strategic priorities, both ‘horizontal’ to enabling priorities including Enterprise and Skills and Employment, and Digital Infrastructure, and ‘vertical’ to specific sector opportunities, notably in Agriculture, Food & Drink.

**2.15** Further, the supply of sites and premises are a vital consideration. We do not consider this in detail in this Study, as in-depth work on this issue has recently been completed<sup>iii</sup>. However, it is highlighted that **the provision of appropriate sites and premises for business to start-up and expand will be crucial to unlocking the applied research and innovation potential of the region going forward.**

## 3. Applied Research and Innovation: ‘State of the Region’

### Key messages

Mid Wales is a distinctive economy, shaped by its spatial and cultural context. Mid Wales is known for its natural beauty and remoteness, with a diverse mix of natural landscapes; Agriculture and Tourism account for over one-quarter of employment; and the region is more reliant than most places on micro-businesses.

Mid Wales also faces major economic challenges, with an ageing and declining population, and an entrenched productivity challenge: in 2018, productivity stood at 65% of the UK-level. The scale of the productivity challenge is more pronounced in Mid Wales than in other Welsh Growth Deal/City Regions.

Mid Wales has significant applied research and innovation assets including: Aberystwyth University, an internationally significant institution with expertise in agriculture and biological sciences noteworthy; specialised institutions and assets across a range of disciplines; and some highly innovative and entrepreneurial businesses, including emerging ‘clusters’ in specific locations/areas.

Strengths of the region include a strong flow of graduate start-ups from regional assets; the on-going development of AberInnovation as a focal point for knowledge exchange and enterprise development; and well-developed collaborations and relationships with research and innovation assets nationally and internationally.

Applied research and innovation in Mid Wales faces challenges. There is an under-representation of start-ups and innovation active and high growth firms in the business base; modest levels of knowledge exchange historically, with few academic spin-outs; and relatively low levels of success in leveraging public and private finance for applied research and innovation. Skills gaps and issues recruiting well-qualified/ambitious staff to support innovation are also present.

Although challenging to evidence formally, issues of co-ordination, partnership working and cultures, behaviours and capacities are also seen to be operating sub-optimally, limiting the region’s ability to leverage fully the economic opportunity from its applied research and innovation assets and activities.

### Understanding the place, and its economy

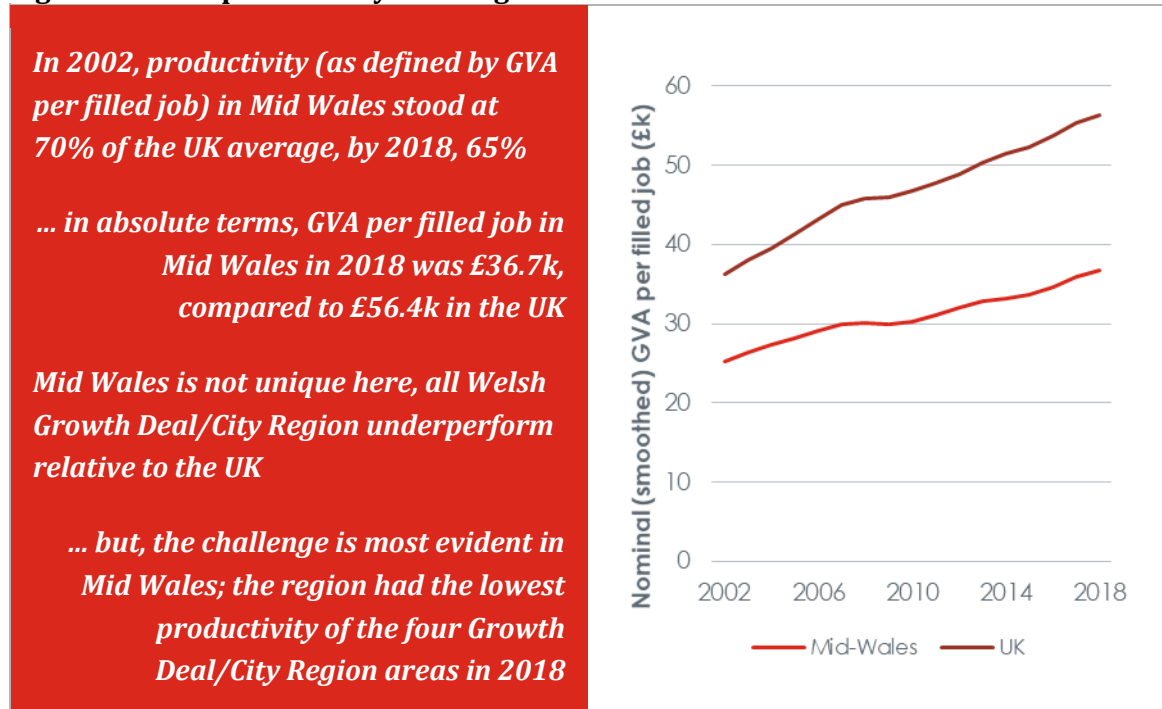
- 3.1 This report is concerned principally with the region’s applied research and innovation assets, capabilities and opportunities. However, for context, and to position this applied research and innovation perspective, the paragraphs that follow provide a brief description of Mid Wales more broadly, as a place and an economy.
- 3.2 Crucially, Mid Wales needs to be recognised as a **truly distinctive and differentiated “place”**. Accounting for over a third of the land-mass of Wales, Mid Wales is known for its natural beauty and remoteness, and has a diverse mix of natural landscape including the Brecon Beacons National Park, Cambrian Mountains and coastal areas. The region’s main urban centres – Newtown, Llandrindod Wells, Brecon and Welshpool in Powys, and Aberystwyth in Ceredigion – play important roles as administrative, service, and commercial

centres, supported by a network of smaller market towns and settlements. Aberystwyth is also a university town, home to around 8,000 students. The culture and heritage of the region is too an important differentiating characteristic: 29% of the region's residents are Welsh speakers, (rising to almost half of residents in Ceredigion) and the region is home to the National Library of Wales, the internationally-renowned Hay Festival and Green Man Festival, and the Royal Welsh Agricultural Show. This distinctiveness provides genuine opportunities to be exploited through, and provide the basis for, applied research and innovation.

- 3.3** At the same time, it is impossible to understand regional applied research and innovation without recognising that the spatial context also presents challenges. Across a region as large, dispersed, and in places remote, as Mid Wales, there are significant issues related to: **connectivity**, in terms of transport, telecommunications, and supply-chains; the **scale and density of economic activity**, with few areas with high concentrations of businesses and employees that can benefit from agglomeration and knowledge-exchange; and in terms of **networks, relationships and priorities**, reflecting the sheer size and diversity of the region, and requiring different policy emphases and agendas in different places to respond to different economic contexts and drivers. Further, the region has an **ageing and declining population**: over 2010-2019, the population fell by 1.4%, but the working age population by 7.9%, with 10,000 fewer people of working age at the end of the last decade than at the start.<sup>iv</sup>
- 3.4** The **economic profile of the region is also shaped fundamentally by the spatial context**. Agriculture and tourism – both seasonal and with low overall levels of productivity generally – are central to the economy: together, 'Agriculture, forestry & fishing' and 'Accommodation & food services' account for over a quarter of regional employment (27%), compared to 10% across Great Britain. Related to this, Mid Wales is more reliant than most places on micro-businesses, with relatively few medium-sized or large firms.
- 3.5** Importantly, and reflecting in part these challenges and the sectoral mix of the business and employment base in the region, **Mid Wales faces an entrenched productivity challenge**, summarised in Figure 3-1.
- 3.6** There is no short-term fix to this productivity challenge, and applied research and innovation will play only one role alongside other priorities and activities. However, the opportunity for applied research and innovation to support productivity improvement has been a central and consistent theme of this Study, reflecting the commitment of partners to deliver against regional imperatives. To 'move the dial' on productivity performance, identifying, supporting and leveraging fully the assets and strengths fully across the applied research and innovation base will be critical.



**Figure 3-1: The productivity challenge for Mid Wales**



Source: Data from ONS Subregional Productivity February 2020

## Applied Research and Innovation ‘assets’

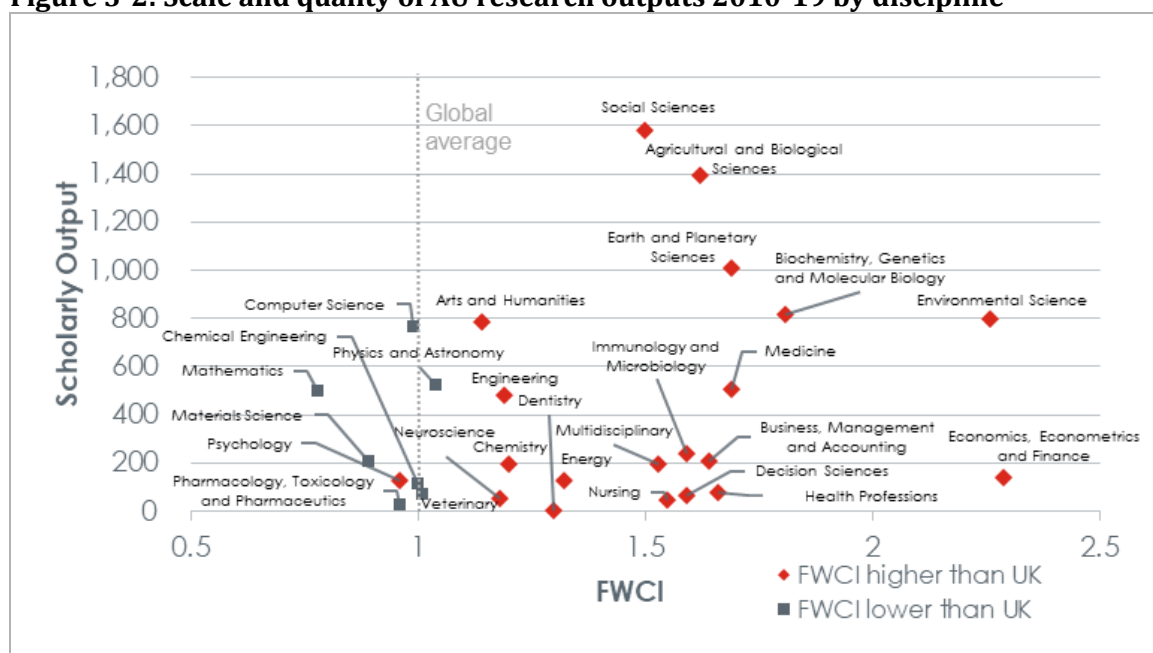
### Research and translation organisations

- 3.7** Aberystwyth University (AU) is the largest player in relation to research across the region, and it features extensively in the rest of this report. An internationally significant institution – ranked within the top 500 global universities<sup>v</sup> – the university is crucial as:
- a source of research activity and outputs, both basic and applied across its departments and research centres: the University generated approximately 6,350 scholarly outputs<sup>vi</sup> over 2010-2019, 8% of the Welsh total; and supported over 700 academic staff (7% of all across Wales) and approximately 1,900 staff in all in 2019/20<sup>vii</sup>
  - the host/founder of key translational assets including the Institute of Biological, Environmental & Rural Sciences (IBERS), AberInnovation, and VetHub1, which play a key role in developing, testing, and progressing new ideas and concepts that have the potential to be commercialised or translated into new products, processes, and services
  - an attractor of students, providing opportunities for employers to access skills and new ideas, as a source of entrepreneurship and new businesses, and in providing a vibrancy and energy for the regional economy and its culture.
- 3.8** As a multi-disciplinary institution, AU has academic expertise across a broad range of disciplines and subjects. However, from an applied research perspective, AU’s strengths in agriculture and biological sciences are particularly important and noteworthy. This was reflected in AU’s strong performance (in a joint submission with Bangor University) in the 2014 REF for the ‘Agriculture, Veterinary and Food Science’ Unit of Assessment (UoA), where

it ranked in the UK 'top ten' in 'research power' and 'impact'. The university also performed strongly in 'Earth Systems and Environmental Sciences' (again with Bangor), and 'Geography, Environmental Studies and Archaeology' (UoAs).

- 3.9** To provide a further perspective on the applied research strengths of AU, considering both recent activity and reflecting long-term strengths, Elsevier's Sci Val database for the 2010-2019 period has been analysed. This provides data on the scale and quality of research outputs across disciplines, the latter measured by Field Weighted Citation Index (FWCI)<sup>viii</sup>.
- 3.10** As shown in Figure 3-2, disciplines with both (in relative terms) high-scale and high-quality outputs at AU include Agriculture and Biological Sciences; Environmental Science; Biochemistry Genetics and Molecular Biology; and Earth and Planetary Sciences. More detailed sub-discipline data is in Annex E, where two themes emerge: a set of related strengths within agriculture and biological sciences including 'Dairy', 'Plants/genes', 'Wheat', 'Biofuels', and 'Parasites'; and second, a set of strengths in digital technologies and computational science including 'Remote sensing and satellite imagery', 'Algorithms', and 'Modelling'.

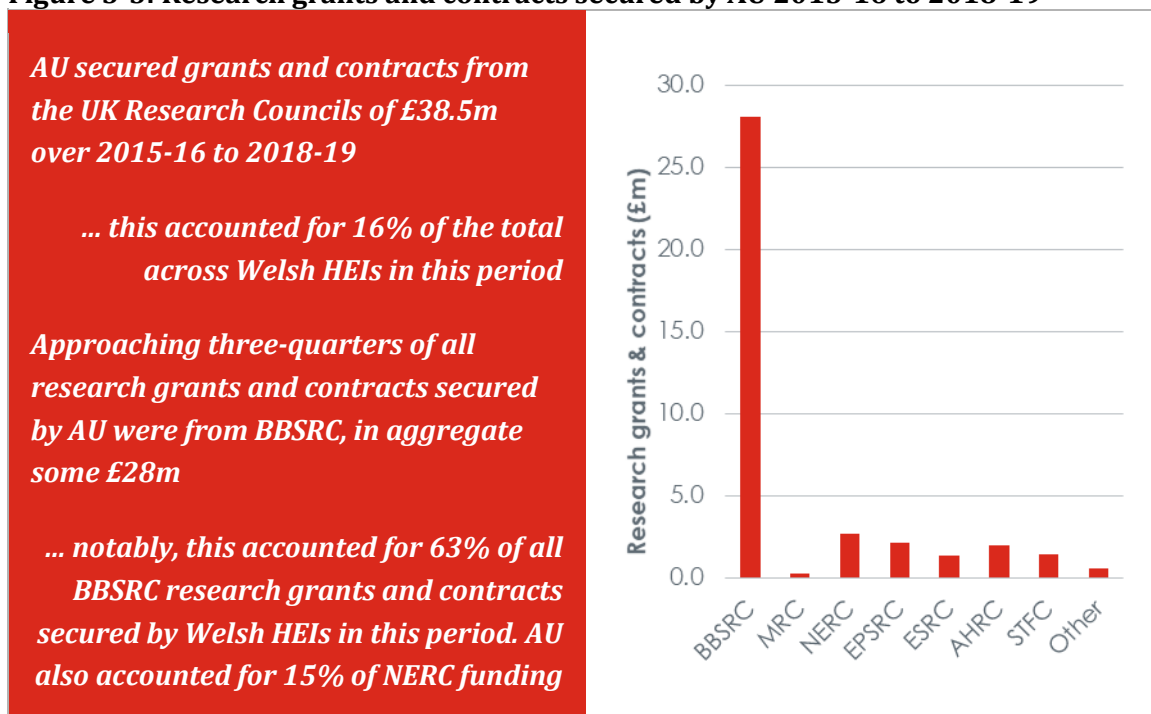
**Figure 3-2: Scale and quality of AU research outputs 2010-19 by discipline**



Source: SQW analysis of Sci Val © 2020 Elsevier

- 3.11** AU's strength in agriculture and biological sciences is also demonstrated through competitively secured research grants/contracts from UK Research Councils, as shown below: funding from the BBSRC is central to the university, and Welsh capacity and research strength in this crucial research area; this reflects IBERS' status as is one of eight BBSRC 'strategic institutes' nationally.

**Figure 3-3: Research grants and contracts secured by AU 2015-16 to 2018-19**



Source: Data from ONS Subregional Productivity February 2020

- 3.12** Other research and translation institutions are more specialised, either as a function of their mission e.g. the Centre for Alternative Technology is dedicated to researching and communicating positive solutions for environmental change, or because of their distinctive subject focus e.g. the Lampeter Campus of the University of Wales Trinity St David which focuses on humanities subjects, reflecting its historic role and traditions.
- 3.13** Two other important assets are noted: the National Library of Wales, one of six UK legal deposit libraries and an important centres for research in relation to Welsh culture and heritage, and Food Centre Wales, which offers advice, technical services and training to business start-ups, SMEs and food manufacturers. The role and contribution of these assets is discussed in more detail below and in the insights from the deep-dive research.



### ... and in the business base

**3.14** Mid Wales is home to approximately 8,500 enterprises (with a least one employee), 8% of the total across Wales. However, consistent with the natural landscape, the business base contains both a high (relative) proportion of activity in agriculture, and a large number of businesses with no employees (i.e. sole traders), many of whom are farmers. Taking into account the latter, there were some 12,600 VAT and/or PAYE based enterprises in the region in 2020, of which 37% were in 'Agriculture, forestry & fishing'.

