

# Bwrdd Tyfu Canolbarth Cymru / Growing Mid Wales Board

Man Cyfarfod  
**By Zoom**

Dyddiad y Cyfarfod  
**Dydd Gwener, 11 Mawrth 2022**

Amser y Cyfarfod  
**3.30 pm**

I gael rhagor o wybodaeth cysylltwch â  
**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

1. **CROESO AC YMDDIHEURIADAU / WELCOME AND APOLOGIES**

2. **DATGANIADAU O FUDDIANNAU PERSONOL / DECLARATIONS OF PERSONAL INTEREST**

3. **COFNODION DRAFFT Y CYFARFOD DIWETHAF 15/12/21 / DRAFT MINUTES OF THE LAST MEETING 15/12/21**

(Tudalennau 1 - 12)

4. **PORTFFOLIO BTCC / MWGD PORTFOLIO**

4.1. **Adroddiad Cynnydd Chwarterol / Quarter Progress Report**

(Tudalennau 13 - 24)

4.2. **Atodiad 1: Achos Busnes Portffolio Strategol v1.5 / Appendix 1:**

## **Strategic Portfolio Business Case v1.5**

(Tudalennau 25 - 148)

4.3. **Atodiad 2: Trosolwg Sicrwydd a Chymeradwyaeth / Appendix 2: Assurance & Approvals Overview**

(Tudalennau 149 - 150)

4.4. **Atodiad 3: Map Ffordd Portffolio / Appendix 3: Portfolio Roadmap**

(Tudalennau 151 - 154)

4.5. **Atodiad 4: Crynodeb Portffolio / Appendix 4: Portfolio Summary**

(Tudalennau 155 - 156)

4.6. **Atodiad 5: Cofrestr Risg a Materion / Appendix 5: Risk & Issue Register**

(Tudalennau 157 - 162)

<b>5.</b>	<b>RHAGLEN DDIGIDOL BTCC / MWGD DIGITAL PROGRAMME</b>
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5.1. **Adroddiad Rhaglen Ddigidol / Digital Programme Report**

(Tudalennau 163 - 186)

5.2. **Atodiad 1: Achos Busnes Drafft y Rhaglen / Appendix 1: Draft Programme Business Case**

(Tudalennau 187 - 286)

5.3. **Atodiad 2: Cylch Gorchwyl Drafft / Appendix 2: Draft Terms of Reference**

(Tudalennau 287 - 294)

5.4. **Atodiad 3: Cynllun Gweithredu Drafft / Appendix 3: Draft Implementation Plan**

(Tudalennau 295 - 330)

- 5.5. **Atodiad 4: Rhaglen - Map Prosiectau / Appendix 4: Programme - Project Map**  
(Tudalennau 331 - 332)

<b>6.</b>	<b>LLYWODRAETHU / GOVERNANCE</b>
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Adroddiad y Pwyllgor Craffu - Ar lafar / Scrutiny Committee Report - Verbal

<b>7.</b>	<b>PARTNERIAETH SGILIAU RHANBARTHOL / MW REGIONAL SKILLS PARTNERSHIP</b>
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Adroddiad Diweddarau / Progress Update  
(Tudalennau 333 - 342)

<b>8.</b>	<b>UNRHYW FATER ARALL / ANY OTHER BUSINESS</b>
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<b>9.</b>	<b>DYDDIADAU CYFARFODYDD Y DYFODOL / DATES OF FUTURE MEETINGS</b>
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21 Mehefin 2022 – Rhithwir  
26 Medi 2022 – Rhithwir  
12 Rhagfyr 2022 – Rhithwir

21 June 2022 – Virtual  
26 September 2022 – Virtual  
12 December 2022 – Virtual

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



**COFNODION CYFARFOD BWRDD TYFU CANOLBARTH CYMRU / GROWING MID WALES BOARD A GYNHALIWYD DROS ZOOM DDYDD MERCHER, 15 RHAGFYR 2021**

**YN BRESENNOL**

**Aelodau Cabinet Cyngor Sir Ceredigion:**

Y Cyngorydd Ellen ap Gwynn, Arweinydd Cyngor Sir Ceredigion a'r Aelod Cabinet ar gyfer Polisi, Perfformiad, Partneriaethau a Gwasanaethau Democrataidd **(EAG) (Cadeirydd)**

Y Cyngorydd Dafydd Edwards: Aelod Cabinet ar gyfer Priffyrdd a Gwasanaethau Amgylcheddol, ynghyd â Thai **(DE)**

Y Cyngorydd Catrin Miles: Aelod Cabinet ar gyfer Gwasanaethau Dysgu a Dysgu Gydol Oes **(CM)**

Y Cyngorydd Rhodri Evans: Aelod Cabinet ar gyfer yr Economi ac Adfywio **(RE)**

Y Cyngorydd Gareth Lloyd, Aelod Cabinet ar gyfer Gwasanaethau Cyllid a Chaffael a Gwasanaethau Diogelu'r Cyhoedd **(GL)**

**Aelodau Cabinet Cyngor Sir Powys:**

Y Cyngorydd Rosemarie Harris, Arweinydd Cyngor Sir Powys **(RH)**

Y Cyngorydd Myfanwy Alexander, Deiliad Portffolio Gofal Cymdeithasol i Oedolion a'r Gymraeg **(MA)**

Y Cyngorydd Aled Davies, Deiliad Portffolio Cyllid a Thrafnidiaeth **(AD)**

Y Cyngorydd Phyl Davies, Deiliad Portffolio Addysg ac Eiddo **(PD)**

**Swyddogion:**

Eifion Evans, Prif Weithredwr, Cyngor Sir Ceredigion **(EE)**

Carwyn Jones-Evans, Rheolwr Strategol Bargaen Twf Canolbarth Cymru **(CJE)**

Aggie Caesar-Homden, Rheolwr Partneriaeth Sgiliau Rhanbarthol **(ACH)**

Justin Davies, Rheolwr Corfforaethol Cyllid Craidd, Cyngor Sir Ceredigion **(JD)**

Lowri Edwards, Swyddog Arweiniol Corfforaethol: Gwasanaethau Democrataidd **(LE)**

Paul Griffiths, Swyddog Cyngori **(PG)**

Russell Hughes-Pickering, Swyddog Arweiniol Corfforaethol: Yr Economi ac Adfywio, Cyngor Sir Ceredigion **(RHP)**

Elin Prysor, Cyngor Sir Ceredigion **(EP)**

Ffion Lloyd, Cyngor Sir Ceredigion **(FL)**

Diane Reynolds, Pennaeth yr Economi a Gwasanaethau Digidol, Cyngor Sir Powys **(DR)**

**Swyddfa Rheoli Portffolio Tyfu Canolbarth Cymru**

Cathy Martin, Rheolwr Gweithrediadau **(CM)**

<b>1.</b>	<b>CROESO AC YMDDIHEURIADAU</b>
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Cafwyd ymddiheuriadau gan y Cyngorydd Heulwen Hulme, Dr Caroline Turner, Prif Weithredwr, Cyngor Sir Powys a Nigel Brinn, Cyfarwyddwr Gweithredol dros yr Economi a'r Amgylchedd, Cyngor Sir Powys.

Croesawodd y Cadeirydd y Cyngorydd Myfanwy Alexander a oedd yn mynychu yn lle'r Cyngorydd Iain McIntosh a oedd wedi ymddiswyddo o Gabinet Cyngor Sir Powys.

## **2. DATGANIADAU O FUDDIANT PERSONOL**

Ni chafwyd unrhyw ddatganiadau o fuddiannau personol/rhagfarnus.

## **3. COFNODION DRAFFT Y CYFARFOD DIWETHAF 11/11/21**

Cytunwyd bod cofnodion y cyfarfod diwethaf a gynhaliwyd ar 11 Tachwedd 2021 yn gofnod cywir.

Byddai diweddariad ar ffosffadau yn cael ei ychwanegu at agenda cyfarfod a gynhelir yn y dyfodol.

## **4. BARGEN TWF CANOLBARTH CYMRU: DIWEDDARIAD CYNNYDD**

Dywedwyd wrth y Bwrdd ei bod yn annhebygol y byddai Cytundeb Terfynol y Fargen Twf yn cael ei lofnodi cyn y Nadolig, am nad oedd Gweinidogion ar gael. Byddai'r swyddogion yn parhau i bwysu am gael llofnodi'r cytundeb yn ffurfiol, ond mae'n bosibl y byddai'n rhaid aros tan bythefnos cyntaf mis Ionawr cyn y byddai Gweinidogion ar gael a chyn y byddai Cytundeb Terfynol y Fargen Twf yn cael ei lofnodi. Roedd y ddau Arweinydd wedi ysgrifennu at Ysgrifennydd Gwladol Cymru i fynegi eu siom.

Dywedodd CJE fod y prosesau technegol yn mynd rhagddynt yn foddhaol a bod y dogfennau wedi'u paratoi i'r safon ofynnol. Roedd y Trysorlys wedi gofyn am nifer fach o newidiadau. Cynhaliwyd cyfarfod o'r cyd-fwrdd rhwng Llywodraeth y DU a Llywodraeth Cymru ar 14 Rhagfyr er mwyn adolygu Cytundeb Terfynol y Fargen Twf, ac er na chafwyd unrhyw adborth ffurfiol, deallwyd bod y cyfarfod wedi mynd yn dda ac nad oedd unrhyw rwystrau o ran cytuno ar y Cytundeb Terfynol.

Dywedodd CM fod yr adolygiad sicrwydd nesaf wedi'i gynllunio ar gyfer mis Mawrth 2022. Byddai Swyddfa Rheoli'r Portffolio yn adolygu prosesau a strwythurau.

Dywedodd CM fod Adolygiad y Swyddog Cyfrifyddu o Achos Busnes y Portffolio a dogfennau ategol wedi'i gwblhau a bod adroddiad terfynol wedi'i gyflwyno i'r Uwch-swyddogion Cyfrifol. At ei gilydd, roedd yr adroddiad yn gadarnhaol iawn. Dim ond 10 o argymhellion a wnaed, a'u bwriad oedd cryfhau Achos Busnes y Portffolio, cynorthwyo i liniaru risgiau, a gwella'r tebygolrwydd o gyflawni'n llwyddiannus. Roedd yr Uwch-swyddogion Cyfrifol wedi llunio cynllun gweithredu ac wedi cytuno arno, er mwyn rhoi'r argymhellion ar waith. Roedd hwnnw wedi'i rannu â Llywodraeth y DU a Llywodraeth Cymru ac roedd Swyddfa Rheoli'r Portffolio yn disgwyl am adborth ynghylch pa newidiadau yr oedd angen eu cynnwys cyn arwyddo'r Cytundeb Terfynol, a pha rai y gellid eu gwneud wedi hynny.

Roedd Swyddfa Rheoli'r Portffolio yn mapio'r camau gweithredu a'r camau allweddol er mwyn symud o Gytundeb Terfynol y Fargen Twf i gyflawni'r Fargen. Roedd cynllun gweithredu'n cael ei ddatblygu ar gyfer y Rhaglen Ddigidol, a

fyddai'n egluro'r camau ar gyfer sefydlu bwrdd rhaglen a chyflwyno achos busnes y rhaglen i Fwrdd Tyfu Canolbarth Cymru yn y flwyddyn newydd.

Roedd y grŵp llywio wedi gwneud gwaith yn ddiweddar ar sefydlu a phrofi methodoleg asesu a blaenoriaethu ar gyfer tua 80 o brosiectau sydd ar y rhestr hir.

Rhaglen Safleoedd ac Eiddo: Drwy'r gwaith cychwynnol, mae deuddeg o safleoedd strategol posibl wedi'u nodi ar gyfer y Canolbarth. Roedd cynllun yn cael ei lunio i adolygu'r safleoedd allweddol hyn – y gallu i gyflawni, cyfyngiadau a thrafodaethau manylach â pherchnogion tir er mwyn penderfynu ar y blaenoriaethau cychwynnol o safbwynt ymyrraeth y Fargen Twf.

#### Datblygu prosiectau

Roedd y rhan fwyaf o brosiectau wedi cyflwyno ffurflen diweddariad ynghylch cynnydd, ac roedd y rhain yn cael eu hadolygu. Y cam nesaf fyddai i brosiectau gyflwyno Achos Amlinellol Strategol wedi'i ddiwygio er mwyn ei adolygu'n ffurfiol.