**3.15** Key findings on levels of engagement in innovation across the business base are discussed in 'perspectives' below. Further, there is no single or simple definition of what constitutes a business engaging in innovation activity. However, at an overarching level, some reflections can be made on the private sector innovation assets:

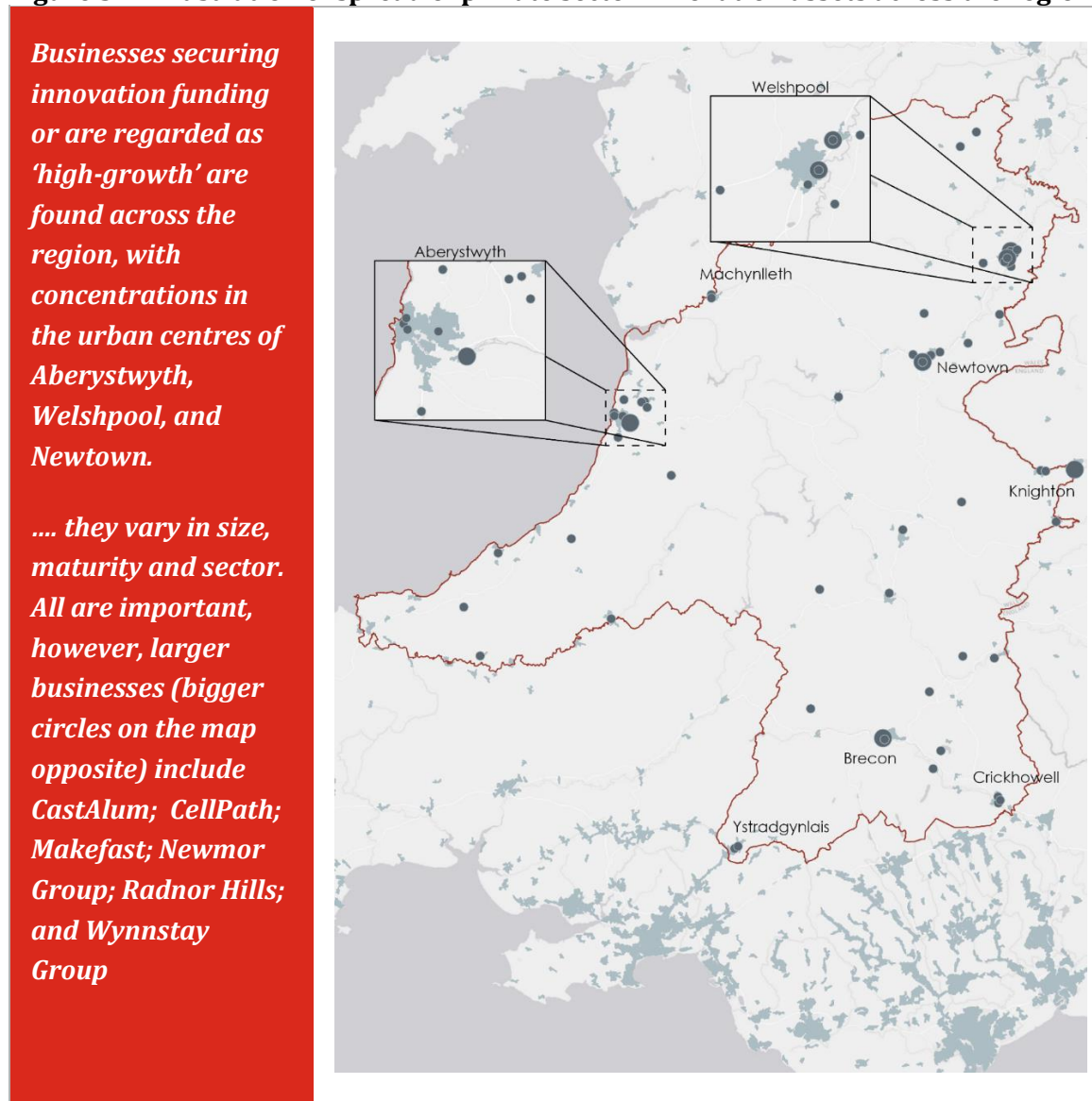
- the region contains a modest, but important group of large, internationally significant businesses in high-technology and/or knowledge-based industries: examples include CastAlum, CellPath, and Control Techniques (part of the Nidec Corporation)
- the region is home to some highly innovative and entrepreneurial small businesses; some of these are related to the higher education institutions, formally or informally, whilst others have gravitated to the area owing to its unique spatial and quality of life offer.

**3.16** To provide some insight on the breadth and scale of the private sector innovation asset base, the map below triangulates data from a range of sources, including businesses that have secured Innovate UK or Horizon 2020 grants, businesses identified in the Beauhurst database of high-growth firms in the UK, and businesses involved in KESS2 projects. This map is not intended to be comprehensive – and we recognise that many more individual businesses across the region may be undertaking innovation activity, be this in terms of new product, processes, or organisational innovation. However, the map does provide some insight on the breadth and location of businesses across the region relevant to the applied research and innovation agenda.

“  
**There are good companies out there engaged in innovation, but they tend to be scattered across the region, and that coverage is not spread-out evenly**  
 ”



**Figure 3-4: Illustration of spread of private sector innovation assets across the region**



Source: Produced by SQW 2021. Licence 100030994. Size of dot represents number of employees

**3.17** The map indicates that the region does have important private sector innovation assets. However, it is also important to recognise that in relative terms, the region's private sector base is not as strong as it could be in supporting the development, adoption, and diffusion of innovation. Three data-points can be used to illustrate this issue. First, the ONS has developed a formal definition of 'Science and Technology' sectors. Whilst imperfect (as are all sector-based definitions, with businesses working increasingly across industrial classifications and owing to the convergence of technologies), this definition provides a useful indicator of the relative scale and concentration of employment focused on science and technology activity in different places, a useful proxy for levels of innovation. The latest data indicate approximately 10% of employees in Mid Wales were in 'Science and Technology' sectors, compared to a national (GB) average of 18%.

**3.18** Second, ONS' 'Business Demography' series provides estimates on the number of 'high growth enterprises' in local areas across the UK,<sup>ix</sup> Again, this is not a direct proxy for innovation,

however the two are commonly correlated. The latest data indicate Mid Wales accounted for 6.5% of Welsh high growth enterprises, below the share of all enterprises (8.3%).

- 3.19** Third, levels of entrepreneurship in Mid Wales is low relative to Welsh and UK comparators: in 2018, there were 49 ‘business births’ per 10,000 of the working age population in Mid Wales compared to 64 in Wales, and 89 across the UK. Innovation happens across the business base in both established and new firms, but high rates of new business starts-ups are a feature of successful and innovation ecosystems.

### Applied Research and Innovation ‘perspectives’

- 3.20** Recognising the key assets supporting applied research and innovation in the region is crucial. A

key focus of this Study is to understand in more detail the processes and mechanisms through which these assets translate into outcomes and impacts of wider benefit for the economy. The deep-dive research covered in the next Section provides detailed insight into these processes in four areas of strength and opportunity for the region: Agri-food and Bioscience, Low Carbon and Green Energy, Advanced Manufacturing, and Enabling Digital Technologies. More broadly from an overall perspective, five important perspectives on applied research and innovation emerged from the quantitative and qualitative evidence. Taken together, they highlight both the strengths and the weakness of the current regional offer and landscape.

### Perspective 1: Knowledge exchange processes and capacities

- 3.21** As discussed, Mid Wales is home to internationally recognised academic expertise at Aberystwyth University, and has a collection of other research assets with specific and targeted research strengths. However, the evidence indicates **modest levels of knowledge exchange in the region historically, as measured by standard metrics.**
- 3.22** Notably, despite its applied research strengths, over 2014/15 to 2018/19, there were no formal spin-offs from Aberystwyth University (with or without university ownership), and only one staff start-up. The number of licences granted by the university (including patents, copyright, design, registration and trade-marks) was also modest in this period.
- 3.23** Care is needed in interpreting data on knowledge exchange metrics as different institutions prioritise different mechanisms to realise benefits for the economy and society, including spin-offs and licencing, but also consultancy, collaborative research, and contract research. To provide insight into the *relative* position of Aberystwyth University, Table 3-1 shows the relative ranking of the value of income from these sources in Welsh and UK contexts. The data indicates that the position of the university has not shifted materially in relative terms over this period; this may not be unexpected, but provides scope for greater impact.



**Mid Wales is dominated by micro and small firms which don't have dedicated R&D teams, and have little resource to invest in R&D**



**Table 3-1: Relative position of Aberystwyth University income from consultancy, collaborative research, and contract research in Wales (of 8) and UK (of 166)**

	Comparators	2014/15	2015/16	2016/17	2017/18	2018/19
Consultancy	Wales	7	7	7	8	7
	UK	128	128	136	138	127
Collaborative research	Wales	-	4	4	4	4
	UK	-	56	69	58	52
Contract research	Wales	4	4	3	4	5
	UK	68	63	50	64	75

Source: HE Provider Data: Business and Community Interaction

**3.24** This said, the research identified two noteworthy positive themes on knowledge exchange:

- The flow of graduate or student start-ups, from a range of regional institutions.** There were over 150 *graduate* start-ups from Aberystwyth University over 2014/15 to 2018/19 (within the top-40 for all UK institutions), and CAT has a strong record in generating low carbon/sustainability-focused spin-outs/start-ups. Further, whilst the data is not disaggregated by campus, and many will be from campuses based outside of the region, UWTSO also performs very strongly in generating graduate start-ups (c.350 over 2014/15 to 2018/19, 15<sup>th</sup> highest across UK institutions). Whilst not all of these businesses will have stayed (or been started) within the region (this data is not recorded/available<sup>x</sup>), this flow of graduate start-ups provides a major potential source of innovation and business growth to be exploited if sustained going forward. Retaining more of them in the region over the long-term is crucial.
- The role of AberInnovation as a focal point for knowledge exchange and enterprise development.** Drawing on the research strengths of the University in agri-science and bio-science, AberInnovation has become a crucial element of the regional innovation ecosystem, and now is home to a substantive and growing community of SMEs, research partnerships (also generating income for the university), and the location for the delivery of knowledge exchange activities and programmes, including BioAccelerate. The role of AberInnovation in translating knowledge from the university to the wider business base was recognised consistently in the qualitative research for this Study.

**CAT has been at the forefront of applying research and new techniques, and then taking them forward through spin out companies**

### Perspective 2: Innovation engagement and funding

**3.25** A range of data-points provide insight into the level of engagement in innovation across the region, and the finance/funding that supports this activity. Overall, the data indicate **levels of**

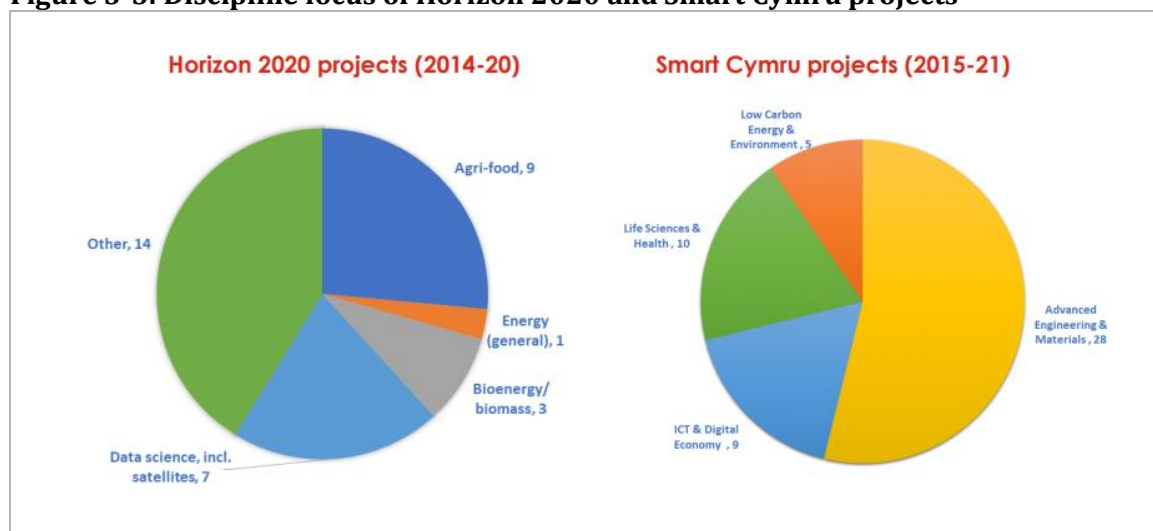
Mid Wales Applied Research and Innovation Study

innovation are modest both absolutely and in relative terms. Arguably, the region is not maximising its potential in leveraging public applied research and innovation funding. Detailed information is provided in the supporting Data Annex. The following are highlighted:

- **100 R&D tax credit claims were made in 2017/18.** However, and perhaps reflecting the composition of the regional business base, this represents a lower percentage of all Welsh R&D tax credit claims than the Mid Wales share of the business base in Wales would suggest. In addition, the level of claims has remained relatively stable in recent years unlike the 10% growth seen in Wales and the UK as a whole
- **28 organisations in Mid Wales have been involved in KESS2 projects**, which link companies/organisations with academic expertise in Welsh universities (including Aberystwyth); 18 of these organisations are based in Aberystwyth
- **businesses in the region were awarded 52 Smart Cymru projects over Q1 2015-Q1 2021** (to a total value of £1.8m); this was a 7.4% share of the value of awards across Wales over this period, compared to the region accounting for 8.3% of the business base
- **20 Mid Wales-based organisations have been involved in Innovate UK projects over 2015/16 to 2020/21** (in 40 projects, of which 20 were led by Mid Wales organisations), and seven organisations involved in Horizon 2020 projects (in 34 projects).

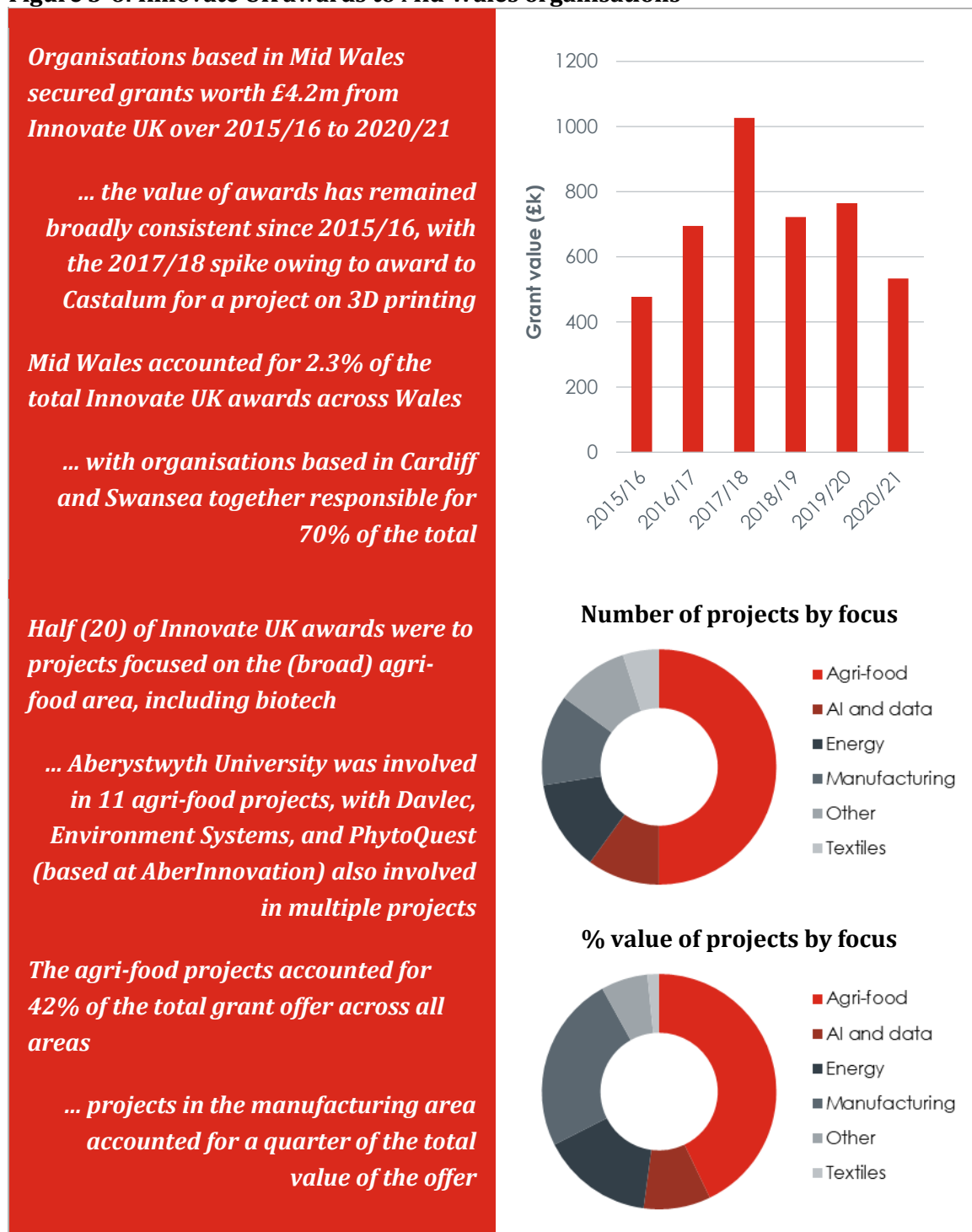
**3.26** The sector/discipline focus of the Horizon 2020 and Smart Cymru awards are shown in Figure 3-5. More detailed information on the Innovate UK awards is set out in Figure 3-6.

**Figure 3-5: Discipline focus of Horizon 2020 and Smart Cymru projects<sup>xi</sup>**



Source: Horizon 2020 and Welsh Government

**Figure 3-6: Innovate UK awards to Mid Wales organisations**



Source: SQW analysis of Innovate UK grants database

**3.27** Both Innovate UK and Horizon 2020 data highlight **the central role of Aberystwyth University in leveraging innovation funding to the region**: the university was involved in 15 of the 43 Innovate UK projects, and 29 of the 34 Horizon 2020 awards.

**3.28** The data above provide insight into Innovate UK funding secured by specific organisations. However, a substantial volume of support has also been provided to a broader pool of businesses and individuals via Structural Funds projects. The focus here is on projects funded via Structural Funds that are *relevant directly to applied research and innovation*. Further to

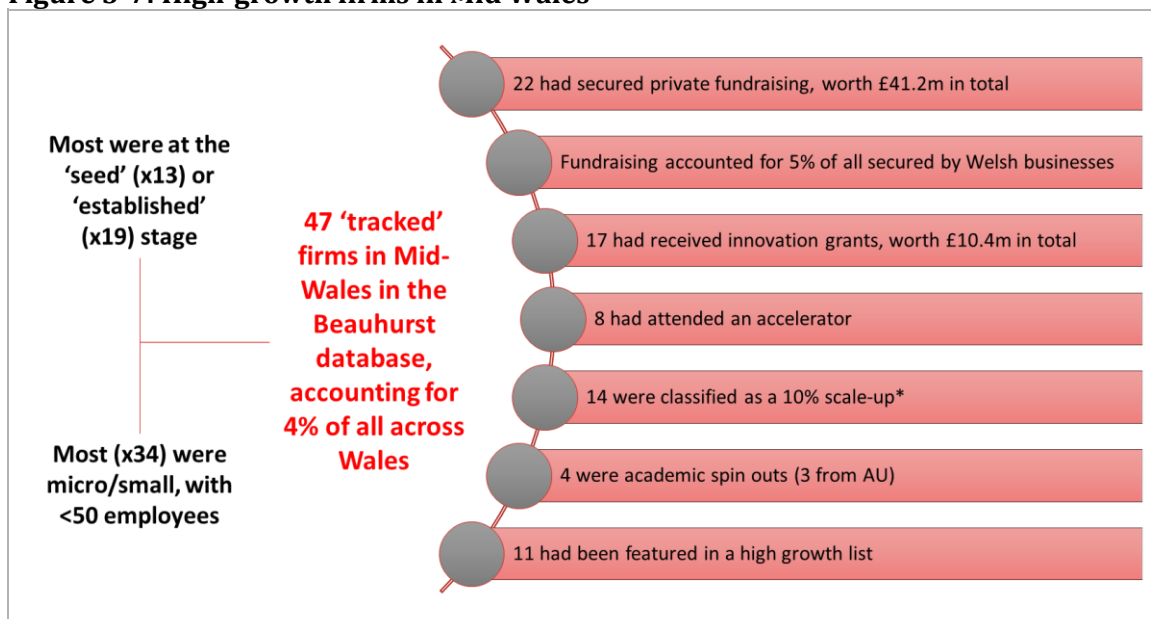


funding for investments in key assets including Vet Hub1 and Beacon at Aberystwyth University (discussed in more detail in the 'deep dives'), key projects include:

- The **Geographical Data & Earth Observation for Monitoring (GEOM) project** delivered by Aberystwyth University and involving QinetiQ, supporting SMEs and organisations in Wales exploit the spatial intelligence market
- **BioInnovation Wales**, a partnership between IBERS and Swansea University helping employers address high level skills shortages in the agri-food and biotech sector by targeting target people already working in the sector, offering bespoke qualifications and industry accredited skills tailored to industry needs
- **Sêr Cymru II** – a programme aimed at growing and developing academic research expertise in Wales. Both Aberystwyth University and University of Wales Trinity Saint David are host institutions for the programme, and the Sêr Cymru II funded **Centre of Excellence for Bovine TB** is based at Aberystwyth University
- **The Future Foods project**, focused on supporting technology transfer and university-enterprise cooperation primarily benefiting SMEs in the Welsh food industry
- The ongoing **Advanced Design Engineering** project delivered by University of Wales Trinity Saint David focusses on supporting manufacturing businesses to adopt advanced technology in their process and production
- Aberystwyth University is also a partner in delivering applied research and innovation Structural Funds projects lead by other institutions. For example:
  - **FLEXIS West** (focussed on energy research) and the pan-Wales **Supercomputing Wales** project which are both led by Cardiff University
  - **ASTUTE 2020** (which supports businesses to adopt advanced manufacturing technologies) and **Solar Photovoltaic Academic Research Consortium (SPARC II)** both led by Swansea University
  - **Centre for Photonics Expertise** (an academic-industrial collaborative research partnership) led by Wrexham Glyndŵr University.

**3.29** The findings above have focused on public sources of funding for applied research and innovation. However, more limited data is available on private-sector finance. Data from the Beauhurst database of high-growth firms in the UK provides some insights. This is important as entrepreneurial finance is often considered crucial in supporting the development of effective innovation ecosystems and establishment and growth of new venture start-ups, often involving high risk equity investment in potential high growth firms. Such equity investment can play a role in forming a cohesive finance escalator for university applied research, and the commercialisation of innovative spin-outs.

**Figure 3-7: High-growth firms in Mid Wales**



*Source: SQW analysis of Beauhurst database<sup>iii</sup> \* Annualised average growth rate of at least 10% in turnover over 3 accounting years AND it had at least £200k in revenue in its base year; OR It had an annualised average growth rate of at least 10% in headcount over 3 accounting years AND it had at least 20 employees in its base year.*

**3.30** Consistent with the wider evidence, this data suggests that the region is currently under-represented in a Welsh context in terms of high-growth firms and private finance. This said, it is notable in itself that the region currently contains approaching 50 high-growth firms, which are recognised as important for driving economic growth and productivity.

### Perspective 3: Skills and human capital

**3.31** Skills across the workforce sit outside the formal remit of this Study, and will be addressed through the work of the recently established Mid Wales Skills Partnership. However, whilst Mid Wales performs strongly overall on skills (with relatively more people with at least degree-level qualification and fewer with no qualifications than the UK and Wales) **skills gaps and issues in recruiting well-qualified and ambitious (particularly young people) to support innovation across the business base was consistently identified as a challenge for the region in the Study.**



**3.32** This reflects in part the geography of Mid Wales, and wider trends in the UK labour market, with young people increasingly attracted to work in major cities offering both employment and wider quality of life opportunities. Further, as noted above the working-age population in the region has been declining over time, limiting the local talent pool for employees. Skills gaps were identified in consultations with a particular emphasis on digital skills and advanced manufacturing, which are discussed in more detail in Section 4 deep-dive findings.

**You'll regularly find companies whose growth plans are on hold because of an unfilled recruitment opportunity. It is a big problem for the region**

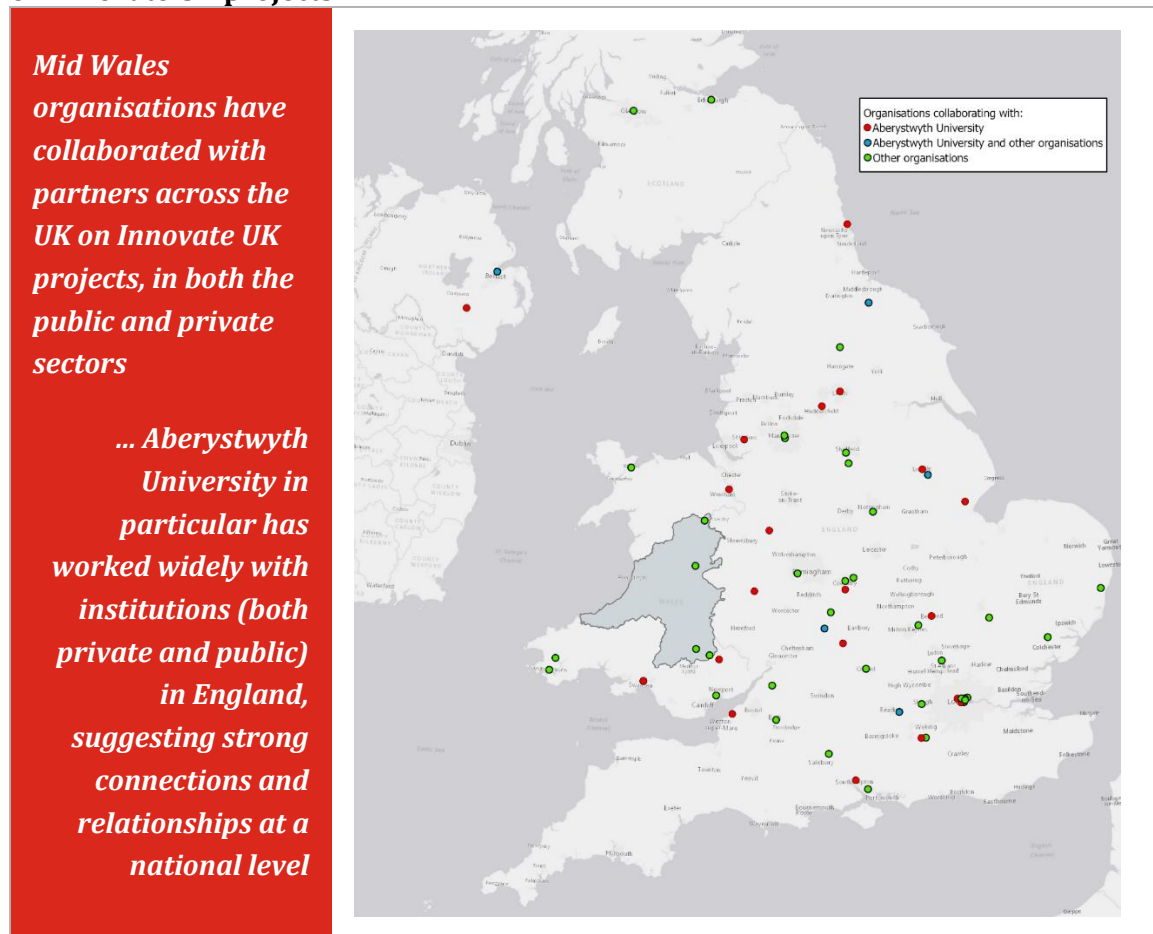
#### **Perspective 4: Links and relationships**

**3.33** A premise underpinning this Study, is that the strength – actual or potential – of the regional offer in applied research and innovation rests in part on the linkages – both formal and informal – between its institutions. “Links” are very difficult to measure formally. At a high level, some insight can be provided by considering the extent to which regional actors are collaborating on formal applied research and innovation activity and projects. As discussed in the next section, the deep dive research identified some important and developing links, for example between Aberystwyth University, CAT and the Lampeter Campus at UWTSD.

**3.34** However, beyond these focused relationships, evidence on regional collaborations in applied research and innovation is limited. For example, it is notable that of the 40 Innovate UK projects over 2015/16 to 2020/21 involving Mid Wales organisations, in only three cases did this involve more than one organisation in Mid Wales. Where the projects involved collaboration (in nearly all cases) this was overwhelmingly with organisations outside of Mid Wales; the spatial distribution is summarised below. Two Aberystwyth University projects also included international collaborations, with partners in France and India, both involved in crop/seed science related projects.

**3.35** It is not unexpected that Innovate UK projects commonly involve organisations outside of Mid Wales, with regional leads seeking to engage expertise where it is found, and organisations Mid Wales often acting as partners to projects led by organisations based elsewhere. However, the level of intra-regional collaboration in these projects is arguably lower than it could be if the regional innovation ecosystem was operating optimally.

**Figure 3-8: Location of UK organisations co-operating with Mid Wales organisations on Innovate UK projects**



Source: Produced by SQW 2019. Licence 100030994

**3.36** During consultations with stakeholders across the region, there was consistent feedback that there was scope for greater levels of academic-to-business and business-to-business collaboration. Given the scale and breadth of the region, and the relative novelty of pan-regional working, it is perhaps not unexpected that these linkages are not yet fully developed.

**3.37** Further, given the importance of personal relationships and shared spaces, localised networks - often shaped around individual assets and businesses - are likely to remain crucial. However, the Study suggests that there is scope to strengthen both formal and informal networks within and across the region.

**3.38** This said, **linkages with applied research and innovation actors outside of the region are also crucial**; this is particularly relevant for Mid Wales given its own asset base.

“  
**Alignment between research and businesses in the region is not where it needs to be. The region needs to look at how it can better capitalise on its research strengths**  
 ”

Particularly important are linkages with proximate institutions, notably the universities of Bangor, Cardiff and Swansea, as well as leveraging linkages with UWTSU's Swansea campus.

**3.39** In this context, Aberystwyth University is a genuinely national and international actor, providing the region with important linkages to skills, ideas, and innovations elsewhere. For example, Sci Val data indicates the university was involved in co-authored publication with over 2,000 institutions worldwide, including over 500 with institution in the USA, over 400 in China, and over 300 in Germany. The most regular collaborator institutions in the UK and overseas are shown below (including the number of co-authored publications).

**Table 3-2: Most regular collaborators for AU co-authored publications (2014 to 2021)**

UK institutions (Welsh in bold)	International institutions
<ul style="list-style-type: none"> <li>• University of Cambridge -122</li> <li>• <b>Bangor University - 105</b></li> <li>• University of Edinburgh - 99</li> <li>• <b>Cardiff University - 87</b></li> <li>• <b>Swansea University - 85</b></li> <li>• University of Leeds - 85</li> <li>• University of Oxford - 83</li> <li>• University of Sheffield - 83</li> <li>• University of Manchester - 77</li> <li>• University of Exeter - 73</li> <li>• University College London - 66</li> <li>• University of Birmingham - 66</li> </ul>	<ul style="list-style-type: none"> <li>• CNRS (French National Centre for Scientific Research) - 149</li> <li>• CSIC (Spanish National Research Council) - 77</li> <li>• Chinese Academy of Sciences - 77</li> <li>• INRAE (French National Institute of Agricultural Research) - 77</li> <li>• University of New South Wales - 63</li> <li>• University of Copenhagen - 59</li> <li>• Wageningen University &amp; Research - 55</li> <li>• Aarhus University - 48</li> <li>• Shanghai University - 44</li> </ul>

*Source: SQW analysis of Sci Val © 2020 Elsevier*

**3.40** More detailed findings on collaborations in the deep-dive areas are discussed in Section 4, including the importance of links to external research and translation assets for businesses engaged in innovation activities, including university-led centres of applied research in Wales

## Perspective 5: Attitudes and mindsets

**3.41** One final overarching perspective is highlighted, related to attitudes and mindsets regarding applied research and innovation across Mid Wales. This is inherently *not* about data and quantitative evidence, and therefore more challenging to demonstrate formally. However, an important theme that emerged from the qualitative research for this Study was **the need for Mid Wales to be more open and willing to engage and invest in applied research and innovation activity**. There was a perception of a 'cultural reluctance' to take risks, prioritise and promote applied research and innovation at a regional level, including where this may involve hard choices on resource allocation and prioritisation.

**3.42** To be clear, this was not a criticism of the actions or approaches by specific institutions, individuals or organisations, rather, that at a pan-regional level, traditionally there have not been the incentives, networks and mechanisms (including funding) to deliver a more ambitious approach to supporting applied research and innovation.

**3.43** This cultural challenge was associated by some with the economic, functional and demographic structure and profile of the region, and the (relatively) modest base of institutions engaged visibly in applied research and innovation.

**3.44** This said, there was consistent feedback of a positive shift in recent years in this space, including an increasing recognition of, and focus by, Aberystwyth University in its role as a regional economic actor, as reflected in its current 2018-2023 Strategic Plan that sets out the objective to grow the contribution of the university to the local and wider economy and the underpinning Research and Innovation Strategy. Given the vital role of Aberystwyth University in the regional applied research and innovation landscape – in leveraging funding, as a collaborator on innovation projects, and in delivering knowledge exchange activities – this provides a positive foundation for embedding a broader approach to recognising the importance of applied research and innovation. The qualitative feedback also showed a clear appetite from academic partners and innovative businesses in the region to engage in more applied R&I activity.

**3.45** Further, there was a view that more could be done to showcase and champion the region's capabilities and strengths both nationally and internationally, helping to build new relationships, strategic partnerships and generate interest and momentum in the region. These distinctive capabilities and strengths have been considered in more detail in the deep-dive research discussed in the next section.



**There needs to be a cultural and behavioural shift to promote applied research and innovation activity. This is fundamental to ongoing business success**



## 4. Insights from the ‘deep-dive’ research

### Coverage

- 4.1 In the first part of this Section, we present a summary of key messages from the thematic deep dive research covering the four following areas:



- 4.2 The deep dive research has been informed by data analysis, review of literature and a total of 41 consultations with public sector bodies, representative organisations and innovative firms across the region. Please turn to Annexes A to D for more detailed analysis on each theme.
- 4.3 The second part of this Section then synthesises the deep dive evidence, drawing out the common (or theme specific) opportunities and challenges, exploring linkages and relationships *between* the themes, and identifying the implications for strategic priorities for applied research and innovation in Mid Wales.

### Framing the deep dive analysis

- 4.4 Two points are highlighted regarding the focus and approach to the deep dive research. First, the deep dives represent broad thematic areas, and focus on competencies and specialisms in applied research and innovation, not specific industrial sectors or markets. The purpose of the themes was to provide an accessible analytical framework for the Study to focus on, and to frame the data analysis and engagement process.
- 4.5 Second, and in this context, **the research process was an explicitly ‘exploratory’ one**, that did not set out with a defined list of sectors or disciplines, but broad hypothesises (as set out in the Brief for this Study, and the Vision for Growing Mid Wales) on what the region is seen to be fundamentally ‘good at’ in applied research and innovation and/or what it ‘could be good at potentially’. The Study was tasked with testing the validity of the themes, and, where appropriate, drilling down to focus on particular specialisms where the region had genuine excellence, leadership, credibility and opportunity. The findings therefore reflect a mix of quantitative and qualitative evidence from the study analysis, and are somewhat different in their emphasis, scope, and depth.