Roedd y broses ar gyfer cymeradwyo a rhoi sicrwydd yn cael ei mapio a byddai'n cael ei thrafod gan Grŵp Rheoli Tyfu Canolbarth Cymru yn y lle cyntaf, cyn i Fwrdd Tyfu Canolbarth Cymru gymeradwyo'r dull gweithredu.

## **5. LLYWODRAETHU**

Bu'r Bwrdd yn ystyried trydydd iteriad y Cytundeb Rhwng Awdurdodau a oedd yn egluro'r egwyddor ar gyfer llywodraethu a rheoli Bargaen Twf Canolbarth Cymru. Y bwriad oedd i'r trydydd cytundeb hwnnw ddod i rym unwaith y byddai Cytundeb Terfynol y Fargen Twf wedi'i lofnodi gan y ddau Gyngor, a byddai'n parhau mewn grym drwy gydol cyfnod y Fargen Twf.

Byddai Bwrdd Tyfu Canolbarth Cymru yn parhau'n gyd-bwyllgor gweithredol gyda'r aelodaeth yn cynnwys 10 cynrychiolydd sy'n aelodau etholedig (5 o bob Cyngor). Byddai holl banelau cyngori Bwrdd Tyfu Canolbarth Cymru yn cael eu hailsefydlu mewn rôl ymgynghorol i ddarparu cyngor i'r Bwrdd.

Roedd y Grŵp Strategaeth Economaidd blaenorol wedi'i ailgorffori yn Grŵp Cyngori Economaidd gyda chylch gorchwyl newydd. Nid oedd gan y Cadeirydd hawl mwyach i bleidleisio ar faterion y Bwrdd.

Roedd cylch gorchwyl y Cyd-bwyllgor Trosolwg a Chraffu a'r Bartneriaeth Sgiliau Rhanbarthol yn parhau heb ei newid i raddau helaeth ers yr ail Gytundeb Rhwng Awdurdodau.

Roedd cylch gorchwyl Grŵp Rheoli Tyfu Canolbarth Cymru, a sefydlwyd dan y Cytundeb cyntaf Rhwng Awdurdodau i gydlynu cyngor proffesiynol a gwaith rheoli gan swyddogion i Fwrdd Tyfu Canolbarth Cymru, wedi esblygu er mwyn cynorthwyo gyda'r gwaith o gyflawni'r Fargen. Roedd ei aelodau'n cynnwys uwch-swyddogion o'r ddau Gyngor, gyda sylwedyddion o Lywodraeth y DU a Llywodraeth Cymru.

Mae rôl a swyddogaeth Swyddfa Rheoli'r Portffolio yng nghyd-destun Bargaen Twf Canolbarth Cymru bellach wedi'u diffinio yn y trydydd Cytundeb Rhwng Awdurdodau. Mae'r swyddfa yn darparu cymorth a chyngor proffesiynol i Fwrdd Tyfu Canolbarth Cymru ynghylch cyflawni Portffolio Bargaen Twf Canolbarth Cymru.

Mae'r swyddogaethau gweinyddol wedi'u rhannu fel a ganlyn:

Swyddogaeth weinyddol	Cyfrifoldeb
Adnoddau Dynol	Ceredigion
Clerc i Fwrdd Tyfu Canolbarth Cymru	Bydd y ddau Gyngor yn penodi unigolyn i fod yn Clerc, a fydd yn gyfrifol am gynorthwyo am yn ail gyda holl ofynion gweinyddol Bwrdd Tyfu Canolbarth Cymru yn unol â Chymal <b>Error! Reference source not found.</b> (Bwrdd Tyfu Canolbarth Cymru)
Gwasanaethau Cyfreithiol	Powys
Swyddog Monitro	Powys
Trysorydd a Swyddog Adran 151	Ceredigion fel y Corff Atebol
Cyfathrebu	Ceredigion, gyda chymorth Swyddfa Rheoli'r Portffolio
Caffael	Powys
Cyfieithu	Y Cyngor sy'n cynnal y cyfarfod o Fwrdd Tyfu Canolbarth Cymru
TG	Ceredigion
Archwilio Mewnol	Powys
Gwasanaethau Democrataidd	Powys
Ysgrifenyddiaeth i'r Grŵp Cyngori Economaidd	Powys, gyda chymorth Swyddfa Rheoli'r Portffolio

Roedd y Cynllun Dirprwyo yn Atodlen 1 y trydydd Cytundeb Rhwng Awdurdodau hefyd yn egluro pa faterion oedd yn gyfrifoldeb i'r Grŵp Rheoli, pa faterion oedd yn gyfrifoldeb i'r Bwrdd a pha faterion oedd wedi'u cadw'n ôl ar gyfer y Cynghorau.

**PENDERFYNWYD**

1. **Nodi cwmpas y trydydd Cytundeb Rhwng Awdurdodau a materion allweddol a oedd yn gysylltiedig ag ef, a fydd yn berthnasol i gyfnod cyflawni Bargaen Twf Canolbarth Cymru.**
2. **Argymhell i Gabinet y ddau Awdurdod bod y trydydd Cytundeb Rhwng Awdurdodau yn cael ei gytno, fel y mae yn Atodiad 1 yr Adroddiad.**

<b>6. CYLLID</b>
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6.1. Cymeradwyo datganiad blynyddol ar gyfer 2020/21

Dywedodd Justin Davies, Rheolwr Corfforaethol Cyllid Craidd, Cyngor Sir Ceredigion, fod Swyddog Ariannol Cyfrifol Bwrdd Tyfu Canolbarth Cymru wedi ardystio bod y cyfrifon yn rhoi darlun cywir a theg o sefyllfa ariannol y corff ar ddiwedd y flwyddyn y mae'r datganiad yn berthnasol iddi, ac yn rhoi darlun cywir a theg o incwm a gwariant y corff ar gyfer y flwyddyn honno.

Dywedodd hefyd fod Archwilio Cymru wedi archwilio'r Datganiad Blynyddol a bod ei adroddiad i'w weld yn Atodiad 1 yr adroddiad. Mae ei dystysgrif archwilio a'i farn archwilio yn datgan mai bwriad y Swyddfa Archwilio yw rhoi tystysgrif ac adroddiad diamod ar gyfer y flwyddyn a ddaeth i ben ar 31 Mawrth 2021 ac nad oes unrhyw faterion y mae'r Swyddfa Archwilio yn dymuno tynnu sylw atynt yng nghyswllt y farn.

**PENDERFYNWYD bod y Bwrdd yn cymeradwyo'r Datganiad Blynyddol ar gyfer y flwyddyn a ddaeth i ben ar 31 Mawrth 2021.**

6.2. Cadarnhau'r gyllideb refeniw ar gyfer 2021/22 ac egluro egwyddorion y gyllideb sylfaenol ar gyfer oes Bargaen Twf Canolbarth Cymru

**PENDERFYNWYD bod y Bwrdd yn cymeradwyo'r Gyllideb Flynyddol ar gyfer 2021/2022, sef £216,038, i'w hariannu'n gyfartal gan Gyngor Sir Ceredigion a Chyngor Sir Powys.**

<b>7. UNRHYW FATER ARALL</b>
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Diolchodd y Cadeirydd i'r swyddogion am eu hadroddiadau.

<b>8. DYDDIADAU CYFARFODYDD NESAF</b>
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11 Mawrth 2022 – Rhithiol  
21 Mehefin 2022 – Rhithiol  
26 Medi 2022 – Rhithiol  
12 Rhagfyr 2022 – Rhithiol

**Y Cyngorydd Sir Ellen ap Gwynn  
Cadeirydd**

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

**MINUTES OF A MEETING OF THE BWRDD TYFU CANOLBARTH CYMRU /  
GROWING MID WALES BOARD HELD BY ZOOM ON WEDNESDAY, 15  
DECEMBER 2021**

**PRESENT**

**Ceredigion County Council Cabinet Members:**

Councillor Ellen ap Gwynn, Leader of Ceredigion County and Cabinet Member for Policy Performance, Partnerships and Democratic Services **(EAG) (Chair)**

Councillor Dafydd Edwards: Cabinet Member for Highways and Environmental Services together with Housing **(DE)**

Councillor Catrin Miles: Cabinet Member for Learning Services and Lifelong Learning **(CM)**

Councillor Rhodri Evans: Cabinet Member for Economy and Regeneration **(RE)**

Councillor Gareth Lloyd, Cabinet Member for Finance and Procurement Services and Public Protection Services **(GL)**

**Powys County Council Cabinet Members:**

Councillor Rosemarie Harris, Leader of Powys County Council **(RH)**

Councillor Myfanwy Alexander, Portfolio Holder for Adult Social Care and Welsh Language **(MA)**

Councillor Aled Davies, Portfolio Holder for Finance and Transportation **(AD)**

Councillor Phyl Davies, Portfolio Holder for Education and Property **(PD)**

**Officers:**

Eifion Evans, Chief Executive, Ceredigion County Council **(EE)**

Carwyn Jones-Evans, Strategic Manager Mid Wales Growth Deal **(CJE)**

Aggie Caesar-Homden, RSP Manager **(ACH)**

Justin Davies, Corporate Manager Core Finance, Ceredigion County Council **(JD)**

Lowri Edwards, Corporate Lead Officer: Democratic Services **(LE)**

Paul Griffiths, Advisor **(PG)**

Russell Hughes-Pickering, Corporate Lead Officer: Economy & Regeneration, Ceredigion County Council **(RHP)**

Elin Prysor, Ceredigion County Council **(EP)**

Ffion Lloyd, Ceredigion County Council **(FL)**

Diane Reynolds Head of Economy and Digital Services, Powys County Council **(DR)**

**GMW Portfolio Management Office (PoMO)**

Cathy Martin, Operations Manager **(CM)**

<b>1. CROESO AC YMDDIHEURIADAU / WELCOME AND APOLOGIES</b>
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Apologies were received for Councillor Heulwen Hulme, Dr. Caroline Turner, Chief Executive, Powys County Council and Nigel Brinn, Executive Director Economy & Environment, Powys County Council.

The Chair welcomed Councillor Myfanwy Alexander who was attending in place of Councillor Iain McIntosh who had resigned from the Powys County Council Cabinet.

<b>2.</b>	<b>DATGANIADAU O FUDDIANT PERSONOL / DECLARATIONS OF PERSONAL INTEREST</b>
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There were no disclosures of personal/prejudicial interests.

<b>3.</b>	<b>COFNODION DRAFFT Y CYFARFOD DIWETHAF / DRAFT MINUTES OF THE LAST MEETING 11/11/21</b>
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The minutes of the last meeting held on 11<sup>th</sup> November 2021 were agreed as a correct record.

An update on phosphates would be added to the agenda of a future meeting.

<b>4.</b>	<b>BARGEN DWF CANOLBARTH CYMRU DIWEDDARIAD CYNNYDD / MID WALES GROWTH DEAL: PROGRESS UPDATE</b>
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The Board was advised that it was unlikely that the Final Deal Agreement would be signed before Christmas because Ministers were unavailable. Officers would continue to press for the formal sign off of the agreement, but it may be the first two weeks of January before Ministers were available and the FDA was signed. The two Leaders had written to the Secretary of State for Wales to express their disappointment.

CJE advised that the technical processes were proceeding satisfactorily and that the documentation had been produced to the standard required. The Treasury had requested a small number of amendments. A joint board between the UK and Welsh Governments had been held on 14<sup>th</sup> December to review the FDA and while there had been no formal feedback, it was understood that the meeting had gone well with no obstacles to it being agreed.

CM advised that the next assurance review was planned for March 2022. The Portfolio Management Office (PoMO) would be reviewing processes and structures.

CM advised that the Accounting Officer Review (AOR) of the Portfolio Business Case (PBC) and supporting documents had been completed and a final report received by the Senior Responsible Officers (SROs). Overall the report was very positive with only 10 recommendations intended to strengthen the PBC, assist with the mitigation of risks and improve the prospect of successful delivery. An Action Plan had been developed and agreed with SROs for the implementation of the recommendations. This had been circulated to UK and Welsh Governments and the PoMO was waiting for feedback regarding which revisions need to be incorporated pre-FDA, and what could be done afterwards.

The PoMO was mapping out the key steps and actions to transition from FDA to Deal delivery. An implementation plan was being developed for the Digital Programme, which would set out the steps for establishing a programme board and bringing forward the programme business case to the GMW Board in the New Year.



Work had been undertaken recently by the steering group to establish and test out an assessment and prioritisation methodology for the 80 or so projects on the long-list.