## Thematic summaries

### Agri-food and Bioscience

- 4.6** Agri-food and Bioscience is an evidenced and well-recognised strength of the Mid Wales applied research and innovation system, with scale, diversity and depth. Expertise in plant breeding/soils, biorefining, and animal health are well-established, with emerging and connected opportunities in food manufacturing, veterinary science, agri-technologies (such as AI and satellite navigation), and controlled environment agriculture.
- 4.7** Aberystwyth University is the key institution, complemented by other research and innovation centres, HQs of national sector bodies, and a growing cohort of innovative agri-tech firms. But challenges are evident in maximising the commercialisation potential of research, academic/business engagement, and promoting the adoption of innovations across the agri-food business base. Further to this, more could be done to strengthen and promote regional agri-bioscience expertise as an integrated ecosystem of strengths/critical mass, encourage greater collaboration within and across key sectors (including into low carbon and digital), and leverage the translation of research for local economic and environmental benefit.
- 4.8** Based on the evidence gathered for this deep dive, it is imperative that the region: first, ensures that research strengths generate maximum economic value (i.e. via commercialisation where appropriate); second, ensures that innovative firms in the sector are supported to re-locate, start up and grow in Mid Wales (i.e. ensuring the “stickiness” of private-led R&I) and third, takes advantage of the strong alignment between the region’s research and innovation expertise and environment to ensure economic benefits are maximised in the effect in the local economy, which relies on effective knowledge transfer and diffusion on the supply side, and “innovation readiness” and adoption on the demand side.
- 4.9** In this context, key applied research and innovation priorities in Agri-food and Bioscience are to:
- Address co-ordination failures at a strategic level, to provide clear strategic leadership and co-ordination, an agreed strategic direction to accelerate the development of this sector, and facilitate opportunities associated with connecting local research expertise/the local environment as an ideal test bed/local businesses as prime beneficiaries.



**Expertise in plant breeding/soils, biorefining, and animal health are well-established, with emerging opportunities in food manufacturing, veterinary science and agri-tech**



- Address co-ordination/networking failures at an operational level, to (i) facilitate collaboration and synergies between strengths within agri/bioscience sector and across sectors, particularly to low carbon and digital, (ii) encourage more extensive/new academic-to-businesses and business-to-business collaborations across the region, and (iii) maximise the networks (and associated benefits/opportunities) associated with having national sector bodies headquartered and major agri innovation assets present in the region.
- Address funding gaps to (i) raise awareness of/facilitate access to existing public funding and private financing opportunities, and/or (ii) consider developing a locally tailored, flexible financing mechanism to de-risk innovation/act as a bridge to existing sources of finance, potentially using this as a mechanism to encourage local/cross sector collaboration and locally-based start-up/growth of innovative firms.
- Address the lack of appropriate grow-on space and larger-scale testing facilities, to ensure that growing innovative firms are able to stay in Mid Wales, and medium/larger innovative firms are attracted to the region.
- Address information failures (and potentially adoption finance gaps) hindering knowledge diffusion/spillovers of local research expertise to agricultural businesses in the region to maximise local economic benefits.



## SWOT assessment

### Strengths

- Well-established and nationally/internationally recognised, predominantly (but not entirely) academic driven, strengths in:
  - **Plants and soils:** seeds/plant breeding, especially in grasses/oats, and associated sustainable land/soil management (and carbon capture/GHG reduction)
  - **Biorefining:** developing new/innovative feedstocks (e.g. miscanthus via seeds) and refining processes (linking to plants, and low carbon)
  - **Animal health:** expertise in livestock nutrition and emissions (linked to grasses/soils) and disease/infection (linked to veterinary).
- **Strong research institution** in Aberystwyth University (AU), with high quality and volume of academic outputs in key/relevant subject areas. Existing linkages across relevant departments, incl. IBERS, Geography and Computer Science.
- **Strong performance by AU in leverage of R&D funding:** including CR&D with business as route to commercialisation. Provides extensive R&D facilities/test beds, particularly at pilot scale.
- Multiple other assets, including **HQs of agri-related public and private organisations** (e.g. sector representative bodies and business support providers), and a **small but growing group of innovative agri-tech firms**
- Multiple examples of **R&I project activity and collaborations**, including intra-regional, most involving or led by AU.

### Opportunities

- Major strategic opportunities/challenges where Mid Wales is very well placed to contribute, both research expertise and application to local agricultural sector, e.g. competitiveness, productivity and adding value to the agri sector *alongside* sustainable land management (in the context of

### Weaknesses

- **A lack of strategic leadership and strategic collaboration across the sector(s) and across different types of organisation.** Issues include:
  - a reliance on bilateral or project-based collaborations, often via personal or historic relationships
  - a perceived lack of alignment and co-ordination between partners (academic/industry/Govt), or ownership of/responsibility for co-ordination
  - the lack of a collective ambition or proactive plan for growth that partners can rally and collaborate around
  - the lack of a forum to explore cross-agri and cross-sector (e.g. digital) opportunities.
- Scope for a **more consistent and co-ordinated narrative externally** in the promotion of Mid Wales' applied R&I strengths in this sector.
- **Barriers to academic-business engagement** and the appetite/need to do more in this space. Challenges identified in businesses accessing the local research offer.
- **Barriers to business-to-business collaboration**, including a lack of awareness/network to explore potential synergies between firms in Mid Wales.
- **Commercialisation capacity and skills issues** within the academic base, including investment readiness and business acumen.
- **Innovation adoption challenges across the agricultural sector**, including the lack the resource, capacity, knowledge or confidence to adopt new innovations.
- **R&I funding gaps** for later stage R&D to reach commercialisation and scale-up, and limited engagement with private finance.



<p>CAP reform), reduction in GHG emissions, zero waste, and post-pandemic concerns relating to disease/vaccines.</p> <ul style="list-style-type: none"> <li>• A strong supply of graduates and post-docs from AU with highly relevant skills sets and fresh thinking for new and growing agri-tech firms in the region.</li> <li>• Key emerging sub-sector opportunities for Mid Wales in: <ul style="list-style-type: none"> <li>➤ <b>Veterinary science:</b> a number of recent developments, including VetHub1 and its CAT 3 labs, Vet School, Ser Cymru expert and Centre of Excellence for TB. Plus related assets, e.g. Welsh Veterinary Science Centre and the Iechyd Da (Veterinary Consortium), Barrett Centre for Helminth Control. Particular expertise in parasitology, infectious disease, vaccines. Bilateral connections to well-established expertise above</li> <li>➤ <b>Food manufacturing:</b> R&amp;I expertise relates to food testing/analysis of nutrition and the development of new products.</li> </ul> </li> <li>• Other opportunity areas, are currently very niche/nascent: <ul style="list-style-type: none"> <li>➤ <b>Agri-tech, particularly in terms of (i) related capabilities in earth observation, remote sensing, satellites and (ii) expertise in AI and robotics:</b> existing pockets of expertise at AU and presence of technology-led, highly innovative small firms, but scope to strengthen <i>via collaboration/ association with</i> agri expertise above</li> <li>➤ <b>Big data/analytics in the context of agriculture,</b> connecting the extensive volume of data generated by some of the key assets in Mid Wales (e.g. National Plant Phenomics Centre) with the University's computing and data analytics/modelling expertise and IBERS' supercomputer</li> <li>➤ <b>Controlled Environment Agriculture:</b> strong but very small-scale expertise at present, a key opportunity for Mid Wales relates to combining expertise in computer science, remote sensing, robotics alongside plant breeding and nutrition</li> <li>➤ <b>Zero carbon farming,</b> where Mid Wales is home to a variety of landscapes/environments available to trial, demonstrate and test low</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Insufficient grow-on space and testing facilities at scale,</b> specifically in terms of grow-on space for innovative agri-tech firms seeking to scale-up, and specialist facilities for later stage R&amp;D/testing at scale in order to support commercialisation (e.g. in biorefining, vaccine testing).</li> <li>• <b>The lack of knowledge amongst young people of opportunities in this sector,</b> and the need to inspire and raise the aspirations of young people in relation to well-paid career opportunities.</li> </ul> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• <b>Growth in key competitor areas,</b> which outpaces Mid Wales, both in terms of their expertise and, in some cases, more effective internal co-ordination and external promotion. There may be scope to strengthen relationships with assets/strengths outside of Mid Wales in order to achieve a combined critical mass by working more effectively together.</li> <li>• <b>Brexit,</b> and potential loss of markets for sector and R&amp;I funding streams (with associated uncertainty around replacements at this stage)</li> <li>• <b>Leakage of opportunities to proximate institutions over the border,</b> potentially offset by the opportunity to enhance relationships (e.g. with Harper Adams and the Agri-EPI Centre focused on precision farming in Shropshire).</li> </ul>
---	---

carbon technologies/practices, but this could be better 'packaged' and promoted as a zero-carbon farming offer/solution

- **Linking animal health expertise to human health**, potentially via collaboration between Mid Wales expertise in disease with human health expertise outside of the region
- **Alternative proteins**, particularly in terms of plant and fungal protein
- **Green construction materials**, transferring expertise in plants/seeds/non-food crops into sustainable materials (links to Low Carbon and Green Energy).

## Low Carbon and Green Energy

**4.10** Mid Wales has emerging and focused applied research and innovation strengths in Low Carbon and Green Energy. The region's offer is framed principally around maximising the potential from key education and research assets (Aberystwyth University and the Centre for Alternative Technology). These assets complement and can help to leverage fully the economic potential from the natural landscape, and the renewable energy opportunities this provides, including the region as a 'test-bed' for low carbon/sustainability initiatives.

**4.11** The deep-dive research identified distinct areas of applied research and innovation focus including biomass and biowastes (which is integrated with and complements the Agri-food and Bioscience deep-dive area), sustainable construction materials and retrofitting, and supporting the commercial exploitation of, and innovation in, renewable energy generation. However, there is currently less integration and engagement – strategically and operationally – across institutions and sub-disciplines than there could be. Broader infrastructure, funding, and skills issues are also key barriers.

**4.12** In this context, key applied research and innovation priorities in Low Carbon and Green Energy are to:

- Address coordination/networking failures at a strategic level to provide clear strategic leadership and co-ordination, an agreed strategic direction to accelerate developments in this area, and facilitate opportunities associated with connecting local research expertise/the local environment as an ideal test bed/local businesses as prime beneficiaries.
- Address coordination/networking failures at an operational level to facilitate collaboration and synergies between strengths within low carbon/green energy and across to related areas, particularly to agri/bioscience and advanced manufacturing, (ii) encourage more extensive/new academic-to-businesses and business-to-business collaborations across the region, and (iii) maximise the networks (and associated benefits/opportunities) associated with having nationally and internationally significant assets (in particular CAT) present in the region.
- Develop the institutional capacity of the region, to provide the people, assets and funding to develop and grow applied research and innovation activity within the area, both in terms of operational and leadership / coordination capacity.



**The Mid Wales offer is framed around education and research assets, and leveraging the natural landscape, including as a 'test-bed' for low carbon initiatives**



## SWOT assessment

### Strengths

- **Research capacity and expertise networks in energy and environment:** with significant scale and high-quality research at Aberystwyth University, notably in renewable energy, sustainability and the environment, and water science (plus associated and related disciplines); the University also has established research relationships with other key research centres across the UK, and key innovation assets/projects e.g. IBERS, BEACON.
- **Presence of the Centre for Alternative Technology:** at the forefront of applying research and new techniques in environmental sustainability, and a strong track-record in growing successful spin-outs/start-ups (50+).
- **Innovative companies:** a modest, but important and competitive, collection of innovative firms operating in the (broad) Low Carbon and Green Energy area, including those with links in some cases to regional (and non-regional) research and education assets.
- **Underpinning regional landscape and natural environment:** the region is well-placed for exploitation of research and innovation related to renewable energy and low-carbon agriculture (including energy crops) in particular.

### Opportunities

- **Developing relationships between key regional education and research institutions:** notably between Aberystwyth University (including IBERS) and Centre for Alternative Technology, as well as key Further Education institutions in Neath Port Talbot College and Black Mountains College, with a range of opportunities currently under discussion/in progress.
- **Scope to leverage existing renewable energy generation assets/infrastructure** for onshore wind, hydroelectric, solar PV: potential for regional research and innovation to support an increase in renewable energy generating capacity, primarily in terms of onshore wind, as well as solar PV and hydrogen, under the right policy conditions.
- **Sub-discipline opportunity areas** with scope to exploit further research and education strengths, specifically:

### Weaknesses

- **Centre for Alternative Technology research capacity:** constraints on research potential and scope owing to teaching commitments at the Centre.
- **Business support and funding:** funding for specific technologies/ applications is reported to be hard to find and access. For micro businesses, moving from conceptual stage to product delivery/ application is difficult, with further business support (both financial and in terms of capacity development) needed.
- **Sub-optimal networks/collaborations:** greater collaboration and cross-fertilisation is needed amongst businesses, and to foster linkages between the research and education base and businesses; this is evident at both a strategic and operational level.
- **Skills for innovation:** reported lack of knowledge/expertise in the region to implement renewable energy projects and exploit new innovations (e.g. in the construction sector); this is exacerbated by national skills deficit in the circular/sustainable economy.

### Threats

- **Regional infrastructure (hard and soft) limits exploitation of new and emerging technologies:** this includes issues related to grid capacity, industry-wide skills deficit and training provision, and charging network (to support low emissions vehicles).
- **Policy and funding uncertainty and change:** limiting investment decisions, and need for a clear regional response in the broader energy policy landscape; the Mid Wales Energy Strategy is intended to provide this regional clarity and focus (with innovation a key priority, and relevant priorities including

<ul style="list-style-type: none"> <li>➤ <b>Biomass and biowastes</b> including anaerobic digestion (with strong links to agri-tech/bioscience)</li> <li>➤ <b>Sustainable construction materials and retrofitting</b>, including building on research/teaching/out-reach activity at AU, CAT and UWTSD, and in-region activity from Wood Knowledge Wales (with potential links to advanced manufacturing regional businesses)</li> <li>➤ <b>Hydrogen</b>, with a separate feasibility study on the use of hydrogen as a renewable energy source for off-grid opportunities for transport and collaborative R&amp;D activity currently underway (involving regional businesses)</li> <li>• <b>Supportive (broadly-cast) policy and strategic agenda</b> at Wales, UK and international levels, driving consumer and public policy demand for low carbon products/services/solutions.</li> </ul>	<p>decarbonisation of housing and building stock, and zero carbon transport)</p> <ul style="list-style-type: none"> <li>• <b>Key competitor areas secure funding and investment:</b> for renewable energy (solar, on- and off-shore wind), North and South Wales, Scotland, South East and South West England. For biomass, South East and South West England have low carbon generation sites. West Midlands has multiple R&amp;D centres, particularly in low emission vehicles, energy storage and systems, renewable energy and fuel cell and battery technologies.</li> </ul>
--	--

## Advanced Manufacturing

**4.13** Advanced Manufacturing is an important component of the Mid Wales applied research and innovation landscape. There are industry-led specialisms in automotive and power electronics, automation, additive manufacturing, plastic injection mouldings and components. Alongside several large R&D- and innovation-active companies, the region contains innovative SMEs engaged in applied research and innovation, with plans to grow and invest.

**4.14** These businesses benefit from strong regional business networks, and the unique characteristics of the region, which can help attract and retain skilled people. Opportunities for growth include exploiting links to decarbonisation, electric vehicles, 5G, and the Internet of Things, and developing a nascent “Power Valley” cluster in motion engineering control drives and power electronics in the Severn Valley area. Advanced Manufacturing strengths can also underpin innovation in other disciplines.

**4.15** However, the applied research and innovation Advanced Manufacturing offer remains modest in scale, largely dispersed and quite disparate, with under-developed relationships between the business base and regional research assets; as linkages to assets outside of the region are stronger. Further, there are concerns over the alignment of skills supply and education/training provision to business needs, and a lack of appropriate sites and premises, and funding, to support start-ups and growth-oriented businesses.

**4.16** In this context, key applied research and innovation priorities in Advanced Manufacturing are to:

- Strengthen the skill supply for advanced manufacturing, to facilitate and enable effective research and innovation and address issues if recruitment faced by regional businesses
- Promote more consistently and vocally regional advanced manufacturing strengths, including better articulating the links and relationships across sectors and disciplines
- Improve networking/collaboration, including developing stronger local supply chains, enhanced brokerage/facilitation to link the business base to the regional knowledge base
- Invest in high quality sites and premises to support applied research and innovation
- Support the business base to better understand, apply for, and secure greater levels of, competitive innovation funding.



**Overall, the offer remains modest in scale and dispersed, with a need to develop better links between the business base and regional research assets**



## SWOT assessment

### Strengths

- **Presence of innovative firms engaged in applied research activity, with plans for further future investment:** this includes businesses in related disciplines (which helps resilience and reduces exposure to risk for the region) in
  - automotive and power electronics
  - automation
  - additive manufacturing
  - plastic injection mouldings and components.
- **Broader manufacturing business base in the region,** with concentrations of employment and businesses in manufacture of electrical equipment, metal structures and machining.
- **Networking and coordination improving within the manufacturing base:** the Mid Wales Manufacturing Group was reported to be important in supporting this development.
- **Examples of business-academic collaboration/partnerships:** the deep-dive research identified some (albeit modest) collaborative activities between businesses and regional HEIs, and funded project activity. The research also indicated that leading companies are well connected to academic and innovation assets outside the region that match their specialisms.
- **Specific areas of research strengths at Aberystwyth University with potential for industrial application/exploitation and links to the business base:** analysis of bibliometric data indicates areas include electronic, optical and magnetic materials; electrical and electronic engineering; and control and systems engineering.
- **Characteristics of the region (environment, culture, quality of life, etc.) are seen as positive factors that underpin applied research and innovation strengths,** with companies observing that this provides a point of difference and helps attract/retain excellent people.

### Weaknesses

- **Relatively small number of major AM companies in the region actively engaged in applied R&I:** areas of advanced manufacturing specialisms based on small and medium sized businesses, with limited connections between firms in most cases, and no core assets, major institutions, or locations to act as a hub for fostering partnerships and 'regional working'.
- **Lack of engagement and strategic and targeted alignment between regional academic research strengths and business activity:** outside of the specific examples identified, the level of engagement between industry and the academic base appears to be limited.
- **Significant skill shortages and recruitment challenges for key roles that are needed to drive applied research and innovation:** primary research with businesses for the deep-dive analysis indicated concerns that current education and training are not meeting industry needs.
- **Lack of awareness both internally and externally of targeted advanced manufacturing specialisms and capacity:** there is a perception that the region's strengths are not well articulated or promoted amongst policy makers, funders, and industry.
- **Access to and availability of funding for applied research and innovation:** a perceived and reported lack of support to help companies access research and innovation funding from regional, Welsh and UK sources.
- **Limited supply of appropriate quality sites and premises:** particularly for start-ups and expansion of innovative early-stage advanced manufacturing firms.

### Opportunities

- **Developing a currently nascent but evolving ‘cluster’ focused on motion engineering control drives and power electronics** in the Severn Valley area i.e. the “Power Valley” cluster.
- **Advanced manufacturing strengths could underpin innovation in other key sectors if appropriate linkages can be facilitated and developed**, particularly related to supporting a ‘green recovery’ e.g. enhancing agricultural efficiency, decarbonisation.
- **Improve collaboration around key Advanced Manufacturing themes by better coordinating the applied research and innovation efforts of regional stakeholders.** Help companies and other applied research and innovation stakeholders ‘join the dots’.
- **Opportunity for greater industrial engagement with Aberystwyth University:** for example in advanced materials, condensed matter physics, materials chemistry, mechanics of materials and physics.
- **Better promotion of regional strengths and opportunities in areas of advanced manufacturing specialisms (as above):** this would help to improve workforce recruitment and retention.
- **Exploiting (or developing) linkages and potential with proximate research and innovation assets**, including AMRC Cymru which has a focus on automation and digitalisation and well-aligned to regional strengths, and assets in the Cardiff and Swansea Bay City Regions.

### Threats

- **Fragility of international supply chains:** forcing companies to re-shore and establish local supply chains (opportunity and threat).
- **Uncertainty over international trade patterns and demand:** potential implications of Brexit over the medium and long-term for access to markets and uncertainties over wider global trade.
- **Key competitor areas across Wales and England:** the specific comparators vary across the areas identified as advanced manufacturing strengths and specialisms; this said, potential to develop linkages with key RTOs and assets outside of the region drawing on existing business networks and relationships.



## Enabling and Digital Technologies

**4.17** The region contains applied research and innovation capacity and potential in Enabling and Digital Technologies. Specifically, there are pockets of excellence in AI, robotics, sensors and geoinformatics/earth observation. However, at present this is at a modest scale relative to the economic profile of the region, and not operating as a reinforcing set of relationships and processes. Much of the expertise remains in the research base and has not yet been exploited for regional (or wider) economic and social benefit. In this context, a particular opportunity exists to work with the region's identified strengths in agri-tech to apply digital expertise.

**4.18** There are also plans for major investments related to Enabling and Digital Technologies – the National Spectrum Centre – Phase 2, Global Rail Centre of Excellence, and Wales Trusted Digital Repository – each of which would be nationally unique assets, increase the amount of applied research and innovation conducted in the region, and have the potential to generate benefits for the UK as a whole. For example, spectrum technologies are used by multiple industrial sectors which rely on mobile communications, radar, telemetry, sensors, broadcasting and navigation. Local research on these technologies could therefore have national impact. There is also an opportunity to exploit these investments to lever maximum local economic impact.

**Expertise in the research base has the potential to be more fully exploited for the region, including in AI, robotics, sensors and earth observations**

**4.19** In this context, key applied research and innovation priorities in Enabling and Digital Technologies are to:

- Enhance and/or develop new linkages and relationships with existing strengths in other themes to unlock new innovation opportunities, particularly with the agri-tech sector. This will involve addressing co-ordination/networking failures to facilitate collaborations and synergies across sectors of relevance to the underpinning technologies.
- Seek to maximise the local economic impact associated with the creation of nationally significant research and innovation assets such as the National Spectrum Centre. This may include putting in place programmes to support local businesses to undertake R&D activity with the proposed new assets, and addressing information failures to explain to local businesses the potential benefits of collaboration.
- There is also an opportunity to support the development of Phase 2 of the National Spectrum Centre to facilitate research activities that could lead to positive externalities, specifically the creation of local and national economic benefits for industries which rely on spectrum technologies.

## SWOT assessment

### Strengths

- **Research strengths at Aberystwyth University:** including computer science; AI, robotics and remote sensors; and earth observation and satellite navigation with both high-quality and scale of research activity; important links here to the research and innovation strengths in the agri/bioscience deep-dive area (including collaborative R&D activities between computer science academics and agri-tech SMEs based at Aber Innovation); plus wider knowledge exchange with industry and the public sector, including Health Boards. The BSc course in Artificial Intelligence and Robotics is also important in training the next generation.
- **Network of research collaborations with external partners:** this includes participation by AU in the Centre for Doctoral Training in Artificial Intelligence, Machine Learning and Advanced Computing (led by Bangor University) and Supercomputing Wales projects, and co-authored publications with universities in the UK and internationally.
- **Growing (albeit small scale) base of innovation active businesses in the area with alignment to regional research strengths,** with some evidence of engagement with the regional research base.
- **Presence in the region of the National Library of Wales:** providing hub for (largely academic) applied research and innovation activity on digitisation and data storage technologies and systems .
- **Presence in the region of the National Spectrum Centre – Phase 1:** a collaboration between QinetiQ and Aberystwyth University, exploiting regional research strengths and the natural environment to test spectrum technologies, with links to the existing QinetiQ-operated site at Aberporth
- **Investment in modern digital infrastructure,** including from Ceredigion Council in LoRaWAN coverage (Long Range Wide Area Network, used by Internet of Things networks) and Vodafone’s OpenRAN 4G (Open Radio Access Network) site at the Royal Welsh Showground near Builth Wells.

### Weaknesses

- **Scale and lack of critical mass,** notably in the business base with Location Quotients below the national level in relevant industrial sectors.
- **Current lack of clustering/sense of belonging to a broader network of relationships and networks amongst actors in the deep-dive area:** applied research and innovation activity is limited in scale dispersed across the region. Outside of Aberystwyth University, the expertise is focused on specific businesses which operate in diverse sub-sectors, and have ‘loose ties’ to the local academic and wider innovation community.
- **Spatial context of Mid Wales** provides challenges for securing investment, talent and commercial interest, and for intra-regional collaboration and engagement (this is also limited by the size of the business base).
- **Lack of targeted or focused innovation programmes or assets** within the region in relation to Enabling Digital Technologies which could provide the support and capacity necessary to drive knowledge exchange and scale-up of business-led innovation activity (although AU’s Old College development will include space for creative and digital businesses).

### Threats

- **Regional infrastructure (hard and soft) limits exploitation of new and emerging technologies:** this includes issues related to digital infrastructure (e.g. lower superfast broadband connectivity than Welsh average), and skills deficit and training provision (e.g. Newtown College no longer offers higher level courses in electronics or marketing).

### Opportunities

- Emerging **thematic opportunities** for Mid Wales to leverage further economic potential through knowledge exchange (including via collaborative R&D and commercialisation activity) from existing research capacity in:
    - Data and computer science, with specific opportunity identified around application of AI, robotics and remote sensors in the agri/bioscience deep-dive area
    - Earth observation and satellite navigation, leveraging links to agri-tech sector and innovation assets.
  - **Specific project-related opportunities** in the region offer potential for exploitation and leverage, and can act as mechanisms around which expertise and investment can be corralled and co-ordinated
    - Radio spectrum technologies through Phase 2 of the National Spectrum Centre, including innovation activities and training/research in Radio Spectrum Engineering
    - Cultural digitisation: opportunity to expand regional strengths in records/storage technologies and systems with the Wales Trusted Digital Repository proposal – collaboration with Aberystwyth University would allow the local application of leading research in storage, and facilitate future research using the digitised records
    - Global Rail Centre of Excellence: addresses UK level need for an integrated testing facility for rail infrastructure and rolling stock, with potential R&D requirements to be exploited by regional actors (both academic and industry) – the crossover with communications and sensors would add value to the NSC offer, but much of the GCRE’s potential for economic impact is outside the scope of Enabling and Digital Technologies.
  - **Quality of life offer:** the deep-dive research indicates that high-tech and innovative businesses have been attracted and retained by the ‘lifestyle offer’ including the natural characteristics of the region, offering scope to encourage more in-movers.
- **Extremely competitive market for talent, investment, and funding** notably in areas such as AI, robotics and computer science with key national research and innovation assets and critical mass of businesses and investors located in major urban centres (especially London, but also Manchester, Bristol etc.).

## Synthesis of deep dive evidence

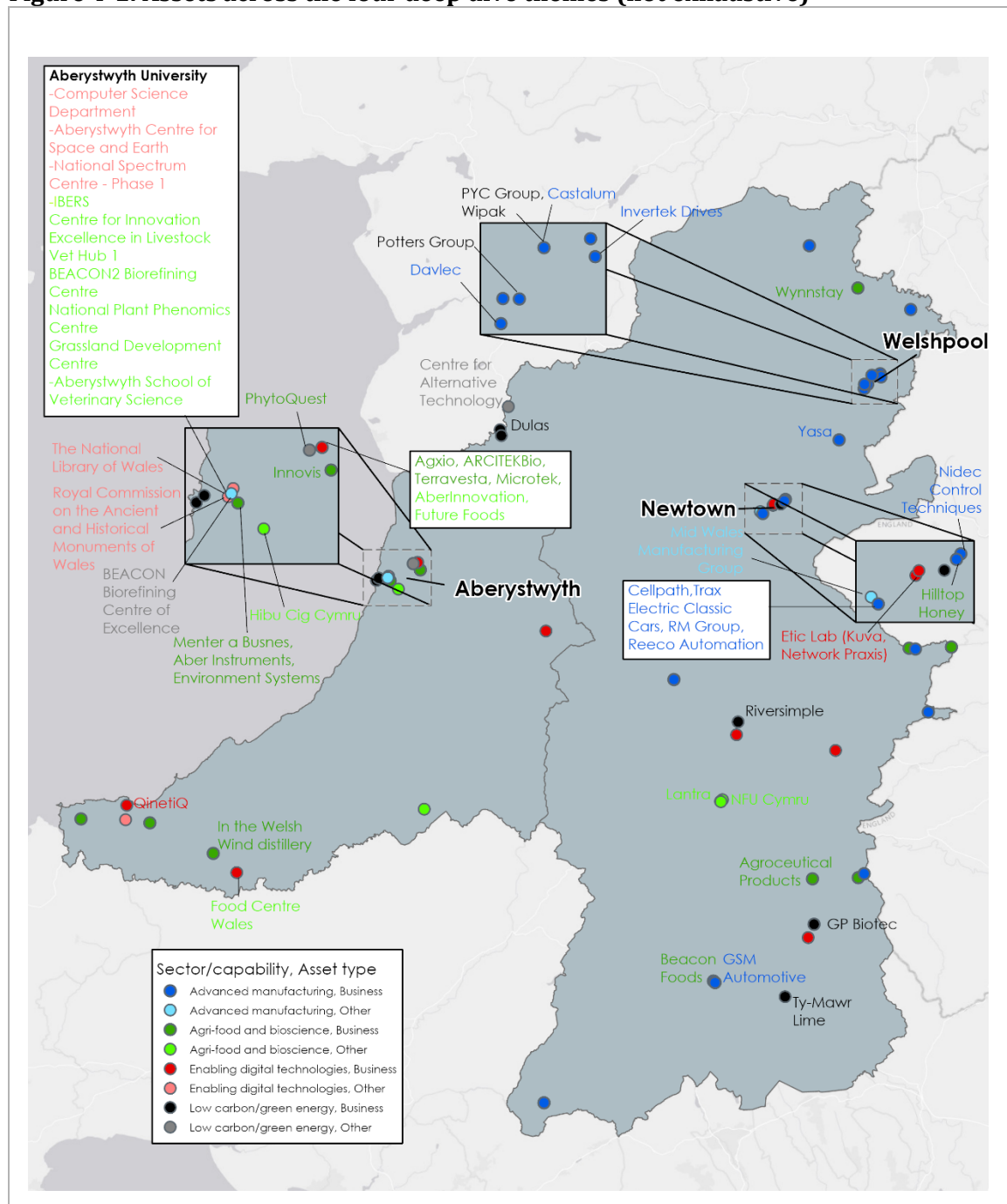
### Strengths and opportunities

**4.20** Overall, the deep dive evidence strongly confirms Mid Wales' strengths and opportunities in a related set of agri-food and bioscience capabilities, demonstrates a relatively small and quite nascent but highly competitive, industry-led and innovative cluster of advanced manufacturing firms, and for low carbon, a collection of strengths in biomass/energy/wastes (across the supply chain, from bio crops through to refining), sustainable construction materials and retrofitting, and renewable energy generation. The agri-food/bioscience and low carbon/green energy strengths present a particularly distinctive opportunity for the region, given the strong association between the research/business base and the natural environment of Mid Wales. In relation to enabling and digital technologies, it is a 'story of two halves': on one hand, there are pockets of largely research-led excellence in AI, robotics, sensors and geoinformatics/earth observation; and on the other, there are some major and nationally significant (but largely unrelated) assets, which are at different stages of development, maturity and certainty. This area is clearly one of opportunity for the region, but this is at this stage can be characterised as 'aspirational' than 'evidential'.

**4.21** Three other points are noted:

- As illustrated in Figure 4-1, whilst the applied research and innovation assets spanning the deep dive areas are located across the region, there are 'spatial clusters' of assets in and around Aberystwyth in the West and Newtown and Welshpool in the North East. This does, however, contain a very diverse set of businesses of different scale and R&D intensity, with a large number of very small but highly innovative firms through to a smaller number of multi-national firms.
- Importantly, all four themes align very closely with – and have scope to make a distinctive contribution to – national strategic priorities, particularly those relating to net zero/climate change, the need for technological convergence and digitisation (across multiple applications) with links to productivity performance, and, specifically for agri-food in the context of post-CAP reforms, the importance of sustainability and resilience in the sector.
- Our horizon scanning of national/global trends also highlights crucial challenges which the region's applied research and innovation offer is well-placed to address. This includes, for example, enabling a green recovery and societal trends towards lower carbon living (e.g. housing, food), global food demand and intensification of farming, shifts towards higher value production (e.g. manufacturing and food), and infectious diseases in the post-Covid-19 context. This alignment with the policy and broader 'mega-trends' landscape provides a supportive and helpful backdrop to progressing the applied research and innovation agenda in Mid Wales.

**Figure 4-1: Assets across the four deep dive themes (not exhaustive)**



Source: Produced by SQW 2021. Licence 100030994

## Mapping strengths, opportunities and relationships

**4.22** Looking across the thematic deep dives, the evidence suggests there are four broad “sets” of applied research and innovation strength or opportunity in Mid Wales (see Figure 4.2):

- capabilities where there is strong and consistent evidence to show that Mid Wales has a **genuine depth and breadth of distinctive applied research and innovation**

**strengths**, particularly in plants and crops, animal health, bioenergy, and food manufacturing.

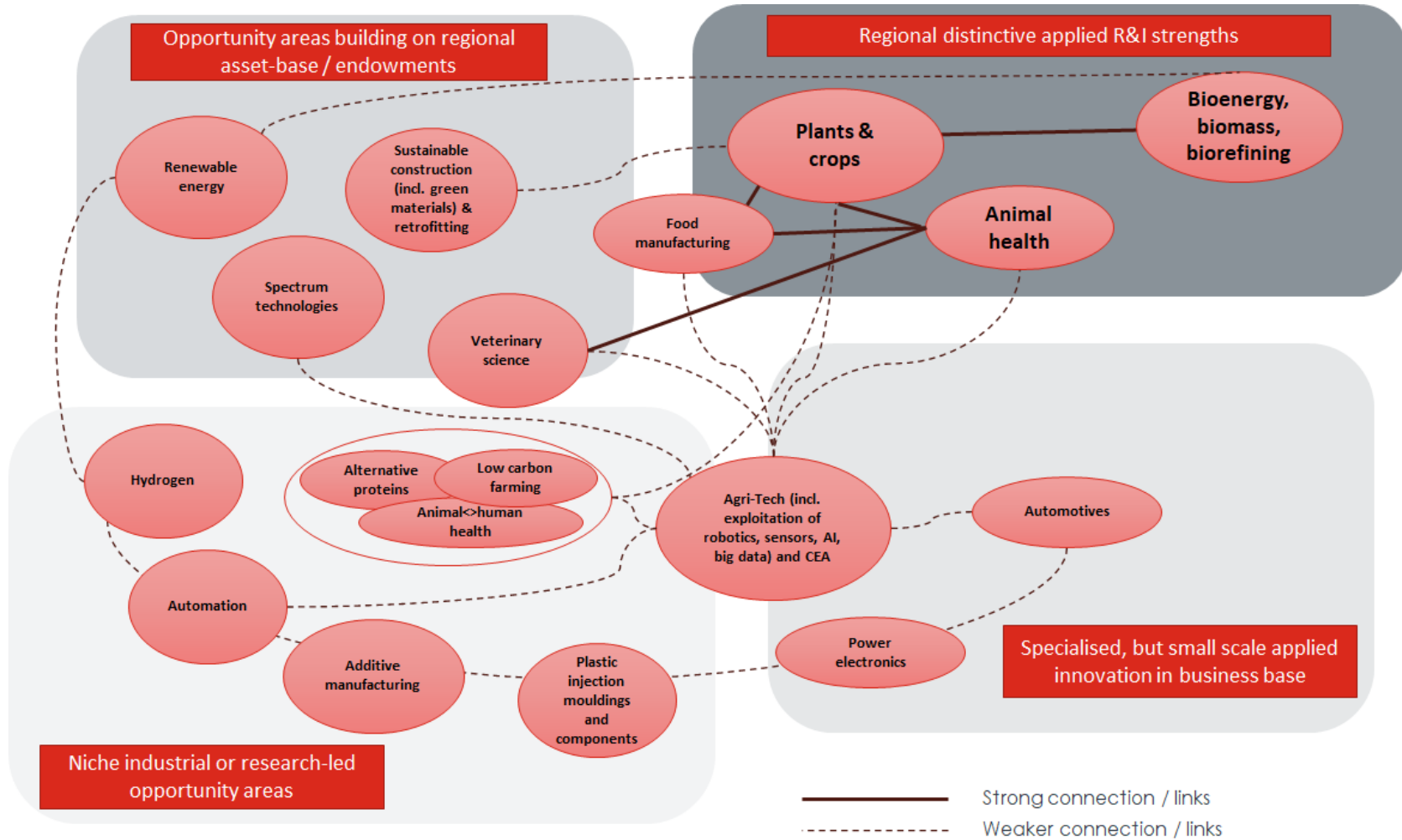
- capabilities where the deep dive evidence suggests there are **opportunities to build on the regional asset base and existing strengths**, for example in veterinary science, sustainable construction and spectrum technologies.
- capabilities that are **smaller in scale relatively, but specialised expertise in the business base**, notably in agri-tech, automotives and power electronics
- a series of more **niche industrial opportunities** (e.g. in terms of automation and hydrogen) and **heavily research led opportunities** (e.g. translating expertise in animal health into human health).