Sites and Premises Programme: Through the initial work twelve potential strategic sites for Mid Wales had been identified. A plan was being put in place to review these key sites - deliverability, restraints and more detailed discussions with land owners to determine initial priorities in terms of the GD intervention.

### Project Development

The majority of projects had submitted a progress update form and these are in the process of being reviewed. The next stage was for projects to submit revised SOC's for formal review.

The approval and assurance process was currently being mapped out, and would be discussed by GMW Management Group initially, before approval of the approach by GMW Board.

<b>5. LLYWODRAETHIANT / GOVERNANCE</b>
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The Board considered the third iteration of the Inter Authority Agreement that set out the principle of the governance and management of the MWGD. IAA3 was intended to commence once the Final Deal Agreement (FDA) was signed between the two Councils and would remain in force and effect for the period of the Growth Deal.

The Growing Mid Wales Board (GMWB) would remain the executive joint committee with the membership consisting of 10 elected member representatives by the Councils (5 each). All advisory panels of the GMWB were re-established in a consultative capacity, to provide advice to the GMWB.

The previous Economic Strategy Group had been reconstituted as the Economic Advisory Group with new terms of reference. The Chair no longer had voting rights on the GMWB.

The terms of reference of the Joint Overview and Scrutiny Committee and the Regional Skills Partnership remained largely unchanged from IAA2.

The terms of reference Growing Mid Wales Management Group, established under IAA1 to co-ordinate professional officer advice and management to the GMWB, had been evolved to support the delivery of the Deal. Its membership comprised senior officers from both Councils, with observers from both Governments.

The role and function of the Portfolio Management Office in the context of the MWGD had now been defined within IAA3. They provide professional support and advice to the GMWB on the delivery of the MWGD Portfolio.

The administrative functions had been divided as follows:

<b>Administrative function</b>	<b>Responsibility</b>
Human Resources	Ceredigion
Clerk to the GMWB	Both Councils shall appoint an individual to act as Clerk who will be responsible for supporting the administrative requirements of the GMWB on an alternate basis in accordance with Clause <b>Error! Reference source not found.</b> (GMWB)
Legal Services	Powys
Monitoring Officer	Powys
Treasurer and Section 151 Officer	Ceredigion as Accountable Body
Communications	Ceredigion, supported by the PoMO
Procurement	Powys
Translation	The Council holding the GMWB Meeting
IT	Ceredigion
Internal Audit	Powys
Democratic Services	Powys
Secretariat services to the EAG	Powys, supported by the PoMO

The Scheme of Delegation in Schedule 1 of IAA3 also set out those matters which were for the Management Group, for the Board and which were reserved for the Councils.

### **RESOLVED**

- 1. To note the scope and key matters relating to the third Inter-Authority Agreement (IAA3), that will cover the delivery phase of the MWGD.**
- 2. To recommend to the Cabinets of both Authorities that IAA3 is agreed, as set out in Appendix 1 to the report.**

<b>6.</b>	<b>CYLLID / FINANCE</b>
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6.1. Approve annual return for 2020/21

Justin Davies, Corporate Manager Core Finance, Ceredigion County Council advised that the Responsible Financial Officer of Growing Mid Wales Board had certified that the accounts presented a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year.

He further advised that Audit Wales had audited the Annual Return and their report is included in Appendix1 to the report. Their Audit certificate and opinion stated – 'It is our intention to issue an unqualified certificate and report for the year ended 31 March 2021 and there are no matters in respect of the opinion which we wish to draw to your attention.'

**RESOLVED that the Board approves the Annual Return for the year ending 31 March 2021.**

6.2. To confirm the revenue Budget 2021/22 and set out the principles of the base budget for the lifetime of the MWGD

**RESOLVED that the Board approves the Annual Budget for the year 2021/2022 of £216,038 to be funded equally by Ceredigion and Powys County Councils.**

<b>7. UNRHYW FATER ARALL / ANY OTHER BUSINESS</b>
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The Chair thanked officers for their reports.

<b>8. DYDDIADAU CYFARFODYDD NESAF / DATES OF FUTURE MEETINGS</b>
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11 March 2022 – Virtual  
21 June 2022 – Virtual  
26 September 2022 – Virtual  
12 December 2022 – Virtual

**County Councillor Ellen ap Gwynn  
Chair**

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



## ADRODDIAD I FWRDD TYFU CANOLBARTH CYMRU

11<sup>eg</sup> Mawrth 2022

TEITL:	Adroddiad Chwarter Bargaen Twf Canolbarth Cymru
AWDUR:	Cathy Martin, Rheolwr Gweithrediadau – Bargaen Twf Canolbarth Cymru

### 1 Pwrpas yr Adroddiad

Pwrpas yr adroddiad yw cyflwyno'r canlynol:

- Adroddiad Bargaen Twf Chwarter 3 (Hydref-Rhagfyr)
- Achos Busnes Portffolio Strategol wedi'i Ddiweddarau v1.5
- Map Ffordd Portffolio
- Cofrestr Risg a Materion Portffolio

### 2 Penderfyniad(au) a Geisir

- 2.1 Nodi'r cynnydd hyd yma
- 2.2 Nodwi'r blaen-raglen waith
- 2.3 Cymeradwyo Achos Busnes y Portffolio Strategol v1.5 gyda diweddariadau i'r Achosion Strategol a Rheolaeth

### 3 Cefndir ac Ystyriaethau Perthnasol

- 3.1 Bydd yr Aelodau'n ymwybodol o adroddiadau rheolaidd i Fwrdd TCC, y bu sawl cam ar y daith i sicrhau Bargaen Twf Canolbarth Cymru gyda'r ddwy Lywodraeth.
- 3.2 Mae'r papur hwn yn rhoi adroddiad ar y cynnydd tuag at gyflawni ymrwymiad ffurfiol gan Lywodraethau'r DU a Chymru ac mae'n disgrifio'r camau nesaf ar gyfer bwrw ymlaen â'r Cynllun Twf a'i Bortffolio er mwyn ei gyflawni.

#### 4 Cynnydd Bargen Twf

##### Cytundeb Bargen Derfynol (FDA)

- 4.1 Mae'n bleser gennym adrodd bod Cytundeb y Fargen Derfynol ar gyfer Bargen Twf Canolbarth Cymru wedi'i lofnodi'n swyddogol ddydd Iau 13 Ionawr 2022, mewn cyfarfod rhithwir rhwng yr Arweinyddion a'r Gweinidogion. Mynychwyd y digwyddiad, gan y ddwy Arweinydd ynghyd â Vaughan Gething AS (Gweinidog yr Economi, Llywodraeth Cymru) a David TC Davies AS (Is-ysgrifennydd Gwladol Seneddol Cymru, Llywodraeth y DU).
- 4.2 Mae hon yn garreg filltir arwyddocaol ac yn nodi ymrwymiad yr holl bartneriaid i gyflawni Bargen Twf Canolbarth Cymru. Mae copi o Gytundeb y Fargen Derfynol i'w weld ym <http://tyfucanolbarth.cymru/dogfennau>
- 4.3 Dolenni i'r cyfryngau isod:

[Bargen-Twf-canolbarth Cymru-yn cyrraedd-carreg filltir-datblygiad-bwysig](#)

[Clip Cyfryngau Cymdeithasol TCC](#)

[Nodwedd sain-arbennig Newyddion Busnes Cymru](#)

##### Cytundeb Rhyng-Awdurdod

- 4.4 Yn dilyn cyflwyniad yng nghyfarfod Bwrdd TCC ym mis Rhagfyr, cymeradwywyd Fersiwn 3 o'r ddogfen hon gan gabinet y ddau Awdurdod Lleol ym mis Ionawr 2022 ac wedi hynny wedi'u llofnodi gan bob parti.

##### Grŵp Cynghori Economaidd (EAG)

- 4.5 Mae nifer o geisiadau wedi dod i law i ymuno â'r grŵp newydd hwn, sydd wedi cael eu hystyried gan yr Arweinyddion. Bydd gwaith i sefydlu'r grŵp hwn a datblygu rhaglen sefydlu a chynllun gwaith yn mynd rhagddo'n fuan. Mae Paul Griffiths yn arwain ar y gweithgaredd hwn ac yn cefnogi'r SROs ar y broses hon.

##### Adolygiad Sicrwydd

- 4.6 Mae adolygiad sicrwydd gan y Llywodraeth wedi'i drefnu ar gyfer 8-11 Mawrth a chynhaliwyd cyfarfod cynllunio ar 21 Chwefror. Y prif ddiben fydd adolygu'r trefniadau sydd ar waith ar gyfer llywodraethu, rheoli a chyflawni Portffolio'r Cynllun Twf ac wedyn rhoi sicrwydd i'r Llywodraethau a'r Gweinidogion bod trefniadau cyflawni boddhaol ar waith i alluogi cyllid i lifo i'r rhanbarth.
- 4.7 Prif ganlyniad yr adolygiad fydd cynghori'r rhanbarth a'r ddwy Lywodraeth ar yr amserlenni a'r camau gweithredu sydd eu hangen – fel bod llwybr clir i'r llythyr cynnig cyllid cyntaf yn cael ei fapio allan.
- 4.8 Fel rhan o'r broses hon cynhelir cyfweiliadau gyda staff, aelodau a rhanddeiliaid, a bydd adolygiad o'r Cynllun Gweithredu AOR.

##### Recriwtio (Swyddfa Rheoli Portffolio)

- 4.9 Cynhaliwyd cyfweiliadau ar gyfer rôl yr Arweinydd Ynni rhanbarthol a gwnaed

cynnig yn amodol ar wiriadau personél. Yn dilyn trafodaethau ynglŷn â'r Rhaglen Safleoedd ac Adeiladau a'r angen am adnoddau i symud hyn ymlaen, mae'r disgrifiad swydd yn cael ei gwblhau ar gyfer Rheolwr Rhaglen ar gyfer y thema hon gyda golwg ar hysbysebu cyn gynted â phosibl. Mae recriwtio hefyd ar y gweill ar gyfer Swyddog Cyfathrebu (GMW).

#### Diweddariad Ariannol

- 4.10 Cyflwynwyd yr hawliad diweddaraf am gyllid grant Cronfa Gymdeithasol Ewrop (ESF) ar 21 Chwefror 2022 ar gyfer y cyfnod rhwng Tachwedd 21 a Ionawr 22. Gwerth yr hawliad oedd £60,458 gyda chyfanswm hawliad hyd yma yn £131k yn erbyn rhagolwg o £535k. Mae hyn yn gadael tanwariant o £400k sy'n bennaf oherwydd oedi wrth recriwtio i'r Swyddfa Rheoli Portffolio yn erbyn y dyddiadau gwreiddiol a ragwelwyd yn y bid.
- 4.11 Mae'r Swyddfa Rheoli Portffolio yn archwilio opsiynau i ddefnyddio'r tanwariant hwn, i'w adolygu gan y Grŵp Rheoli ym mis Mai.

## 5 Trefniadau Grŵp Rheoli

- 5.1 Mae'r Grŵp Rheoli (Bwrdd Portffolio) wedi'i gyfansoddi o dan y Cytundeb Rhyng-Awdurdod (IAA) ar gyfer Bargaen Twf Canolbarth Cymru ac mae wedi parhau i wasanaethu fel grŵp y prif swyddogion, gan ddarparu cyfeiriad a throsolwg swyddogion ar gyfer datblygu'r Cynllun Twf a'r weithrediaeth. cefnogaeth i Fwrdd TCC.
- 5.2 Mae wedi tyfu ac esblygu i gynnwys ystod ehangach o weithgarwch cydweithio rhanbarthol; ac mae'n gwasanaethu fel fforwm pwysig i drafod amrywiaeth o bynciau (adfywio, RET, trafniadaeth, alinio polisi ehangach y Llywodraeth).
- 5.3 Wrth i Fargaen Twf Canolbarth Cymru esblygu o ddatblygiad strategol i gynllunio cyflawni a gwireddu (wedi i ni gyflawni'r FDA) – mae angen i'r trefniadau llywodraethu a rheoli esblygu hefyd, gan gynnwys rhai'r Grŵp Rheoli.
- 5.4 Gyda chymeradwyaeth IAA3 roedd cyfle i adolygu'r trefniadau ar gyfer y Grŵp Rheoli yn unol â'r Cylch Gorchwyl ynddo, a sicrhau ei fod yn parhau i alinio ag achos Busnes y Portffolio a gwasanaethu anghenion Partneriaeth TCC a'r Fargaen Twf.
- 5.5 Mae'r Cylch Gorchwyl wedi'i ddrafftio i sicrhau bod ffocws cryf yn cael ei neilltuo i gyflawni a gweithredu'r Cynllun Twf – fodd bynnag, mae gan y grŵp gylch gwaith o hyd i oruchwylio materion eraill Bwrdd TCC (Partneriaeth Sgiliau Rhanbarthol), a darparu cyngor a chydlynu ar faterion rhanbarthol ehangach sy'n berthnasol.
- 5.6 Er mwyn cydymffurfio â'r Cylch Gorchwyl newydd, a sicrhau nad ydym yn colli ffocws ar y Cynllun Twf yn erbyn materion rhanbarthol ehangach, cynigiwyd a chytunwyd yng nghyfarfod y Grŵp Rheoli ym mis Rhagfyr i sefydlu strwythur cyfarfod 2 ran i ddechrau yng nghyfarfod cyntaf 2022, 4<sup>ydd</sup> Chwefror :
- Rhan 1: Grŵp Rheoli TCC (Bwrdd Portffolio Bargaen Twf)
  - Rhan 2: Grŵp Rheoli TCC (Cydweithio Rhanbarthol)

- 5.7 Mae'r fformat hwn yn sicrhau bod ffocws digonol yn cael ei roi i reoli datblygiad a chyflwyniad parhaus Portffolio'r Cynllun Twf, a sicrhau cydgysylltu ac aliniad â gweithgarwch rhanbarthol ehangach.