**4.23** This deep dive analysis confirms the depth of expertise in some areas and demonstrates the range of applied research and innovation opportunities for the region. However it also indicates how some areas of expertise are relatively small-scale and/or disparate at present. The evidence also suggests that many of the opportunity areas are quite heavily research-based, and the extent to which these span across the business base is more limited (with the exception of advanced manufacturing and some aspects of agri-food/bioscience); the economic contribution of this research offer is therefore not currently being realised fully.

**4.24** That said, the deep dive research has highlighted the **extent of complementarities between many of these strengths and opportunities**. In some cases, the evidence suggests strong connections between capabilities are well-established and actively encouraged (shown by the solid lines in the diagram overleaf). Examples include plants/crops and animal health, where expertise in Mid Wales has been brought together to develop a distinctive specialism in crops/feedstock and emissions associated with livestock. These strong connections are most evident *within* themes. However, our research also highlights other **potential links within and across themes** (shown by the dashed lines in the diagram). Many of these are relatively weak or nascent links at present – in some cases, based on a small number of projects or ad hoc/bilateral relationships, and in other cases, barely developed at all.

**4.25** If these links could be strengthened – particularly *across* areas of expertise in mid Wales – it could form a distinctive and complementary “package” of expertise. **By connecting areas of expertise more effectively there is scope to create a critical mass of applied research and innovation strengths in related and complementary capabilities**. For some of the region’s nascent opportunities, it is through developing these *in combination with* existing strengths that growth might be accelerated. This could bring mutual benefits to both existing strengths and nascent expertise, to raise Mid Wales profile as a national/international player in these fields *and* to benefit the local economy (e.g. via growth of indigenous firms and attracting inward investment). A good example of this is the region’s expertise in AI; this is small-scale on its own, but when connected to strengths in plants, animal health and veterinary science, the region starts to build quite a distinctive and well-rounded offer in this space.

Figure 4-2: "Types" of R&I strength or opportunity in Mid Wales



Tudalen 537

Source: SQW



## Challenges and barriers

**4.26** The deep dive research identified several challenges and barriers hindering applied research and innovation in these areas – either *within* some of these capabilities (i.e. the nodes in Figure 4-2) or *across* them. Many of these are common and apply across the four themes, whereas others appear to be relatively theme-specific, as illustrated in Table 4-1.

**Table 4-1: Key challenges and barriers identified in the deep dive research**

	Agri-food and Bioscience	Low Carbon and Green Energy	Advanced Manufacturing	Enabling and Digital Tech
Strategic leadership / collaboration*	✓	✓	✓ (fostering collaboration around strategic themes)	
Awareness / promotion externally	✓ (coherence of)		✓	
Small scale or disparate strengths			✓	✓ (and lacking 'sense of belonging')
Academic-business engagement	✓	✓	✓	✓
Business-to-business collaboration	✓ (lack of awareness/networks)	✓ (lack of awareness/networks)		✓ (so few firms)
Commercialisation capacity and skills issues	✓ (especially academic base)	✓		
Innovation adoption challenges	✓			
R&I funding gaps and access to capital (public and private)	✓ (later stage R&D and scale-up)	✓ (commercialisation and capacity devt)	✓ (especially support to access)	✓ (knowledge exchange and scale up)
Grow-on space and/or larger-scale testing facilities	✓ (especially scale-up firms & larger-scale testing)		✓ (especially for start-up and scale-up firms)	✓ (spectrum technology testing facility)
Education provision and skills supply / alignment	✓ (awareness of opportunities schools/young people)	✓ (national skills shortage)	✓ (alignment between business base and academic offer; plus skills shortages)	✓ (national skills shortage, very competitive market)

Source: SQW



**4.27** Across the piece, four issues appear to be crucial:

- **strategic leadership** within (and potentially across) the applied research and innovation thematic strengths; note, this in no way negates the existing work of actors across the region within specific areas, but the evidence suggests more could be done to strengthen region-wide collaboration and leadership at a strategic level
- **collaboration and networking**, which includes academic-business and business-to-business collaboration *within* themes, and engagement *across* themes
- **the skills/capability and finance to innovate and commercialise**, i.e. to progress applied research and innovation to the point of financial returns (and local economic benefits)
- **the contextual conditions** that are important to enable innovative firms to grow, particularly in terms of **workspace, testing facilities and skills**.

**4.28** Taking these strengths, opportunities and challenges together, we then reflect on the types of market or other failures at play in Mid Wales. This is an important step in the process, to underpin the rationale for intervention and subsequent discussions around what *types* of intervention might be appropriate in response and how these could be prioritised. Whilst there is variation in the relative importance of each market or other failure across the themes, the key market and other failures appear to be:

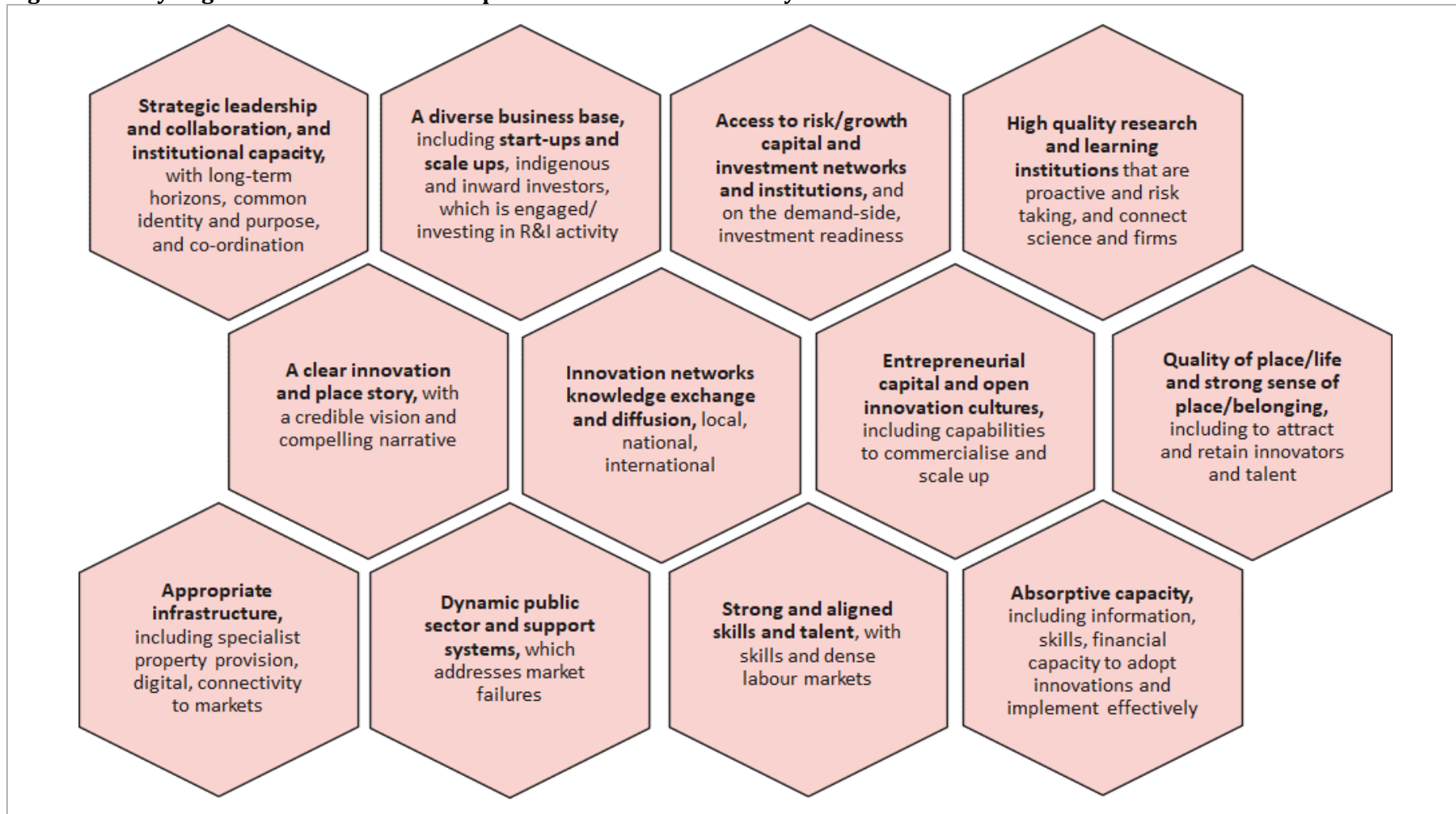
- **co-ordination and network failures**. This applies at three levels in Mid Wales: first, the need for stronger co-ordination/collaboration at a strategic level (also **institutional failures**); second, the lack of co-ordination within and between themes at an operational level (business-to-business and business-academic); and third, the need for better co-ordination between research, government and private sector actors.
- **a range of information failures**. This includes issues around risk and uncertainty, particularly in the context of commercialisation, knowledge exchange and diffusion, and the adoption of new innovations across the local economy.
- **positive externalities, particularly in terms of clustering**, whereby it is difficult to realise the potential benefits of clustering with firms acting independently due to a lack of coordination.
- **infrastructure failures**, where no single organisation has the resource or capacity to invest in infrastructure at the required scale to grow Mid Wales' R&I capacity alone.

### Key 'ingredients' for a successful innovation ecosystem

**4.29** In thinking through the implications of the findings set out above, and the broader evidence on the 'State of Region' discussed in Section 3, it is worth reflecting on the **key 'ingredients' for a successful place-based innovation ecosystem**.

- 4.30** There is no simple ‘one size fits all’ approach here, and we need to recognise the unique and distinctive nature of Mid Wales: what ‘works’ in some places (particularly smaller, more tightly defined and more urban places) clearly is not relevant for Mid Wales. There is also a need to recognise the importance of ‘path dependency’ in this space, where what has gone before – and the nature and stock of the assets in place – is often crucial. This said, there is a wide body of evidence on effective innovation ecosystems, and a summary of the key messages from this literature are summarised in Figure 4.3. We can see how, for example, the evidence above suggests Mid Wales performs strongly in terms of a high-quality research base (although this is largely reliant on one institution in Aberystwyth University) and quality of place, but less well in terms of innovation networks and access to risk capital. The innovation ecosystem also needs to be positioned in the wide regional ‘system’ and the extent to which education and skills, physical infrastructure, housing etc are working to support applied R&I (and vice-versa) is important - particularly in a place seeking to raise productivity and deliver economic growth outcomes.
- 4.31** A key question for this study is the extent to which Mid Wales’ strengths and weaknesses (vis-à-vis the ‘ingredients for success’ above) have implications for Mid Wales’s ability to:
- **Position and promote Mid Wales as a national/international leader in applied R&I in relevant fields**, which has consequences for (a) its contribution to UK PLC and the nation’s strategic priorities, (b) the region’s ability to compete effectively for national R&I funding and (c) the extent to which commercial gains from nationally/internationally significant R&I generated in Mid Wales is *secured in the region*.
  - Ensure that the applied research and innovation that takes place in Mid **Wales generates maximum economic benefits *within the region*** where possible.
- 4.32** These ‘ingredients’ also matter in terms of the region’s ability to ‘look outwards’ as a way to boost innovation/economic outcomes *within* the region. This could be by ensuring that Mid Wales’ firms are able to tap into and benefit from applied research activity undertaken outside of the region; or ensuring that assets in Mid Wales can grow through networking with expertise across the UK and globally (i.e. through collaboration rather than co-location, and where possible attracting inward investment and talent into the region as a result).
- 4.33** It is also important to recognise that different aspects of Mid Wales’ applied research and innovation activity will play different roles in the region, and the extent to which (and how) that presents opportunities for local growth will vary. For example, nationally/globally significant research or assets are important, but some may or may not have a significant economic impact on the region (or be expected to) beyond the direct effects of creating high value jobs and profile for the region. The emphasis here may be on ensuring that ‘ingredients’ are in place to enable these assets to grow, attract talent and become fully embedded in Mid Wales. In other areas, particularly where there is strong alignment between the research base and local economy, the focus may be on ensuring that the ‘ingredients’ that facilitate commercialisation, knowledge transfer and diffusion (on the supply side) and absorption (on the demand side) are in place.

**Figure 4-3: Key 'ingredients' for a successful place-based innovation ecosystem**



Source: SQW

## Imperatives for applied research and innovation in Mid Wales

**4.34** In this final sub-section, we identify a series of imperatives for developing a stronger applied research and innovation ecosystem, with greater local impact, in Mid Wales. These are grounded in the evidence base, and have been identified in light of (i) the key strengths and opportunities, pinch points and market failures across the four themes, (ii) the discussion above on ‘ingredients’ for success, and (iii) in the context of the Growing Mid Wales Partnership and Growth Deal, the emphasis on delivering economic growth through high value jobs and GVA.

**4.35** Key imperatives are as follows:

- Address co-ordination failures at a strategic level, to provide clear strategic leadership and co-ordination *within* and *across* themes, and linked to this, develop a coherent and co-ordinated narrative to better promote Mid Wales’ strengths externally.
- Address co-ordination/networking failures at an operational level, facilitating networking and collaboration between innovators in the region, within and across themes (business-business and academic-business).
- Address information failures hindering collaborative R&D within the region and knowledge diffusion/spillovers of local research expertise to local businesses in the region to maximise local economic benefits.
- Address funding gaps to support commercialisation and scale-up, including via private sector financing.
- Ensure innovative firms are able to attract and retain relevant skills to grow, and more effectively connect career opportunities and local education base to create a pipeline of local talent.
- Address the lack of appropriate high-quality space (including grow-on space) and larger-scale testing facilities, to ensure that growing innovative firms are able to stay in Mid Wales, and medium/larger innovative firms are attracted to the region.
- Address information failures (and potentially adoption finance gaps) hindering knowledge diffusion/spillovers of local research expertise to agricultural businesses in the region to maximise local economic benefits.

## 5. A Vision for Applied Research and Innovation

### Introducing the Vision

- 5.1** Drawing on the evidence generated through the Study both quantitative and qualitative, and considering the issues to be addressed in the region, and the opportunities to be exploited by the region, and the wider evidence on the ‘key ingredients’ for a successful innovation ecosystem, a Vision for Applied Research and Innovation in Mid Wales is set out in Figure 5-1 below.
- 5.2** Crucially, the purpose of the Vision is not to establish new quantitative targets or restrictive performance measures, or tie partners into specific investments or activities (or rule any out). Rather, consistent with the remit of the Study, **the Vision aims to provide a strategic framework, and an overarching agenda around which regional partners can coalesce and collaborate, to shape the on-going process of project development, categorisation and decision-making by regional partners.** The Vision sets a collective, long-term agenda for the region, aligned with the overarching ‘Vision for Growing Mid Wales’ to 2035.
- 5.3** The Vision will also play an important role in demonstrating to organisations and influencers outside Mid Wales – including the Governments in Cardiff and London – a clarity of focus, purpose, and strategic intent in applied research and innovation to inform and influence policy and funding discussions and decisions.

**Figure 5-1: Vision for Applied Research and Innovation**



Source: SQW

#### 5.4 Five points are highlighted regarding the Vision:

- First, whilst as noted above the purpose is not to tie partners into specific investments or activities, the Vision does include a clear focus on prioritising at a strategic level those areas where the Study indicates the region has genuine and distinctive strengths and clear opportunities. This includes particularly those areas related to the Agri-food and Bioscience capabilities evidenced through the Study. This area is clearly fundamental to the region's applied research and innovation offer, and this needs to be recognised and reflected in the Vision. However, this is not to say that other aspects of Mid Wales' applied research and innovation base are not important and have the potential to support growth.
- Second, alongside this focused intent, the Vision emphasises the importance of what might be termed 'ecosystem' factors in relation to networks, collaborations and relationships. Long-term, as technologies, markets, and business models evolve, new specific opportunities will emerge. However, looking to enhance and develop more fully the underpinning ecosystem working across the region will be vital in all future scenarios. Indeed, the need to respond effectively, collectively, and nimbly to changes in the policy and funding environment are likely to be increasingly important in the next few years as the UK recovers from the pandemic; this will require better leadership, co-ordination, networks, linkages and knowledge-flows across the region.
- Third, whilst the focus is on Mid Wales and the need for the region to exploit and focus on what it is good at and where it is distinctive, the Vision also seeks to reflect the need to remain connected and engaged with external partners, growth opportunities and thinking. This is particularly important for a region like Mid Wales with a modest indigenous asset base in applied research and innovation.
- Fourth, an important theme in the qualitative research for the Study was a consistent view of the need to address the internal and external awareness of the applied research and innovation of the region, and how this is promoted and communicated; and this has been reflected in the Vision. Whilst the Vision is not intended to be primarily a 'marketing exercise', and the other cases for intervening are equally important, perception does matter, and can influence investment decisions and policy priorities. Indeed, as discussed in Section 4, a clear innovation and place 'story', alongside a common identify and sense of purpose are important 'ingredients' in successful innovation ecosystems. Helpfully, these factors are largely within the control of local actors to define and disseminate.
- Fifth, and implicit within the Vision, is the importance of maximising positive externalities through applied research and innovation that will lead to economic impact in the region, particularly by encouraging and ensuring mechanisms are in place to facilitate knowledge, market and talent spillovers.



## ... and taking it forward

- 5.5** Delivering successfully against the Vision for Applied Research and Innovation will be the responsibility of a wide range of partners and stakeholders across the region over the medium to long-term. Indeed, it is important to recognise that the Vision does not represent a short-term fix, rather, it seeks to set an agenda that will need sustained effort and commitment over the coming years, aligned to the broader 'Vision for Growing Mid Wales' to 2035.
- 5.6** This said the expectation is the Vision for Applied Research and Innovation (and the wider findings and contents of this Study) will help to directly inform the work of partners in developing specific interventions and projects to enhance the regional applied research and innovation offer. This will include – but not be confined to – ideas and concepts to funded potentially by the Mid Wales Growth Deal, in line with the categorisation, and subsequent project development, prioritisation and appraisal and assessment processes established by the Growing Mid Wales Partnership. In supporting this process, a range of concepts and project ideas were identified in the Study, particularly around the deep-dive areas, and considering broader innovation ecosystem factors. These are provided in the supporting annex for information.
- 5.7** In developing a plan for applied research and innovation investment, choices will need to be made. The priorities presented above are designed to inform what types of intervention might be appropriate in response to the opportunities and challenges identified across the four themes, and how these could be prioritised. Some priorities may require direct investment in response, whereas others may require investment to create the conditions for innovation to flourish. Timing will also be an important consideration: some priorities may be addressed through smaller-scale investment and 'quick wins', others will require longer term endeavours to 'shift the dial'. Some priorities will need to be tackled in the short term to lay the foundations for other issues to be addressed in the longer term.
- 5.8** Finally, reflecting the focus of the Vision on developing well-embedded networks and partnerships, it is noted that one suggestion raised in the Study was the opportunity to consider 'pivoting' the Steering Group that has overseen the work (and potentially the wider group of stakeholders involved in the workshops) into a longer-term regional forum for overseeing progress in delivering against the Vision for Applied Research and Innovation. This is ultimately the decision of regional partners. However, in our view this would both ensure continuity of focus, and play a useful role as a visible and clear practical action and in demonstrating a commitment to enhancing regional collaboration in an applied research and innovation context.

- 
- <sup>i</sup> European Commission (2017) The Economic Rationale for Public R&I funding and its Impact
- <sup>ii</sup> Treasury (2021) Build Back Better: our plan for growth
- <sup>iii</sup> Mid Wales Employment Sites and Premises Needs Assessment and Action Plan, April 2020
- <sup>iv</sup> ONS, Population estimates - local authority based by single year of age
- <sup>v</sup> Ranked in the 401-500 band in the Times Higher Education World University Ranking 2021 and ranked 485 in the QS World University Rankings 2021
- <sup>vi</sup> Journal articles, conference proceedings, trade publications, book series, and stand-alone books
- <sup>vii</sup> HESA, HE staff by HE provider and activity standard occupational classification
- <sup>viii</sup> FWCI indicates how the number of citations received by an entity/group's publications compares with the average number of citations received by all other similar publications in the data universe. A FWCI of 1 indicates that the entity/group's publications have been cited exactly as would be expected based on the global average for similar publications; a FWCI of more than 1 indicates that the entity/group's publications have been cited more than would be expected based on the global average for similar publications; a FWCI of less than 1 indicates that the entity/group's publications have been cited less than would be expected based on the global average for similar publications
- <sup>ix</sup> Defined as enterprises with average annualised growth greater than 20% per annum, over a three year period. Growth can be measured by the number of employees or by turnover. For this analysis growth has been measured using employment.
- <sup>x</sup> The HE-BCI data refers to graduate start-ups which are recorded in the HE-BCI data where there has been formal business/enterprise support from the HE provider and the business has started-up within two years of this support
- <sup>xi</sup> Note that the Horizon 2020 projects have been coded by SQW, the Smart Cymru projects have been coded by the Welsh Government Innovation Team
- <sup>xii</sup> The Beauhurst database covers firms back to 2011 that have met at least one of Beauhurst's triggers for high growth firms (see <https://www.beauhurst.com/data/>). In relation to spin outs, the database identifies three firms in Mid Wales that currently meet these triggers and were spin outs from Aberystwyth University.

## Contact

For more information:

### **Joe Duggett**

*Director, SQW*

T: +44 (0)161 475 2109

E: [jduggett@sqw.co.uk](mailto:jduggett@sqw.co.uk)

Beckwith House 3rd Floor,  
1 Wellington Road North  
Stockport  
SK4 1AF





## REPORT TO THE GROWING MID WALES BOARD

21<sup>st</sup> September 2021

TITLE:	Mid Wales Growth Deal – Portfolio Business Case – draft for approval to submit to both Governments to develop Final Deal Agreement
AUTHOR:	Carwyn Jones-Evans, Strategic Manager – MWGD

### 1. Purpose of the Report

1.1. To present Members with the draft Portfolio Business Case for the Mid Wales Growth Deal for approval to submit to UK and Welsh Governments, that will underpin the subsequent development of the Final Deal Agreement.

1.2. The documentation provided in this report are as follows:

- Appendix 1: Portfolio Business Case (v1)
- Appendix 2: Programme Outline Summary - Digital (v 1 draft)
- Appendix 3: Programme Outline Summary – Land and Property (v1 draft)
- Appendix 4: Applied R&I Study (v1 final)

### 2. Decision(s) Sought

2.1. To approve and recommend to the Cabinets of both Authorities, the submission of the current draft of the Portfolio Business Case (v1) for the Mid Wales Growth Deal to the UK and Welsh Governments:

- To be formally reviewed through the Accounting Officer Review (AOR), on behalf of the Welsh Cities and Growth Deals Implementation Board (WCGIB) – the Joint Board between UK and Welsh Governments that govern Welsh City and Growth Deals.
- To be utilised as a basis for drafting the Final Deal Agreement<sup>1</sup> – that will be negotiated with both Governments and brought back to the next GMW Board for review and final approval.

2.2. To mandate the Portfolio Management Office (PoMO) to undertake further work on the development of the Portfolio for the GMW Board to consider the detail of proposed Programmes, followed by Projects – at a timeline proposed and agreed at the next Board meeting.

---

<sup>1</sup> Note: FDA may have been outlined previously as Full/Final Deal Agreement. The correct terminology is Final Deal Agreement.

### **3. Reasons for the Decision**

- 3.1. In May 2020, the Growing Mid Wales Board agreed the Vision for Growing Mid Wales – a clear strategy that set the basis for developing the regional economy, and formed an early roadmap for negotiating the Mid Wales Growth Deal’s development with both the UK and Welsh Government. Significant time and effort was invested by the region, its private sector stakeholders and key delivery partners in setting the strategic growth priorities, investment objectives and broad parameters for the potential Deal.
- 3.2. In December 2020, the Mid Wales Board agreed the Heads of Terms for the Mid Wales Growth Deal with the UK and Welsh Governments – and all partners committed to progressing the Deal to Final Deal Agreement at the earliest opportunity. The mandate from the Board and the private sector has been clear to progress the Deal’s development at pace and seek agreement within the 2021 calendar year.
- 3.3. Throughout 2021, regional partners have worked on developing further detail and establishing arrangements to support the successful delivery of the Deal:
- Establishing regional capacity and capability to manage the Growth Deal, through the establishment of a Portfolio Management Office (PoMO)<sup>2</sup>.
  - Establishing Governance Arrangements to support the development of the Deal.
  - Progressing Governance Arrangements to support the delivery of the Deal.
  - Progressing the development of the Portfolio Business Case and scoping early programme and project proposals for consideration by the Board.
  - Continued strategic engagement with regional stakeholders across all sectors through established and clear governance structures – ensuring regular dialogue and input to establishing the strategic priorities and framework for the emerging Deal.
  - Regular engagement between officers in region with UK and Welsh Government civil servants.
- 3.4. The Board (and both Local Authority Cabinets) have received regular reports on the development of the Deal, and has provided steer and decisions on the above issues at key decision points:

---

<sup>2</sup> The term PMO may have referred to Programme Management Office or Portfolio Management Office in previous reporting. The correct terminology, as per best practice and Government guidance, should be Portfolio Management Office (abbreviated as PoMO).

<b>Milestone</b>	<b>Purpose</b>	<b>Where considered</b>
Inter-Authority Agreement 1	Established the early governance arrangements to develop the Growth Deal	Local Authority Cabinets
Vision for Growing Mid Wales	Strategy document – starting point to negotiate context and roadmap for formal development of the Growth Deal	GMW Board (decision), ESG (strategic advice)
Heads of Terms	Political agreement – outlining the broad scope and funding envelope of the deal, governance and assurance arrangements, and the joint commitments agreed to by all parties to bring forward the Deal.	GMW Board (decision), ESG (strategic advice)
Inter-Authority Agreement 2	Amended scope to cover governance arrangements up to FDA, and include revisions to include Regional Skills Partnership	GMW Board (steer), Local Authority Cabinets (decision)
Strategic Portfolio Business Case (v0.3)	Set out the foundation for the Portfolio, long list and formal mandate for further development.	GMW Board (decision), ESG (strategic advice)
Resourcing (PoMO)	Developed resourcing model for the PoMO – through ESF P5.	GMW Board (steer), Local Authority Cabinets (decision and formal agreement on ESF P5)
<b><i>To be agreed/Remaining Milestones....</i></b>		
Portfolio Business Case (v1)	Draft for submission to Govt. to underpin FDA – further iterations will be developed/considered by Board prior to key decisions, as set out below.	ESG (strategic advice on strategic + economic case long list options only at SPBC v0.3)  GMW Board (decision to submit draft for review)
Inter-Authority Agreement 3	To set out arrangements for the delivery of the Deal.	GMW Board (steer),

		Local Authority Cabinets (decision/approval)
Accounting Officer Review (AOR)	Government-led review of the Portfolio Business Case and supporting documentation.  Formal review that will provide region/Government with an assurance report – with recommendations	Commissioned and considered by Welsh City & Growth Deals Implementation Board (on basis of information submitted by GMW Board)
Portfolio Business Case (v2)	Draft following AOR and recommendations – detail further developed on outstanding elements identified.  Completed to underpin/align with FDA documentation.	GMW Board (decision)
Final Deal Agreement (FDA)	A standalone, legally binding, agreement (“Common Terms Agreement”) to be entered into between the deal parties which will contain numerous generic provisions intended to apply and be observed by all deal partners in relation to the overall deal framework. For example, confidentiality, dispute resolution and so forth (i.e. this agreement will be an overarching agreement and will not be specific to any particular project or programme).	GMW Board (decision – within scope of provisions set out in IAA2)
Grant Offer Letter (Annual)	Decisions as to the release of annual funding to the Deals are taken by Ministers of the WG and UKG. These decisions are informed by recommendations made by the WCGIB <sup>3</sup> .  Notwithstanding that the monitoring / evaluation of the progress of each C&GD will be an ongoing activity, an annual review of progress is required prior to the release of annual funding. This will take the form of an assessment of a range of documentation and presentation to WCGIB by each C&GD Regional Delivery Partner.	GMW Board (agrees annual report – upon which funding is then reviewed/agreed by the WCGIB)

3.5. Officers in both Local Authorities and the newly established Portfolio Management Office have developed the documentation required by both

<sup>3</sup> Welsh City and Growth Deals Implementation Board (Joint UK and Welsh Government Board)

Governments to consider to reach Final Deal Agreement. The contents of these documents and key considerations are set out in this report.

#### **4. Background and Relevant Considerations**

- 4.1. The Mid Wales Growth Deal is being developed according to the UK and Welsh Government guidance to follow a portfolio management approach. A portfolio management approach and supporting business cases are essential for ensuring the successful delivery of a set of related programmes, projects and associated activities.
- 4.2. The Mid Wales Growth Deal is a Portfolio of potential investment proposals in the form of Programmes and Projects to be delivered over the next 10-15<sup>4</sup> years totalling an approximate capital expenditure of between £280m and £400m.
- 4.3. The Growth Deal is a key catalyst to transform the regional economy as part of a broader funding mix, and will contribute towards the delivery of the eight strategic growth priorities for the region articulated within the Vision for Growing Mid Wales.<sup>5</sup>
- 4.4. It has strong strategic alignment at the wider Welsh and UK levels, including with the Welsh Government's Programme for Government and Economic Resilience and Reconstruction Mission, and the UK Government's Plan for Growth (Build Back Better) and Innovation Strategy.
- 4.5. The Portfolio currently consists of a shortlisted set of 2 Programmes and 9 Projects that will be considered for further development – as part of the Business Case development process as set out in the Portfolio Business Case. The GMW Board will consider the detail of these initial business cases in due course – and will be managing the Growth Deal as a Portfolio.
- 4.6. **Indicative Investment Objectives:** The current set of proposals have the potential to deliver the following indicative outcomes for Mid Wales over the term of the Growth Deal – subject to further business planning and development:
- Total capital investment of £280-400 million<sup>6</sup>
  - 1,100 to 1,400 net additional FTE jobs
  - £570-700 million in net additional Gross Value Added.<sup>7</sup>
- 4.7. **Funding:** the total pipeline ask from the current shortlisted set of programmes and projects totals over £175m – and demonstrate a strong message to Government that the Growth Deal in Mid Wales can accommodate significant expenditure. The current commitment from both Governments combined stands at £110m. The funding allocations within the Portfolio therefore have

---

<sup>4</sup> See section 4.8 of the report for explanation on timeline.

<sup>5</sup> Namely: Agriculture, Food & Drink; Applied Research & Innovation; Strengthened Tourism Offer; Energy; Supporting Enterprise; Digital; Transport; and Skills & Employment.

<sup>6</sup> Note: nominal prices, undiscounted

<sup>7</sup> Note that this is the cumulative total increase in GVA over the period (nominal prices, undiscounted)

been set out indicatively at a thematic/programme level at this stage. **No funding is earmarked/allocated to projects at this stage** – this is because the GMW Board and its regional governance have not agreed the projects or seen the detail, as the business cases have not yet been developed to sufficient detail. The Portfolio Business Case is a live document, that will be subject to regular review by the PoMO, Management Group and the GMW Board. Decisions by GMW Board on funding for programme/projects will come after the Portfolio is initially agreed, and subsequently the GMW Board invites further development of business cases for review and decision. The delivery profile for Programmes and Projects within the current iteration of the Portfolio Business Case is therefore indicative – and based on assumed profiles to provide an indication. These assumptions will be update to reflect real costs and timescales once detailed programme and project planning gets underway.

- 4.8. **Deal Timeline:** The Heads of Terms agreed in December 2020 set out a combined investment of £110m capital funding over a period of 15 years. The UK Government has announced as part of Spending Review 2020 an accelerated funding profile over a period of 10 years. The Welsh Government has not formally communicated its position to date. The Portfolio Business Case in its current draft has profiled a scenario for financing over 10 years, and a split 10 year/15 year profile from the respective Governments. The preferred position of the region is to have a consistent approach of funding for a funding profile of 10 years – with clarity around the benefits realisation timescales of major projects (which may be longer than 10 years), as set out in the Portfolio Business Case.
- 4.9. **Note:** figures and investment proposals are currently at draft stage – and provide an indication of the financial and economic costs and benefits of the Growth Deal at this stage. Further iterations of the Portfolio Business Case will be developed and considered by GMW Board – with supporting business cases for the individual Programmes and Projects to be considered in turn for further review and approval at key decision points.
- 4.10. **Private Sector Engagement:** the GMW Board have engaged consistently with the private sector in a multitude of ways. From regional working groups, workshops, informal and formal discussions and events – and establishing a formal private sector advisory group in the form of the Economic Strategy Group (ESG) as part of its regional governance structure. A successful event was held last year with the Institute of Directors, in tandem with the upcoming Heads of Terms agreement – with the intent to hold further events in the future. The extent of direct engagement on developing the Vision and the early Strategic Portfolio is captured in the relevant documentation; with the ESG also having met six times since its inception in July 2019.
- 4.11. The ESG has had sight and input into the Vision and strategic priorities and content of the Strategic Portfolio and long-list of options, however have not provided input on the detail of the programme/project proposals. External advice has been sought on the role an function of the ESG in light of emerging

programme/project proposals – this report is provided under separate cover in today's agenda.

- 4.12. The continuing importance and role of the private sector to provide appropriate strategic advice and challenge into the Growth Deal is identified within the Portfolio; and subject to the findings of the external review – will inform the arrangements for the delivery phase of the Deal.
- 4.13. The opportunity for wider input and advice on the detail of the Deal will emerge as the Portfolio Business case is further developed, with Programme and Project detail commissioned and invited at established intervals throughout the remaining development and subsequent delivery of the Deal. The PoMO will provide capacity for the region to undertake engagement and communication with stakeholders across the region – to ensure that there is full regional awareness of the Deal and ensure strong continuing input into its development and delivery.
- 4.14. **Governance:** Separate arrangements are being made to establish the legal provisions for the delivery phase of the Deal. These are captured as part of the development of Inter-Authority Agreement 3 (IAA3) – these will be dealt with under a separate cover report at a future meeting.

## **5. Portfolio Business Case**

- 5.1. The Portfolio Business Case has been developed by the Portfolio Management Office (PoMO) with support from Hatch Ltd and officers from both Powys and Ceredigion County Councils.
- 5.2. The purpose of the Portfolio Business Case is to provide an overview of the scope, function and arrangements for the Mid Wales Growth Deal Portfolio – on the basis of an initial set of Programme and Project proposals. The detail of which will need to be developed and considered further at key decision points.
- 5.3. The Portfolio Business Case as currently drafted is the latest iteration – with known elements of detail still to be developed. This is because the programme and project level detail have not been developed yet. The Portfolio at this stage is therefore establishing the principles and broad objectives for the Deal – with an estimated range of benefits and costs.
- 5.4. The status of the shortlisted Programmes and Projects are initial options being considered, in advance of a formal review and decision by the GMW Board. Agreeing the Portfolio Business Case today does not guarantee funding for these initial set of programmes/projects. It signifies that these options are to be developed further at the cost/risk of the proposers – and that the GMW Board will review the detail of the proposals as part of their business case development.
- 5.5. The Board will be expected to review the Portfolio at regular intervals. If proposals on the shortlist do not develop to the satisfaction of the Board (e.g. for reasons such as no capacity/capability to develop, timescale issues, deviation from the stated aims, failure in match funding etc) – then the Board will be able to reconsider and recommend actions to address and re-prioritise

the Portfolio. This process will be led by the Portfolio Management Office (PoMO) through regular progress reporting to the GMW Board and its established sub-groups to consult for strategic advice (e.g. ESG/RSP).