## 6 Achos Busnes Portffolio Strategol v1.5

- 6.1 Mewn ymateb i sylwadau'r AOR, mae'r Achos Busnes Portffolio Strategol wedi'i ddiweddarau'n arbennig i gryfhau'r Achosion Strategol a Rheolaeth – gweler Atodiad 1.
- 6.2 Bydd adolygiad mwy sylweddol yn cael ei gynnal dros y flwyddyn nesaf wrth i'r prosiectau ddatblygu ac wrth i ragor o wybodaeth gael ei darparu i lywio'r broses.

## 7 Cynllun Gwaith i'r Dyfodol

- 7.1 Er bod llawer o'r ffocws hyd yma wedi bod ar sefydlu'r trefniadau a'r dogfennau angenrheidiol, rydym nawr yn edrych ymlaen at gyflawni. Mae'r Swyddfa Rheoli Portffolio (PoMO) bellach yn sicrhau bod prosesau a gweithdrefnau clir ar waith i symud y Portffolio yn ei flaen yn 2022.
- 7.2 Yn unol â chanllawiau'r Llywodraeth, mae sawl cam i'r broses sicrwydd a chymeradwyaeth – gweler Atodiad 2 am drosolwg.
- 7.3 Mae Map Ffordd Portffolio wedi'i ddrafftio sy'n rhoi amserlen ar gyfer datblygu a chyflawni'r Cynllun Twf - Atodiad 3. Mae hon yn ddogfen waith a bydd yn cael ei hadolygu a'i diweddarau yn unol â chynnydd y prosiectau a'r rhaglenni. Byddwch yn nodi bod y Map Ffordd hefyd yn cynnwys materion ehangach megis adnoddau.

## 8 Datblygu Rhaglenni

- 8.1 **Digidol** : Mae Achos Busnes Rhaglen wedi'i ddrafftio ynghyd â chynigion i sefydlu Bwrdd Rhaglen, ac asesiad o'r prosiectau posibl. Cyflwynwyd y papurau i'r Grŵp Rheoli yn ei gyfarfod ar 4<sup>ydd</sup> Chwefror a chytunwyd y dylid symud hyn ymlaen i'r Bwrdd yn awr i wneud penderfyniad. Ymdrinnir â hyn mewn papur a chyflwyniad ar wahân gan y Rheolwr Rhaglen Ddigidol.
- 8.2 **Safleoedd ac Adeiladau** : mae rhaglen amlinellol wedi'i drafftio ac mae sgyrsiau wedi'u cynnal gyda thîm eiddo Llywodraeth Cymru. Mae galw sylweddol am ddatblygu safleoedd ac eiddo, ond mae rhwystrau sylweddol i'w datrys mewn partneriaeth â Llywodraethau a'r sector preifat. Mae gwaith ar y gweill i gyflymu gwaith datblygu ar y rhaglen hon gan gynnwys recriwtio Rheolwr Rhaglen.

## 9 Datblygu Prosiectiau

- 9.1 Mae'r Swyddfa Rheoli Portffolio wedi cynnal arolwg o'r holl brosiectau yn ddiweddar. Yn seiliedig ar y wybodaeth a ddarparwyd, mae noddwyr prosiectau i fod i gyflwyno Achosion Amlinellol Strategol wedi'u diweddarau hyd at fis Mai/Mehefin ar gyfer adolygiad cychwynnol.
- 9.2 Bydd yr amserlen hon yn sail i bryd y gall Bwrdd TCC a'r Grŵp Cynghori Economaidd adolygu cynigion a rhoi sylwadau arnynt. Mae trosolwg o'r



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prosiectau cyfredol o fewn y Portffolio i'w weld yn Atodiad 4.

- 9.3 Rhagwelir y bydd y cyllid yn dechrau ym mlwyddyn ariannol 2023/24, fodd bynnag, bydd y rhanbarth yn trafod yn agos gyda'r ddwy Lywodraeth i benderfynu a all gwariant ddigwydd yn gynt. Yn amlwg, bydd hyn yn dibynnu ar y ffaith bod y prosiectau'n barod ac yn gallu gwario.
- 9.4 Mae'r cyfrifoldeb yn awr ar gynigwyr y prosiect a'u partneriaid yn y sector preifat i gyflymu gweithgarwch datblygu er mwyn dechrau amlinellu eu hachosion buddsoddi.

## 10 Cofrestr Risg a Materion Portffolio

- 10.1 Rhoddwyd Cofrestr Risg ar waith yn wreiddiol yn 2019, yn edrych ar ddatblygiad y Weledigaeth a'r Cynllun Mapio i Dwf a rheoli risgiau strategol sy'n arwain at FDA. Ar ôl i'r FDA gael ei lofnodi, mae'r gofrestr wedi'i hailystyried a'i diweddarau i adlewyrchu'r sefyllfa bresennol a datblygiad a chyflwyniad y Cynllun Twf yn y dyfodol.
- 10.2 Mae'r Gofrestr Risg a Mater Portffolio i'w gweld yn Atodiad 5. Fel y gwelir mae hyn yn cynnwys asesiad cychwynnol heb ei liniaru yn seiliedig ar Debygolrwydd ac Effaith, ac wedyn graddiad gweddilliol yn cynrychioli lefel y risg sy'n weddill ar ôl rhoi cyfrif am fesurau lliniaru.
- 10.3 Bydd y Gofrestr Risg a Mater yn cael ei hadolygu a'i diweddarau bob chwarter ar gyfer cyfarfodydd y Bwrdd, gyda sylwebaeth yn cael ei hychwanegu yn ôl yr angen. Bydd unrhyw risgiau a allai effeithio ar weithgarwch presennol yn cael eu newid i 'fater' fel y gellir ystyried camau gweithredu y tu hwnt i fesurau lliniaru.
- 10.4 Bydd gan y rhaglenni a'r prosiectau eu cofrestrau risg eu hunain a fydd yn cael eu datblygu a'u monitro gan y Byrddau Rhaglen/Prosiect perthnasol. Yn unol â gweithdrefnau llywodraethu bydd y rhain yn cael eu hadolygu gan y Grŵp Rheoli ac yna bydd unrhyw risgiau Portffolio yn cael eu nodi a'u bwydo i mewn i'r Gofrestr Risg a Materion Portffolio.

## 11 Goblygiadau Cyfreithiol

- 11.1 Nid oes unrhyw oblygiadau cyfreithiol yn codi o'r adroddiad hwn.

## 12 Goblygiadau Adnoddau Dynol

- 12.1 Ymgynghorwyd â Chynghorau Sir Powys a Cheredigion ynghylch recriwtio'r tair swydd y cyfeiriwyd atynt uchod.

## 13 Goblygiadau Ariannol

- 13.1 Bydd y swyddi Arweinwyr Ynni a Chyfathrebu yn cael eu recriwtio drwy swyddogaeth y tîm ystwyth, felly'n cael eu hariannu'n rhannol gan grant ESF ac arian cyfatebol gan yr awdurdod lleol perthnasol (Cyngor Sir Powys a Cheredigion yn y drefn honno). Bydd swydd y Rheolwr Rhaglen Safleoedd ac Adeiladau yn rhan o'r tîm craidd (fel gyda'r Rheolwr Rhaglen Ddigidol) felly'n cael ei hariannu'n rhannol gan ESF a bydd arian cyfatebol yn cael ei gyfrannu'n gyfartal gan y ddau awdurdod lleol.

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



## REPORT TO THE GROWING MID WALES BOARD

11<sup>th</sup> March 2022

TITLE:	Mid Wales Growth Deal Quarter Report
AUTHOR:	Cathy Martin, Operations Manager – Mid Wales Growth Deal

### 1 Purpose of the Report

The purpose of the report is to present the following:

- Quarter 3 (October-December) Growth Deal report
- Updated Strategic Portfolio Business Case v1.5
- Portfolio Roadmap
- Portfolio Risk and Issue Register

### 2 Decision(s) Sought

- 2.1 Note progress to date
- 2.2 Note forward work plan
- 2.3 Approve the Strategic Portfolio Business Case v1.5 with updates to the Strategic and Management Cases

### 3 Background and Relevant Considerations

- 3.1 Members will be aware from regular reporting to GMW Board, that there have been multiple steps on the journey to secure the Mid Wales Growth Deal with both Governments.
- 3.2 This paper provides a report on the progress to achieving formal commitment from UK and Welsh Governments and describes the next stages in taking the Growth Deal and its Portfolio forward to delivery.

### 4 Growth Deal Progress

Final Deal Agreement (FDA)

11/03/22

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4.1 We are pleased to report that on Thursday 13<sup>th</sup> January 2022, in a virtual meeting with both Leaders and Ministers, the Final Deal Agreement for the Mid Wales Growth Deal was officially signed. The event, held virtually, was attended by both Leaders along with Vaughan Gething MS (Minister for Economy, Welsh Government) and David TC Davies MP (Parliamentary Under Secretary of State for Wales, UK Government).

4.2 This is a significant milestone and marks the commitment of all partners to deliver the Mid Wales Growth Deal. A copy of the Final Deal Agreement can be found at <http://www.growingmid.wales/documents>

4.3 Links to media below:

[Mid-Wales-Growth-Deal-reaches-an-important-development-milestone](#)

[GMW Social Media Clip](#)

[Business News Wales special-audio-feature](#)

#### Inter-Authority Agreement

4.4 Following presentation at the GMW Board meeting in December, Version 3 of this document was approved by both Local Authority cabinets in January 22 and subsequently signed by all parties.

#### Economic Advisory Group (EAG)

4.5 A number of applications have been received to join this new group, which have been considered by the Leaders. Work to establish this group and develop an induction programme and work plan will be underway imminently. Paul Griffiths is leading on this activity and supporting the SROs on this process.

#### Assurance Review

4.6 An assurance review by Government has been scheduled for 8-11 March with a planning meeting held on 21st February. The main purpose will be to review the arrangements in place for governance, management and delivery of the Growth Deal Portfolio and subsequently provide assurance to both Governments and Ministers that satisfactory delivery arrangements are in place to enable funding to flow to the region.

4.7 The main outcome of the review will be to advise the region and both Governments on the timescales and actions needed – so that a clear pathway to the first funding offer letter is mapped out.

4.8 As part of this process interviews will be held with staff, members and stakeholders, and there will be a review of the AOR Action Plan.

#### Recruitment (Portfolio Management Office)

4.9 Interviews have been held for the role of regional Energy Lead and an offer has been made subject to personnel checks. Following discussions regarding the Sites & Premises Programme and the need for resource to take this forward, the job description is being finalised for a Programme Manager for this theme

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with a view to advertising as soon as possible. Recruitment is also underway for a Communications Officer (GMW).

Financial Update

- 4.10 The latest claim for European Social Fund (ESF) grant funding was submitted 21st February 2022 covering the period Nov 21 to Jan 22. The value of the claim was £60,458 with a total claim to date of £131k against a forecast of £535k. This leaves an underspend of £400k which is mainly due to delay in the recruitment to the Portfolio Management Office against the original anticipated dates in the bid.
- 4.11 The Portfolio Management Office is exploring options to utilise this underspend, for review by the Management Group in May.