- 5.6. The Portfolio Business Case is a live, and iterative document – that will need regular review. It is anticipated the Portfolio Business Case will need to be updated further after the Accounting Officer Review, to implement or plan for the realisation of its recommendations – to coincide with the FDA.
- 5.7. It is anticipated that post Final Deal Agreement, the Portfolio Business Case is updated on an annual basis – to coincide with the annual reporting and funding arrangements set out by the Joint UK and Welsh Government WCGIB. It may be updated more frequently initially by the PoMO, as detail is developed.
- 5.8. All Programme documentation and Project proposals at this stage are at an early stage – prior to full consideration by the Board and its regional governance structures. These business cases will be considered further in detail by the Board and its key regional governance groups.
- 5.9. The Portfolio Business Case follows the structure of the Better Case Model and HM Treasury Green Book principles. The PoMO have consulted with UK and Welsh Government throughout the development of the business case – and has been advised throughout the process by Joe Flanagan, the author of the Green Book and guidance to HM Treasury on business case development. As a result, the development of the Mid Wales Growth Deal is consistent with the emerging HM Treasury Guide to developing the Strategic Portfolio Business Case.
- 5.10. The Portfolio Business Case consists of five cases:
  - **Strategic Case:** the rationale for the Growth Deal investments, their objectives and fit with wider policy
  - **Economic Case:** the value for money provided by the Growth Deal
  - **Commercial Case:** the contractual and procurement approach to be taken
  - **Financial Case:** the costs and funding profile for the Growth Deal
  - **Management Case:** the approach to managing the Growth Deal
- 5.11. The Portfolio Business Case is available in **Appendix 1**.
- 5.12. The Portfolio Business Case is supported by a set of documentation which provide further detail on the two early programme proposals, and the draft assurance and approvals process for the Portfolio:

<b>Supporting Document</b>	<b>Description</b>	<b>Status</b>	<b>Appendix</b>
Programme Outline Summary - Digital	Outline of the draft proposals being developed for the digital programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	2



Programme Outline Summary – Sites and Premises	Outline of the draft proposals being developed for the land and property programme. To be considered formally at a next iteration of the GMW Board.	V1 Draft	3
Applied R&I Study (strategic context)	Summary of the applied R&I study – providing strategic context for the theme.	V1 final	4
Integrated Assurance and Approvals Plan (IAAP)	Is defined as the planning, coordination and provision of assurance activities and approval points throughout the ‘policy to delivery’ lifecycle, proportionate to levels of project cost and risk.	Work in progress	Not appended

## 6. MWGD – Programmes Under Consideration

6.1. There are two formal programmes being included for initial consideration within the Portfolio:

### Digital

- **Strategic Aim:** To capitalise on the economic opportunities that can be unlocked by investing in digital infrastructure and skills, in order to address deficits in digital connectivity, drive the uptake of new technologies amongst the regions businesses and to improve the services that already exist.
- **Types of Intervention:** A diverse range of fixed and wireless infrastructure deployments, complimented with innovative platforms, business support and policy reforms that directly provide or facilitate greater investment, stimulate demand, and accelerate digital build and exploitation across the Mid Wales region.

### Land and Property

- **Strategic Aims:** Fostering the environment for a strong, resilient and diverse Mid Wales economy that enables enterprises to start, grow and prosper with the right support and infrastructure.
- **Types of Intervention:** Enabling business growth through targeted investment/initiative development for sites and premises.

6.2. Both areas have evolved into early programme proposals following work ongoing in the region that have been identified as strategic priorities, and further to detailed work being undertaken on behalf of GMW board by officers and regional stakeholders.

6.3. Whilst the Board has not formally received the programme proposals to date – the programme-level scoping work has been underway prior to the development of the Portfolio – and were initiated early in the development work. The GMW Board will be able to consider the Programme Briefs and

further detailed information at a future meeting to determine the scope and objectives of both Programmes, to consider and mandate their further development.

## **7. MWGD – Projects Under Consideration**

- 7.1. No detail for project proposals are provided at this stage of the process in support of the Portfolio. Early outline proposals have been considered and fed into the process led by Joe Flanagan (advisor on behalf of Government on Business Cases) with support from the PoMO, Hatch Ltd and officers from Powys and Ceredigion Councils. This forms the technical assessment as part of the workshop structure that is required as part of the Better Business Case guidance.
- 7.2. The detail of the assessment process, the projects considered – and the outcome is set out in the Economic Case of the Portfolio Business Case (section 2.2 of the Economic Case).
- 7.3. The relationship between Strategy, Portfolio, Programmes and Projects has been set out consistently to the Board and its governance. The following image has been adapted from Government guidance<sup>8</sup>:

---

<sup>8</sup> [Guide to developing the programme business case | GOV.WALES](#)



7.4. A portfolio is a collection. The strategic portfolio is the collection of programmes, projects and other activities that the organisation requires to deliver its mission, vision, goals and strategic objectives over the short, medium and long terms.

7.5. The programmes within these strategic portfolios, in turn, initiate, align and monitor the projects and activities required to deliver the necessary outputs.

7.6. Projects can exist within a Programme, or directly within the Portfolio.

7.7. Programmes are only developed for a larger series of planned measures, related events and co-ordinated activities in pursuit of an organisation's long-term goals. A series of loose thematically-related projects – does not constitute a programme.

7.8. A continual process of alignment is required to ensure that the programmes and projects within the strategic portfolio remains linked to strategic objectives, because even as strategies are delivering changes and improvements to

business operations, they may need to respond to internal and external changes and to accommodate new initiatives and policies.

7.9. This underlines the Portfolio approach – and why the Growth Deal is implemented via this approach. The GMW Board will have challenging choices to make about the combination and delivery of their enabling programmes and projects, which must be properly scoped and planned, and cost justified from the outset.

7.10. That is why Programmes and Projects at this stage are therefore early proposals – assessed against the Critical Success Factors and Aims/Objectives of the Portfolio as part of the Discovery phase.<sup>9</sup> It provides a framework for the PoMO and the GMW Board for “structured thinking” and assurance that the programmes and projects within the strategic portfolio:

- Provide strategic fit and are supported by a compelling case for change.
- Will maximise public value to society through the selection of the optimal combination of programme and projects and related activities.
- Is commercially viable and attractive to the supply side.
- Is affordable and is fundable over time.
- Can be delivered successfully by the organisation and its partners.

7.11. The Growth Deal Portfolio, and its constituent Programmes and Projects will be delivered over a lifespan of 10-15 years. The Portfolio Business Case is therefore a tool for making structured progress on the basis of regular review and decision-making.

---

<sup>9</sup> Defined in the Strategic Portfolio Business Case, agreed by the GMW Board at their meeting on 11th March 2021 – advice from the ESG at their meeting on the 3<sup>rd</sup> March 2021.

**8. MWGD – Portfolio Shortlist (Programmes and Projects currently being considered)**

8.1. With Section 7 in mind, the current shortlist for the Portfolio consists of the following Programme and Project options:

Strategic Growth Priority	Project / Programme	Summary	Business Case Maturity Index
<b>Applied Research &amp; Innovation</b>	Innovation Park	Lead by Aberystwyth University, the Innovation Park will enable industry and academia to build on the work of AberInnovation, with the aim of identifying, developing and demonstrating the enabling processes and technologies necessary to secure, broaden and maximise the value gained for the region. The £30 million project is seeking to deliver circa 10,000m <sup>2</sup> of fully serviced office space, shared facilities and R&D space.	SOC
	National Spectrum Centre	Lead by Aberystwyth University, the National Spectrum Centre seeks to establish a key asset operated through a hub and spoke model that will benefit from the region's varied environments (coastal, uplands, rural etc) and bring high quality jobs and increased growth to the region. The SOC seeks approval to invest an estimated £17 million in Phase 2 of the National Spectrum Centre development.	SOC
	Mid Wales Advanced Manufacturing Campus	Identified through a recent SQW Applied Research and Innovation Report, this project was a recommended intervention to deliver an Innovation/Advanced Manufacturing Campus for Mid Wales, with the aim of improving the supply of skills into industry and provide a hub for collaboration/R&I activity. A project lead is yet to be identified. Total capital costs are unknown.	Concept
<b>Agriculture, Food &amp; Drink</b>	Food Manufacturing Innovation Centre	Lead by Food Centre Wales (part of Ceredigion County Council), the Food Manufacturing Innovation Centre is a £4.4 million project to deliver a state of the art food manufacturing innovation centre at Horeb, Llandysul, Ceredigion. The project would provide a facility to enable companies to take the next steps from small scale, research-based product testing and analysis to scaling-up of the production to enable full market and commercial viability testing.	SOC
	Canolfan Tir Glas / University of Gastronomy	Trinity St David's University is seeking to establish a Centre for Rural Enterprise (Canolfan Tir Glas), an entity that will promote the local food industry, sustainability, resilience and rural entrepreneurship. The Centre will aim to play its part in strengthening the economic infrastructure of the wider agri-food economy in Mid Wales from the centre and its outreach	SOC

Strategic Growth Priority	Project Programme /	Summary	Business Case Maturity Index
		work, particularly by focusing on skills and career development in the hospitality sector and other rural diversification sectors. Total capital costs are estimated to be £8 million.	
<b>Strengthened Tourism Offer</b>	Cynefin – The Green Heart of Wales	Lead by the Centre for Alternative Technology, seeks to create a powerful and immersive learning experience, bringing huge practical benefits to the delivery of Skills for the future in renewable energy, sustainable construction and retrofit, food, land use and sustainable tourism. The tourism element of the project comprises of: An Arrival and Welcome Hub, Green Street, Elemental and Site Accommodation. Total capital costs are estimated to be £24.2 million.	SOC
	Dwr Cymru Elan Valley	Lead by Dwr Cymru, the Elan Valley Lakes Project seeks to achieve economic growth and sustainability through adding appropriate high experience level adventure, sport and nature activities and improve provision of overnight accommodation. It is hoped this will increase visitor spend and enhance income streams. Total capital costs are estimated to be £12.7 million.	SOC
	Montgomery Canal Wales - Restoration to Navigation	Lead by the Canal and River Trust / Glandwr Cymru, the restoration of the Montgomery Canal in Wales seeks to facilitate linkage to the wider 2000-mile Canal network, and boater access through Powys to beyond Welshpool. So enhancing opportunities for a range of non-boater visitor activities, all with associated spend and opportunities for tourism and leisure businesses. Total capital costs are estimated to be £24.4 million.	SOC
	Ceredigion Harbours	Lead Ceredigion County Council, Ceredigion Harbours is an outline proposal for two major marina/harbour developments (Aberystwyth and Aberaeron). In both instances, the assets are to remain publicly-owned and will combine currently planned investment in sea defences/costal flooding, adding further economic value through the reconfiguration and development of the assets to generate new economic opportunities in retail, leisure and tourism. In Aberystwyth, the proposals also incorporate strengthened faculties to support the fisheries sector. Total capital costs are estimated to be between £20 and £30 million.	Concept
<b>Digital</b>	Strategic Employment Site Connectivity.	Lead jointly by Ceredigion County Council and Powys County Council, this project seeks to accelerate the provision of connectivity services to strategic employment sites within the Mid Wales region, and in doing so provide better	Programme Business Case

Strategic Growth Priority	Project Programme /	Summary	Business Case Maturity Index
		services to businesses to facilitate greater economic growth. Total capital costs are estimated to be £3.6 million.	
Supporting Enterprise	Mid Wales Sites and Premises.	Lead jointly by Ceredigion County Council and Powys County Council, this intervention will deliver a strategic programme of prioritised, direct public sector investment in employment sites and premises and related infrastructure across Mid Wales to help meet current need and stimulate future economic growth in the region. This would be delivered through a Mid Wales Property Infrastructure Investment Fund. The proposal would be complemented by the development of broader financial incentives to help stimulate private sector investment in employment sites and premises, and targeted investments in strategic employment sites.	Programme Business Case

8.2. When it comes to the shortlist – and what it means in practice, it is important to be clear on a number of key principles:

- The shortlisted options constitute the best available options at this point in time. The Portfolio Business Case sets out that we have a number of options on the long-list for the Portfolio – not all options are ready/have not come forward yet. Skills is one key example where there are no projects at present – however, is very likely that following the work of the Regional Skills Partnership, capital proposals may begin to appear.
- The shortlist is never set in stone. The next steps are for the Board to consider the early detail of the Programmes proposed, and then the Projects in turn against the strategic aims and objectives of the Growth Deal – as defined in the Portfolio Business Case.
- Today’s decision therefore does not bind the GMW Board to the shortlist permanently. The current shortlist has been drawn together to illustrate the current strongest options for delivering the Deal – which now need further detailed development.
- Funding is not agreed or guaranteed to any of the projects at this point. Funding is being secured for the Portfolio as a whole. Decision on funding for programmes/projects will only come after the GMW Board has considered their business cases, and subsequently submitted to Government for approval.
- Once the GMW Board has approved the Programme/Project Business Cases, it is solely the responsibility and risk of the proposing organisations to develop the detail of their schemes to follow through with their initial proposals. The role of the PoMO is clearly set out in the documentation –

as co-ordinating and managing the Deal only. It is the responsibility of the lead/sponsor organisation to resource the project development/delivery.

- Proposals that were considered recently, but did not make the shortlist have been put on the longlist. This means that they are still in contention for a future opportunity through future reviews. The onus is on those proposing organisations to take account of the detailed technical feedback and consider further developing their proposals as a potential pipeline proposal that could be considered in future.

## **9. Conclusions and Next Steps**

9.1. In conclusion, the work of regional officers and the newly established PoMO, supported by Hatch, Joe Flanagan and officials from both Governments has resulted in a robust framework upon which the Mid Wales Growth Deal can start shifting its focus from development to delivery.

9.2. Whilst there remains significant detail to be developed on the Programmes and Projects – the Portfolio Business Case sets the delivery framework, with subsequent Government assurance and reviews providing clear instruction and guidance to the PoMO and GMW Board on the key issues to resolve to make progress.

9.3. The following timeline is the current work programme of the PoMO and regional officers to achieve FDA:

- **21<sup>st</sup> September:** GMW Board Approval of Portfolio Business Case (v1) for submission to Government.
- **1<sup>st</sup> October:** Submission of documentation formally for UK/Welsh Governments
- **4<sup>th</sup> October – 11<sup>th</sup> November:** Accounting Officer Review
- **11<sup>th</sup> November – 23 November:** AOR recommendation review & sign-off (UK/WG)
- **November-December:** Final Deal Agreement drafting
- **December:** signing event (tbc)
- **10<sup>th</sup> December:** GMW Board to consider AOR findings, and FDA document.

## **10. Legal Implications**

10.1. This report explains the process and required documentation that is required to support the Final Deal Agreement, namely the Portfolio Business Case.

10.2. The Management Case of the Portfolio Business Case sets out and refers to the existing governance arrangements in place, through established legal agreements (IAA1 and IAA2).

10.3. However, the Portfolio Business Case also refers to new governance arrangements – that will be captured and agreed in the upcoming legal agreement (IAA3).



- 10.4. The legal basis for approval of the Portfolio Business Case to be submitted for consideration by both Governments is provided in the current Inter-Authority Agreement (IAA2). IAA2 provides for the GMW Board to make a recommendation for approval by the Cabinets of both Authorities
- 10.5. Future reports will be brought to the GMW Board to consider the following documentation:
- Inter-Authority Agreement 3 (IAA3) will be brought to a special meeting of GMW Board in Oct/Nov to consider, and if, appropriate to recommend approval to the Cabinets of each Authority.
  - Final Deal Agreement will be brought to a meeting in December to consider, and if, appropriate to recommend approval to the Cabinets of each Authority.

### **11. Human Resources Implications**

- 11.1. There are no HR implications arising from this report. The staffing structure of the Portfolio Management Office (PoMO) has been previously agreed and established.

### **12. Financial Implications**

- 12.1. The Portfolio Business Case sets out the headline figures for capital expenditure that both Local Authorities are seeking from both the UK and Welsh Government via the Mid Wales Growth Deal, amounting to a total capital grant of £110m.
- 12.2. The expenditure profile and full financial detail of the constituent programmes and projects within the Portfolio is currently unknown.
- 12.3. The Portfolio Business Case therefore has made a range of assumptions and estimates at this stage – that will require significant further work from finance to better profile planned expenditure vs the grant profile, which is expected to be flat over 10-15 years.
- 12.4. Officials from the UK Government has confirmed that its contribution to the Deal will be £55m over a period of 10 years – further to the announcement at the 2020 Spending Review<sup>10</sup>. The Welsh Government has not confirmed/communicated its intentions – therefore we are considering two scenarios of capital grant. One for £55m over 10 years to match the UKG contribution, the other being £55m over the original 15 year period.
- 12.5. Revenue – resourcing for the PoMO is in place until July 2023 through ESF funding. These are provided via separate grant agreements and an SLA between the relevant parties. The revenue budget for the Board and annual partner contributions have not yet been set – but will be considered separately.

### **13. Appendices**

- 13.1. The following appendices are relevant to this report:

---

<sup>10</sup> [Spending Review 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/90122/spending-review-2020.pdf)

- Appendix 1: Portfolio Business Case (v1)
- Appendix 2: Programme Outline Summary - Digital (v 1 draft)
- Appendix 3: Programme Outline Summary – Land and Property (v1 draft)
- Appendix 4: Applied R&I Study (v1 final)