## **5 Management Group Arrangements**

- 5.1 The Management Group (Portfolio Board) is constituted under the Inter-Authority Agreement (IAA) for the Mid Wales Growth Deal and has continued to serve as the principal officers' group, providing direction and officer oversight for the development of the Growth Deal and executive support for the GMW Board.
- 5.2 It has grown and evolved to accommodate a wider range of regional collaboration activity; and serves as an important forum to discuss a range of topics (regeneration, RET, transport, wider Government policy alignment).
- 5.3 As the Mid Wales Growth Deal evolves from strategic development to delivery planning and realisation (as we achieve FDA) – the governance and management arrangements also needs to evolve, including those of the Management Group.
- 5.4 With the approval of IAA3 there was the opportunity to review the arrangements for the Management Group in line with the Terms of Reference therein, and to ensure it continues to align with the Portfolio Business case and serve the needs of the GMW Partnership and Growth Deal.
- 5.5 The Terms of Reference have been drafted to ensure that a strong focus is dedicated to the delivery and operation of the Growth Deal – however, the group still has a remit to provide oversight of other GMW Board matters (Regional Skills Partnership), and to provide advice and co-ordination on wider regional matters of relevance.
- 5.6 To comply with the new Terms of Reference, and ensure we do not lose focus on the Growth Deal vs wider regional matters it was proposed and agreed at Management Group meeting in December to establish a 2 part meeting structure to commence at the first meeting of 2022, 4<sup>th</sup> February:
- Part 1: GMW Management Group (Growth Deal Portfolio Board)
  - Part 2: GMW Management Group (Regional Collaboration)
- 5.7 This format ensures that sufficient focus is given to manage the continued development and delivery of the Growth Deal Portfolio, and ensure co-

ordination and alignment with wider regional activity.

## 6 Strategic Portfolio Business Case v1.5

- 6.1 In response to the observations from the AOR, the Strategic Portfolio Business Case has been updated in particular to strengthen the Strategic and Management Cases – see Appendix 1.
- 6.2 A more substantive review will take place over the next year as the projects develop and further information is available to inform the process.

## 7 Forward Work Plan

- 7.1 Whilst a lot of the focus to date has been on setting up the arrangements and necessary documentation we are now looking ahead to delivery. The Portfolio Management Office (PoMO) is now making sure that clear processes and procedures are in place to take the Portfolio forward in 2022.
- 7.2 In line with Government guidance the assurance and approvals process has many stages – see Appendix 2 for an overview.
- 7.3 A Portfolio Roadmap has been drafted which provides a timeline for the development and delivery of the Growth Deal - Appendix 5. This is a working document and will be reviewed and updated in line with the progress of the projects and programmes. You will note that the Roadmap also includes wider matters such as resourcing.

## 8 Programme Development

- 8.1 **Digital:** a Programme Business Case has been drafted along with proposals to establish a Programme Board, and assessment of the potential projects. The papers were presented to the Management Group at its meeting on 4<sup>th</sup> February and agreed that this should now be progressed to Board for decision. This will be covered in a separate paper and presentation by the Digital Programme Manager.
- 8.2 **Sites and Premises:** an outline programme has been drafted and conversations have been held with the Welsh Government property team. There is a significant demand for sites and premises development, however there are considerable hurdles to be worked through in partnership with Governments and the private sector. Work is underway to accelerate development work on this programme including recruitment of a Programme Manager.

## 9 Project Development

- 9.1 The Portfolio Management Office has recently undertaking a stocktake of all the projects. Based on the information provided, project sponsors are due to submit updated Strategic Outline Cases (SOCs) through to May/June for initial review.
- 9.2 This timeline will form the basis of when the GMW Board and the Economic Advisory Group can review and comment on proposals. An overview of the current projects within the Portfolio can be found at Appendix 4.

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- 9.3 It is anticipated that funding will begin in the 2023/24 financial year however, the region will be discussing closely with both Governments to determine if spend can happen sooner. Clearly, this will be predicated on the projects being ready and able to spend.
- 9.4 The onus now is on the project proposers and their private sector partners to accelerate development activity to begin outlining their investment cases.

## **10 Portfolio Risk and Issue Register**

- 10.1 A Risk Register was originally put in place in 2019, looking at the development of the Vision and Roadmap to Growth Deal and managing strategic risks leading to FDA. With the signing of the FDA the register has been revisited and updated to reflect the current state of play and future development and delivery of the Growth Deal.
- 10.2 The Portfolio Risk and Issue Register can be found at Appendix 5. As can be seen this includes an initial unmitigated assessment based on Likelihood and Impact, and subsequently a residual rating representing the level of risk remaining after mitigation measures are accounted for.
- 10.3 The Risk and Issue Register will be reviewed and updated every quarter for the Board meetings, with a commentary added as required. Any risks that have the potential to impact on current activity will be changed to an 'issue' so that actions can be considered beyond mitigation measures.
- 10.4 The programmes and projects will have their own risk registers which will be developed and monitored by the relevant Programme/Project Boards. In line with governance procedures these will be reviewed by the Management Group and subsequently any Portfolio risks identified and fed into the Portfolio Risk and Issue Register.

## **11 Legal Implications**

- 11.1 There are no legal implications arising from this report.

## **12 Human Resources Implications**

- 12.1 Both Powys and Ceredigion County Councils have been consulted with regards to the recruitment of the three posts referred to above.

## **13 Financial Implications**

- 13.1 The Energy Lead and Communications posts will be recruited through the agile team function, therefore part-funded by the ESF grant and match funded by the relevant local authority (Powys and Ceredigion County Council respectively). The Sites & Premises Programme Manager post will be part of the core team (as with the Digital Programme Manager) therefore part-funded by ESF with match contributed equally by both local authorities.

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





# MID WALES GROWTH DEAL

## Strategic Portfolio Business Case

**Version: 1.5**

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

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## 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
V1.5	29/01/22	Updated following Accounting Officer Review

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## Executive Summary

The purpose of the Strategic Portfolio Business Case (SPBC) 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 Strategic 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 Strategic 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 SPBC 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: A Vision for Growing Mid Wales (Appendix F).

The adopted Vision outlines that 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***”.

Heads of Terms were subsequently agreed with both Governments in December 2020 for the Mid Wales Growth Deal. The region then successfully achieved Final Deal Agreement following the development of a Strategic Portfolio Business Case, which is a live document that will be reviewing and updated regularly (this document).

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, 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

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<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).

and Statutory Consents and Planning. The approach to managing these risks is considered in the Management Case.

### **Constraints and Dependencies**

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<sup>4</sup> 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, two programmes and nine projects, being split into two tranches. The following eleven interventions were shortlisted for Tranche 1 and for further development, with conditions:

<b>Short-listed Projects / Programmes for Tranche 1 of Mid Wales Growth Deal*</b>		
<b>Strategic Growth Priorities</b>	<b>Project / Programme</b>	<b>Business Case Maturity Index</b>
<b>Applied Research &amp; Innovation</b>	Innovation Park	SOC (initial)
	National Spectrum Centre	SOC (initial)
	Mid Wales Advanced Manufacturing Campus	Concept
<b>Agriculture, Food &amp; Drink</b>	Food Manufacturing Innovation Centre	SOC (initial)
	Canolfan Tir Glas / University of Gastronomy	SOC (initial)
<b>Strengthened Tourism Offer</b>	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
<b>Digital</b>	Digital Programme	Programme Business Case (Initial)
<b>Supporting Enterprise</b>	Mid Wales Sites and Premises Programme.	Programme Business Case (initial)

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

<sup>4</sup> It should be noted that match funding is not required to be solely for capital funding. Alternative funding streams can be used for revenue funding.

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's Appendix A on Place-based analysis. The net additional economic benefits are set out below:

<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>
<b>Applied Research &amp; Innovation</b>	£55 – 65	185 – 255
<b>Agriculture, Food &amp; Drink</b>	£40 – 50	35 – 45
<b>Strengthened Tourism Offer</b>	£120 – 145	200 – 245
<b>Digital</b>	£95 – 115	370 – 450
<b>Supporting Enterprise</b>	£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

The Mid Wales Growth Deal 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.

### ***Commercial Case***

The commercial arrangements for the Growth Deal were 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 Portfolio Management Office 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.

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 European Social Fund (ESF) grant up to July 2023. The PoMO is currently reviewing its resource allocation and capacity requirements.

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



## **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
- Management Group / Portfolio Board
- Regional Skills Partnership
- Senior Responsible Officers (SROs)
- Private Sector Advisory Group<sup>6</sup>
- Operations (Portfolio) Manager

The Operations (Portfolio) Manager will oversee the delivery of the Growth Deal Portfolio and is accountable to the Growing Mid Wales Management Group. A Portfolio SRO will be appointed, to which the Operations (Portfolio) Manager will be accountable to.

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

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<sup>6</sup> *The Private Sector Advisory Group previously existed in the form of the Economic Strategy Group as constituted in IAA1 and IAA2. A governance review has been undertaken to reflect the Growth Deal moving from development to delivery and a new Economic Advisory Group proposed. Detail of the governance arrangements are captured in the revised governance agreement (IAA3) and ToR therein. For the purposes of the Strategic Portfolio Business Case – the role of the private sector in an advisory capacity remains a key component of the governance surrounding the Deal.*

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 set out in the Risk and Issues Registers at Portfolio, Programme and Project Level.

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

### **Timeline and Milestones**

Following signing of the Final Deal Agreement in January 22, it is anticipated that programme and project business cases will be brought forward for the Mid Wales Growth Deal Board to consider from throughout 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 Strategic 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.
- **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.
- **October 2021:** Submission of Strategic Portfolio Business Case v1 and supporting documents to Welsh Government.
- **October-November 2021:** Accounting Officer Review commissioned and undertaken by the Welsh Government's Office for Project Delivery. Report completed and action plan developed by SROs.

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.

Growing Mid Wales is a regional partnership and engagement arrangement between the private and public sectors, and with Welsh Government. The initiative seeks to represent the region's interests and priorities for improvements to our local economy.

Growing Mid Wales wish to draw together local business, academic leaders and national and local government to create a vision for the future growth of Mid-Wales and influence and champion our future expansion.

Across the public, third and private sectors in Mid Wales, we acknowledge the need for developing consensus on priorities for our region, and for sharing our vision to progress jobs, growth and the local economy. We need greater impacts and better results from working together across the region with diminishing public resources.

The Growing Mid Wales Partnership provides regional leadership on our Vision and will be an effective, 'light touch' mechanism that will scrutinise, challenge, identify opportunities and shortcomings and so initiate and propose interventions to achieve more and better results for our region.



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 (July 2021).
- **Inter-Authority Agreement 3:** sets out the formal arrangement that underpins the delivery of the Deal post Final Deal Agreement (approved January 2022).

The governance arrangements for the delivery phase of the Deal is set out in the development of IAA3 – which takes 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.

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

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

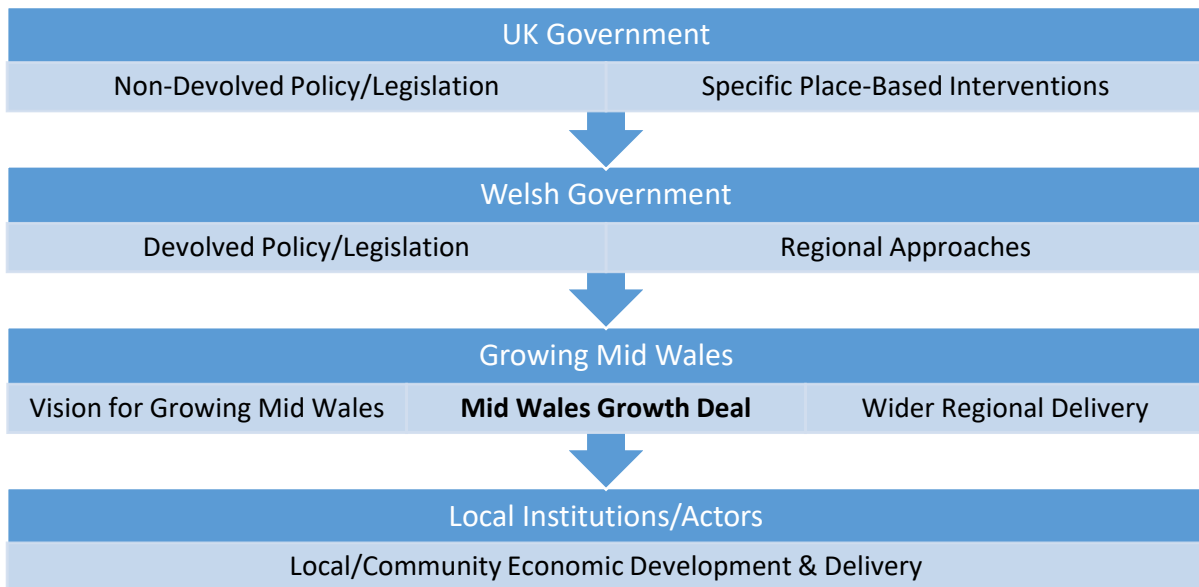
The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are now commonplace in both the UK and devolved governments, with over 36 deals in place to promote decentralisation across the country. These deals give more power and flexibility 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) (Appendix F).

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.”***

The Vision proposes three inter-connected and mutually dependent concepts with clear investment objectives that will be managed as a Portfolio Approach. These are:

- **Broadening our Economy:** Developing new opportunities from our assets – focusing on high value and growth supporting opportunities.
- **Strengthening our Economy:** Supporting our existing industries and workforce to become more resilient through capacity building and creating the right conditions for future growth.
- **Connecting our Economy:** Improving digital and connectivity within, across and outside the region to ensure the region is attractive to work, live and play.

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:

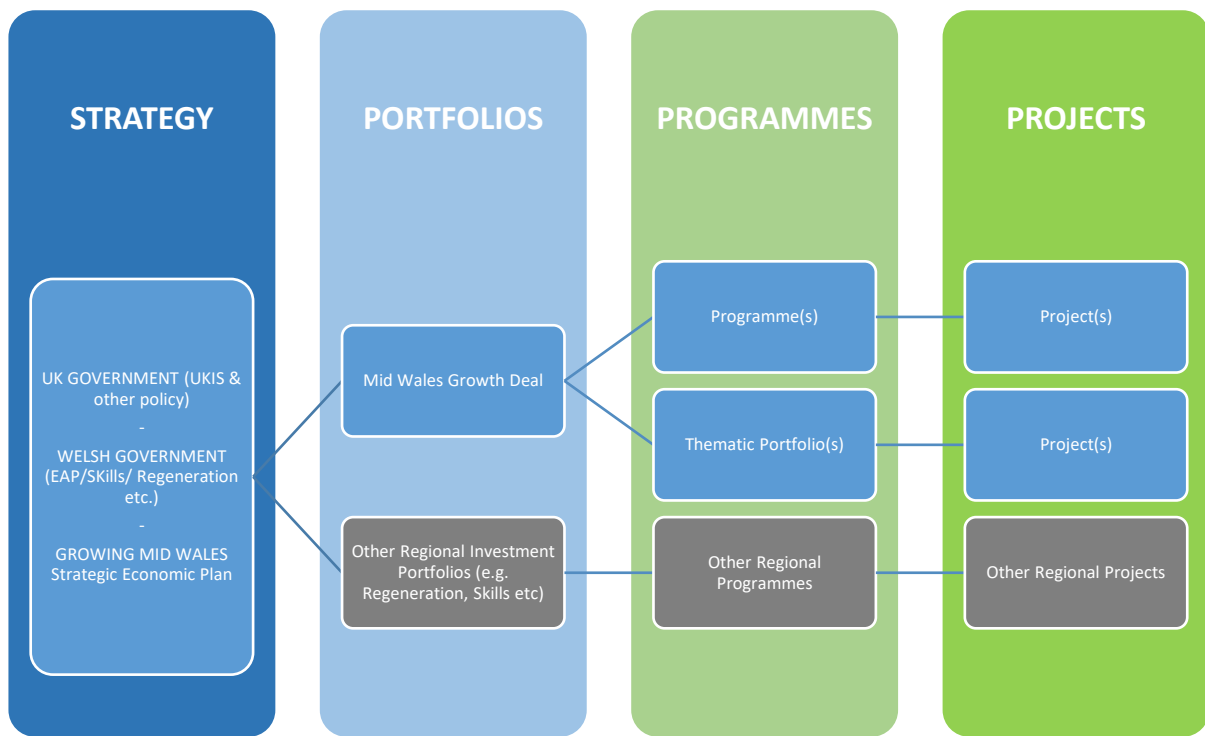
- **Agriculture, Food & Drink:** a strong and vibrant agricultural sector generating significant employment and produce to a nationally and internationally recognised standard, coupled with industrial and innovation strengths offers the opportunity to grow the economic base significantly and lead on 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 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>	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.	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

Policy	Detail	Relevance and alignment to Growth Deal
	<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>	<p>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.</p>
<p><b>Ten Point Plan for a Green Industrial Revolution, 2020</b></p>	<p>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.</p>	<p>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 outlined in the UK Government's plan especially salient, and there is scope for the area to lead in this regard.</p>
<p><b>UK Innovation Strategy, 2020</b></p>	<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>	<p>The strategy provides clear support for the role of Place in R&amp;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&amp;D and innovation facilities, capitalising on the region's innovation assets and focusing on the areas of strategic opportunity for the future.</p>

### **Wales Policy**

Policy	Detail	Relevance and alignment to Growth Deal
<p><b>Programme for Government – Wales National Strategy, 2021</b></p>	<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-operative and embrace digital innovations and support local supply chains).</li> </ul>
<p><b>Our Economic Resilience &amp; Reconstruction Mission</b></p>	<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>
<p><b>Prosperity for All: economic</b></p>	<p>The Welsh Government’s long-term aim is to build a Wales that is prosperous and secure,</p>	<p>Highlights the ambition of the Welsh Government to deliver</p>

Policy	Detail	Relevance and alignment to Growth Deal
<b>action plan, Welsh Government 2019</b>	<p>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>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 Strategic Priority 4 – ‘Energy’ as well as the cross-cutting priorities of innovation and productivity improvements to underpin prosperous communities.</p>
<b>Prosperity for all: A low carbon Wales, 2019</b>	<p>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.</p>	<p>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’.</p>
<b>Wellbeing of Future Generations (Wales) Act 2015</b>	<p>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:</p> <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 -</li> <li>• Equality: enabling people to fulfil</li> </ul>	<p>This Growth Deal aligns with the Wellbeing of Future Generations Act across its themes:</p> <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> </ul>

Policy	Detail	Relevance and alignment to Growth Deal
	<p>potential regardless of background/circumstance;</p> <ul style="list-style-type: none"> <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>	<ul style="list-style-type: none"> <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>
<p><b>The Environment Act (Wales), 2016</b></p>	<p>The Act commits to reduce emissions by 95% by 2050 and practice sustainable management of natural resources.</p>	<p>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.</p>

### 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 Transport for Wales, Network Rail and Department for Transport 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 acknowledgement 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.

**SLR Rail** supports the movement of people to and from Mid Wales. This supports the ability of employers to attract human capital and reduce skills gaps. Improved connectivity increases the catchment area in terms commuters. In addition, improved rail connectivity enhances the ability to attract tourists to Mid Wales.

### ***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.

***North Wales Growth Deal, Cardiff Capital Region City Deal, and Swansea Bay City Deal***



Whilst there is overlap between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals, these are anticipated to be complementary rather than competitive.

Elements of each Growth / City Deal in Wales seek to invest in digital, energy and applied research and innovation, albeit in slightly different ways. Despite the overlap in these strategic priorities, this ensures that Wales as a whole is on a level playing field with the rest of the UK and further afield. Investments in opportunities related to agriculture, sites and premises, and tourism activities across Wales would be expected to benefit from agglomeration benefits.

### **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 £280 million to £400 million in the Mid Wales Economy through the Growth Deal by 2032 (therefore a minimum of £170 million in private sector investment).

## INVESTMENT OBJECTIVES – STRATEGIC GROWTH PRIORITIES

The Vision for Growing Mid Wales sets out the eight Strategic Growth Priorities and what we aim to achieve under each priority area, as summarised below:

	<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.

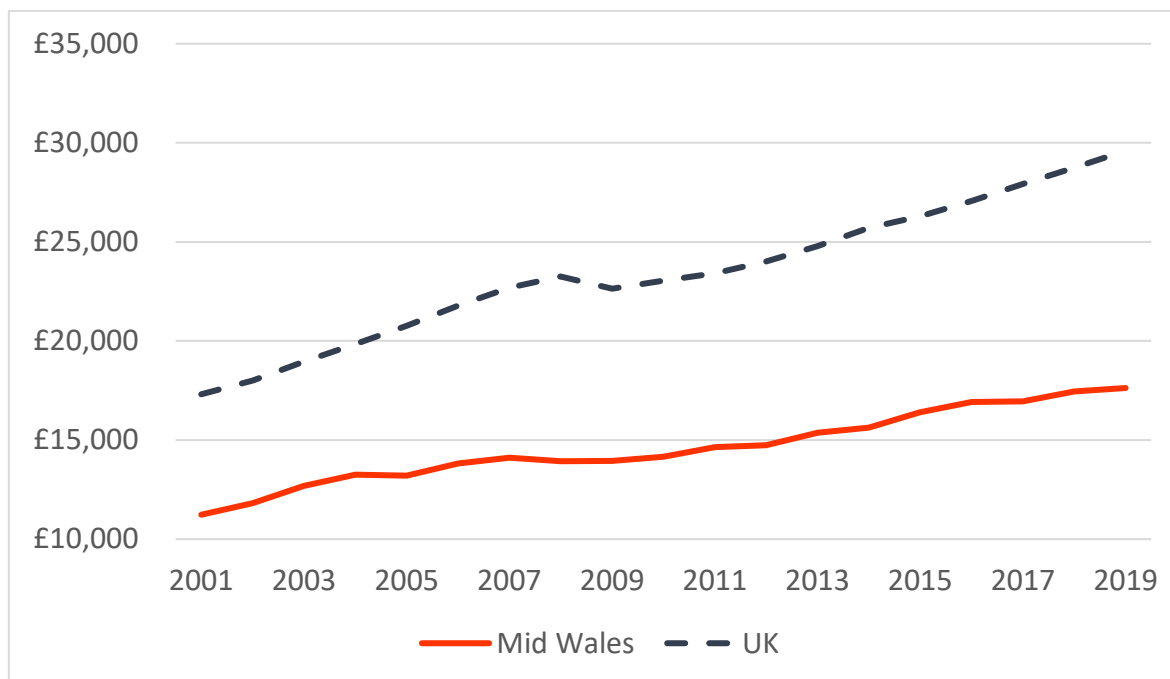
### *The Economy & Society*

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**



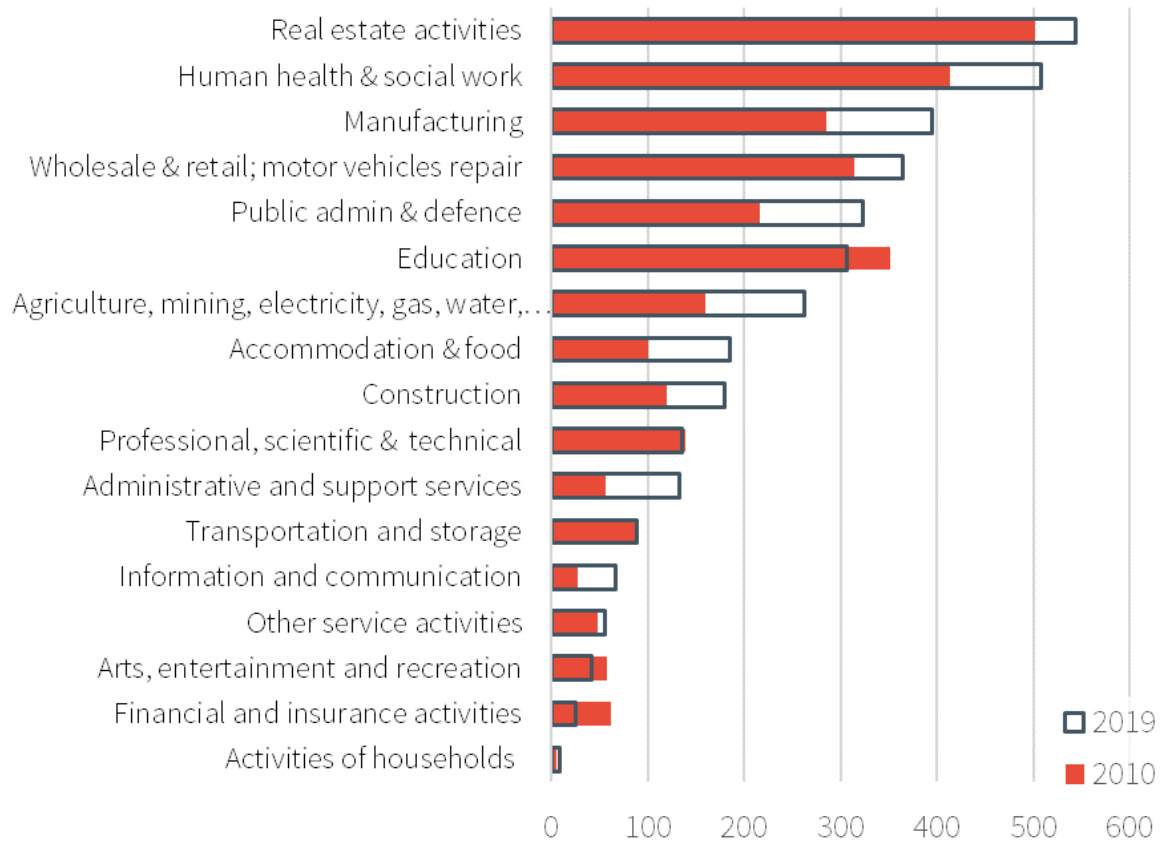
Source: ONS, *Regional GVA* and ONS, *Mid-year population estimates*

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

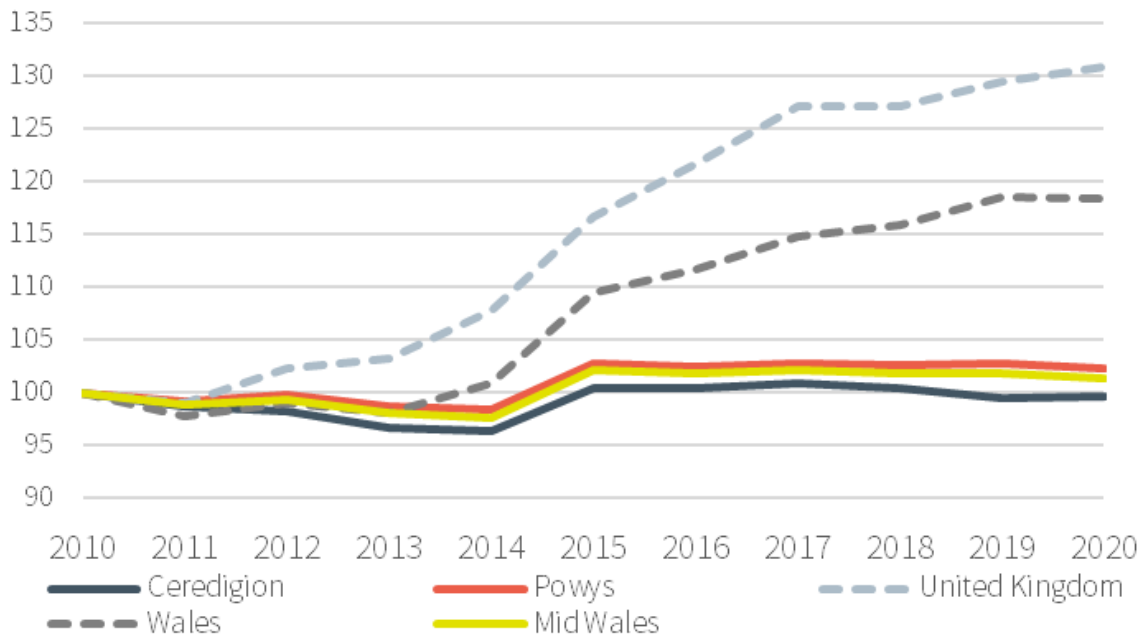


Source: ONS, Regional gross value added (balanced) by industry

### 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 91,000 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 decreased by around 7%. Jobs in Mid Wales 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.
- 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.

<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

## 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 Higher Education, limited Further Education presence.
- Lower rates of older people upskilling.
- Despite above average educational attainment, 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).
- 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.

Despite demonstrating economic resilience in recent times, 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 7%. 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.
- **Inadequate infrastructure:** Underlying structural economic weaknesses arising from inadequate infrastructure have constrained wider private sector investment; 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 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 e.g. capacity, revenue).
- 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 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). The potential scope of each Strategic Growth Priority has been identified below. 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, 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

**Scope:** Core

**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

**Scope:** Core

**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

**Scope:** Core

**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

**Scope:** Desirable

**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

**Scope:** Core

**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

**Scope:** Core

**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

**Scope:** Desirable

**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

**Scope:** Desirable

**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. In addition, there is a risk that competition from the North Wales Growth Deal, Cardiff Capital Region City Deal and Swansea Bay City Deal may constrain the ability to attract private sector investment.
<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. In addition, there is a risk that competition from the North Wales Growth Deal, Cardiff Capital Region City Deal and Swansea Bay City Deal may constrain the ability to attract alternative public sector investment.
<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. In addition local elections in Wales in May 2022 may result in changes in political representation with implications such as induction of new members.
<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.

Please also refer to the Risk Register submitted by email alongside the SPBC.

## 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 both the internal and external dependencies for the successful delivery of the Growth Deal.

### Internal Dependencies

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:

### External Dependencies

The following dependencies, which are outside the control of the portfolio management environment, have also been considered:

- 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 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 specific to any programmes and projects will be set out within the relevant business case(s).

Consideration has also been given to the inter-dependencies with neighbouring Growth/City Deals, including:

- North Wales Growth Deal;
- Cardiff Capital Regional City Deal; and
- Swansea Bay City Deal.

Whilst there is overlap between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals, these are anticipated to be complimentary rather than competitive. The matrix below sets out the overlaps between the Mid Wales Strategic Growth Priorities and the priority areas of neighbouring Growth / City Deals:



Welsh City & Growth Deal - Strategic Priorities Matrix			
Mid Wales Growth Deal Strategic Priority Area	North Wales Growth Deal	Cardiff Capital Region City Deal	Swansea Bay City Deal
Applied Research & Innovation	✓ (Innovation in High Value Manufacturing)	✓ (Compound Semiconductors, Artificial Intelligence, Life Sciences)	✓ (Internet of Life Science and Well-Being)
Strengthened Tourism Offer	✓ (Agri-food and Tourism)	-	-
Energy	✓ (Low Carbon Energy)	✓ (Energy & Environment)	✓ (Internet of Energy)
Skills & Employment	-	-	-
Supporting Enterprise	✓ (Land and Property)	-	-
Transport	-	✓ (Transport Engineering)	-
Agriculture, Food & Drink	✓ (Agri-food and Tourism)	-	-
Digital	✓ (Digital)	✓ (Fintech, Cybersecurity & Analytics)	✓ (Internet of Economic Acceleration)

Elements of each Growth / City Deal in Wales seek to invest in digital, energy and applied research and innovation, albeit in slightly different ways. Despite the overlap in these strategic priorities, this ensures that Wales as a whole is on a level playing field with the rest of the UK and further afield. Investments in opportunities related to agriculture, sites and premises, and tourism activities across Wales would be expected to benefit from agglomeration benefits.



## 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.

As per guidance, workshops were held with Growth Deal partners, staff, representatives from UK and Welsh Government and consultants – Joe Flanagan, and Hatch Consulting Ltd (workshop 2 onwards). Information was provided beforehand to aid discussion and each session was facilitated with input from Joe Flanagan.

A summary of all of the strategic portfolio business case development workshops and their attendees is provided in Appendix C – SUMMARY OF WORKSHOPS.

The CSFs 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>

CSF	Details
	And how well the option provides a holistic fit and synergy with other strategies, programmes and projects.
<p>How well the option:</p> <p><b>Optimises social welfare (cost benefit)</b></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> <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>
<p><b>Potential Supply side capacity and capability</b></p>	<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>
<p><b>Potential Affordability</b></p>	<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>
<p><b>Potential Achievability</b></p>	<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</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> <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 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 2020 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. A summary of the workshops can be found at Appendix C.

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>

Strategic Growth Priorities	Projects
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. Therefore, project sponsors are being encouraged to continue to develop business cases so that they are in a position to be considered should Growth Deal funding become available, e.g. projects withdraw. This will be of benefit should other funding opportunities become available outside of the Growth Deal - see Implementation Plan for further information.

### **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 strategic portfolio business case development workshops and their attendees is provided in Appendix C – SUMMARY OF 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 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. However, work is continuing to provide a comprehensive understanding of this theme and the potential opportunities including the adoption of the Mid Wales Regional Energy Strategy which has been developed in conjunction with the Welsh Government Energy Service and Carbon Trust. A Hydrogen Study has also been commissioned,
- 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. In addition, in 2021 Welsh Government announced that it will be undertaking a Roads Review as part of tackling climate change therefore there is a current freeze on new road building projects until the outcome of the review is known.
- 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	Only one skills candidate project so far. A Regional Skills Partnership (RSP) has been established to	<b>Take forward to project level options assessment.</b>



		identify regional skills needs; further work required to determine strategic priorities.	
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/coastal 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		Digital Programme.	Led jointly by Ceredigion County Council and Powys County Council, the digital programme seeks to accelerate the development and provision of technology across Mid Wales. Specific opportunities relate to enhanced connectivity services to strategic residential and employment sites, and in doing so provide better services to businesses to facilitate greater economic growth. Total capital costs are estimated to be £50 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.	Led 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.*

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## 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.

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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>	£260 (£215 – 305) (£290 - £375 on GD Costs)	£15 (£10 – 20) (£35 - £45 on GD Costs)	£40 (£35 - £45) (£35 - £45 on GD Costs)	£70 (£60 - £85) (£75 - £105 on GD Costs)	£75 (£65 - £85) (£85 – £105 on GD Costs)	£60 (£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>	2.5 (2.2 – 2.7) (3.7 – 4.5 GD Investment)	1.4 (1.2 – 1.5) (2.6 – 3.2 GD Investment)	5.6 (5.0 – 6.1) (6.9 – 8.4 GD Investment)	2.2 (2.0 – 2.4) (2.8 – 3.4 GD Investment)	3.3 (3.0 – 3.6) (9.3 – 11.3 GD Investment)	2.7 (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>					

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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>15</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

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<sup>15</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)

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>16</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).

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<sup>16</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>
<b>Applied Research &amp; Innovation</b>	£195 (£175-215)	485 (435-535)
<b>Agriculture, Food &amp; Drink</b>	£55 (£140-170)	90 (85-100)
<b>Strengthened Tourism Offer</b>	£455 (£410-500)	540 (490-595)
<b>Digital</b>	£375 (£335-410)	965 (870-1,065)
<b>Supporting Enterprise</b>	£340 (£310-380)	890 (800-980)
<b>Total</b>	<b>£1,520 (£1,400-£1,700)</b>	<b>2,970 (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>
<b>Applied Research &amp; Innovation</b>	£60 (£55 – 65)	205 (185 – 255)
<b>Agriculture, Food &amp; Drink</b>	£45 (£40 – 50)	40 (35 – 45)
<b>Strengthened Tourism Offer</b>	£130 (£120 – 145)	225 (200 – 245)
<b>Digital</b>	£105 (£95 – 115)	410 (370 – 450)
<b>Supporting Enterprise</b>	£95 (£85 – 105)	375 (340 – 415)
<b>Total</b>	<b>£440 (£395 - £480)</b>	<b>1,250 (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	2.5 (2.2 – 2.7)	4.1 (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 there are environmental considerations in contract opportunities, minimising the 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, 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 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 Col's 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>17</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.

#### **NOTIONAL FUNDING ALLOCATIONS FOR SHORTLISTED PROJECTS**

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 programme and project. This is informed by the available information provided through Project / Programme Proformas, SOCs and any other supplementary information. It is recognised that these allocations will shift as projects develop their cost plans further, but they represent the best estimate possible given available information.

The total value of Growth Deal funding requested from the shortlisted is £171.8 million. As such, the total Growth Deal request by shortlisted programmes and projects has been constrained to the maximum funding allocation of £110 million based on proportion of funding requested.

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%.

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<sup>17</sup> Note: All values expressed in the Financial Case are inclusive of VAT and inflation, and are not discounted over time.



	Strategic Growth Priorities	Project / Programme	Project Sponsor	Total Capital Costs (£m)	Growth Deal Ask (£m)	% of Total MWGD Request from Tranche 1	Allocation of £110 million based on % of Total MWGD Request (£m)	Other Public Sector Investment (£m) - Assumption is that remaining funding will be provided by this source	Private Sector Investment (£m) - Assumption that private sector will provide 1/3 of total capital costs
Tudalen 97	Applied Research & Innovation	Innovation Park	Aberystwyth University	£30	£10.0 <sup>2</sup>	5.8%	£6.4	£13.6	£10.0
		National Spectrum Centre	Aberystwyth University	£17	£15.0	8.7%	£9.6	£1.7	£5.7
		Mid Wales Advanced Manufacturing Campus	Powys County Council	£19 <sup>1</sup>	£6.3 <sup>2</sup>	3.7%	£4.0	£8.6	£6.3
	Agriculture, Food & Drink	Food Manufacturing Innovation Centre	Ceredigion County Council	£4	£3.4	2.0%	£2.2	£0.8	£1.5
		Canolfan Tir Glas / University of Gastronomy	Trinity St David's University	£8	£6.0	3.5%	£3.8	£1.5	£2.7
	Strengthened Tourism Offer	Elan Valley	Dwr Cymru	£13	£11.9	6.9%	£7.6	£0.8	£4.2
		Ceredigion Harbours	Ceredigion County Council	£30	£15.0	8.7%	£9.6	£10.4	£10.0

Tudalen 98

Strategic Growth Priorities	Project / Programme	Project Sponsor	Total Capital Costs (£m)	Growth Deal Ask (£m)	% of Total MWGD Request from Tranche 1	Allocation of £110 million based on % of Total MWGD Request (£m)	Other Public Sector Investment (£m) - Assumption is that remaining funding will be provided by this source	Private Sector Investment (£m) - Assumption that private sector will provide 1/3 of total capital costs
	Montgomery Canal – Restoration to Navigation	Canal and River Trust Glandŵr Cymru	£25	£24.5	14.3%	£15.7	£1.2	£8.5
	Cynefin – The Green Heart of Wales	Centre for Alternative Technology (CAT)	£24	£16.0	9.3%	£10.2	£5.9	£8.1
Digital	Digital Programme	Ceredigion County Council	£50	£16.7 <sup>2</sup>	9.7%	£10.7	£22.7	£16.7
Supporting Enterprise	Mid Wales Sites and Premises Programme	Powys County Council	£56	£47.0	27.4%	£30.1	£7.5	£18.8
<b>Total</b>	-		<b>£277.0</b>	<b>£171.8</b>	-	<b>£110.0</b>	<b>£74.7</b>	<b>£92.3</b>

Additional Assumptions:

- <sup>1</sup> Where the total capital costs have not been stated, the average total capital costs of the other shortlisted projects has been assumed.
- <sup>2</sup> Where the MWGD funding request has not been stated by the Programme / Project Lead, the assumed Growth Deal intervention rate is one third of total capital costs.

The table below summarises the key assumptions and information available for each shortlisted programme and project in terms of costs/funding.

Strategic Growth Priorities	Project / Programme	Notes
<p><b>Applied Research &amp; Innovation</b></p>	<p>Innovation Park</p> <p>(Project Sponsor: Aberystwyth University)</p>	<p>Cost and funding information for the Innovation Park has been obtained through the Project Proforma and SOC. As per the SOC, an assumption of “£3k per m2 which suggests a cost of £30m for a park of 10,000 m2 excluding the value of the land and including an estimated £1m for professional fee”.</p> <p>Several match funding sources are being explored, including but not limited to Aberystwyth University, UK Research Institute (BBSRC/UKRI), UK Shared Prosperity Fund, Levelling Up Fund, Welsh Government and private sector investment from large companies or developers. No match funding is committed or confirmed at this stage.</p>
	<p>National Spectrum Centre</p> <p>(Project Sponsor: Aberystwyth University)</p>	<p>Cost and funding information for the National Spectrum Centre has been obtained through the Project Proforma and SOC. As per the SOC: “At this stage, the estimates of costs and revenue potential are indicative”.</p> <p>Several match funding sources are being explored, including but not limited to Aberystwyth University, UK Research Institute (BBSRC/UKRI), UK Shared Prosperity Fund, Levelling Up Fund, Welsh Government and private sector investment from large companies or developers. No match funding is committed or confirmed at this stage.</p>

Tudalen 100

Strategic Growth Priorities	Project / Programme	Notes
Agriculture, Food & Drink	<p>Mid Wales Advanced Manufacturing Campus</p> <p>(Project Sponsor: Powys County Council)</p>	<p>No cost or funding information has been provided.</p> <p>The total capital costs have not been stated. Therefore, the average total capital costs of the other shortlisted projects has been assumed. The assumed Growth Deal intervention rate is one third of total capital costs.</p> <p>No match funding is committed or confirmed at this stage.</p>
	<p>Food Manufacturing Innovation Centre</p> <p>(Project Sponsor: Ceredigion County Council)</p>	<p>Cost and funding information for has been obtained through the Project Proforma.</p> <p>Match funding of £1 million from alternative public sector sources is pending as per the Project Proforma. No further details have been provided.</p>
	<p>Canolfan Tir Glas / University of Gastronomy</p> <p>(Project Sponsor: Trinity St David's University)</p>	<p>Cost and funding information for has been obtained through the Project Proforma.</p> <p>Match funding of £2 million from alternative public sector sources is pending as per the Project Proforma. No further details have been provided.</p>

Tudalen 101

Strategic Growth Priorities	Project / Programme	Notes
Strengthened Tourism Offer	<p>Elan Valley</p> <p>(Project Sponsor: Dwr Cymru)</p>	<p>Cost and funding information for has been obtained through the Project Proforma and SOC.</p> <p>Match funding of £800,000 has been committed by DWCC. Modelling suggests that a further £1 million from cash flow may be available in the period from 2022 to 2024.</p>
	<p>Ceredigion Harbours</p> <p>(Project Sponsor: Ceredigion County Council)</p>	<p>Cost and funding information for has been obtained through the Project Proforma and SOC.</p> <p>Total capital costs are estimated to be between £20 million and £30 million. For the purpose of this PBC, the upper bound limit of £30 million has been assumed.</p> <p>No details on match funding have been provided.</p>
	<p>Montgomery Canal – Restoration to Navigation</p>	<p>Cost and funding information for has been obtained through the Project Proforma and SOC.</p> <p>Total capital costs are estimated to be £25.3 million.</p>

Tudalen 102

Strategic Growth Priorities	Project / Programme	Notes
	(Project Sponsor: Canal and River Trust / Glandŵr Cymru)	Match funding of £850,000 has been obtained from the Canal and River Trust. No further details on match funding have been provided.
	<p data-bbox="748 560 1137 628">Cynefin – The Green Heart of Wales</p> <p data-bbox="730 762 1155 820">(Project Sponsor: Centre for Alternative Technology (CAT))</p>	<p data-bbox="1200 459 2029 523">Cost and funding information for has been obtained through the Project Proforma and SOC.</p> <p data-bbox="1200 608 1877 639">Total capital costs are estimated to be £24.2 million.</p> <p data-bbox="1200 724 2063 863">As per the SOC: <i>“CAT is confident of securing £8.2m funding from its fundraising campaign from its supporters, and other sector/private funders”</i>. No further details on match funding have been provided.</p>
Digital	<p data-bbox="819 1129 1066 1161">Digital Programme</p> <p data-bbox="748 1305 1137 1362">(Project Sponsor: Ceredigion County Council)</p>	<p data-bbox="1200 959 2063 1098">Cost and funding information for has been obtained through discussions with the Programme Lead. It is estimated that the total capital costs associated with the delivery of the Digital Programme will be in the region of £50 million.</p> <p data-bbox="1200 1182 2018 1246">The total requested Growth Deal allocation is between £15 and £10 million.</p> <p data-bbox="1200 1331 1827 1362">No details of match funding have been provided.</p>

Strategic Growth Priorities	Project / Programme	Notes
<p><b>Supporting Enterprise</b></p>	<p>Mid Wales Sites and Premises Programme</p> <p>(Project Sponsor: Powys County Council)</p>	<p>Cost and funding information for has been obtained through the Project Proforma and SOC.</p> <p>Total capital costs are estimated to be £56.4 million.</p> <p>The total requested Growth Deal allocation is £47 million.</p> <p>No details of match funding have been provided.</p>

Tudalen 103

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.

<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.

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>18</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.

<sup>18</sup> This is based on a benchmark of 20% for capital costs as a share of whole life costs.



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 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

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

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.

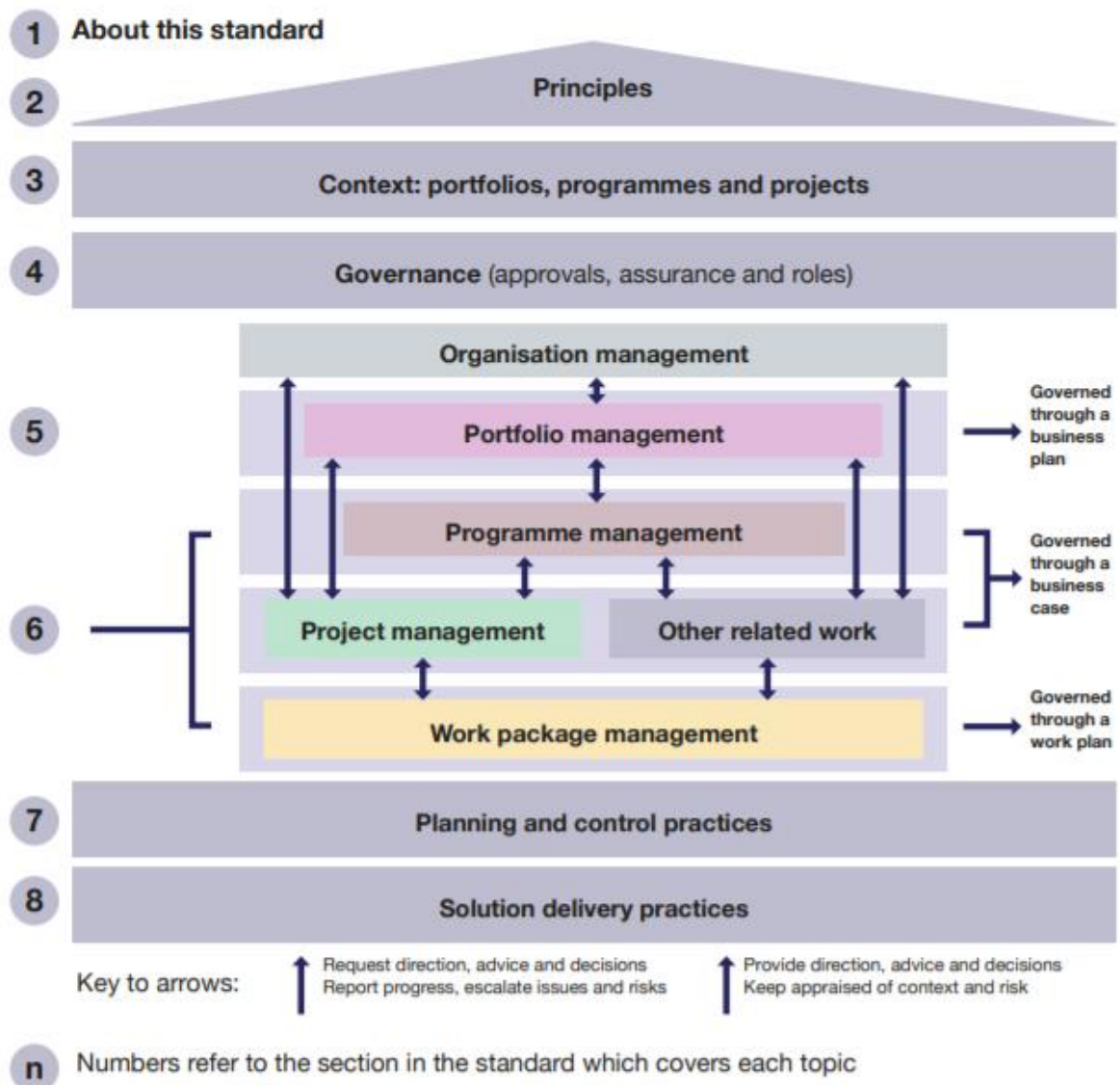
External Audit services are provided through the Wales Audit Office who will review and comment the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and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

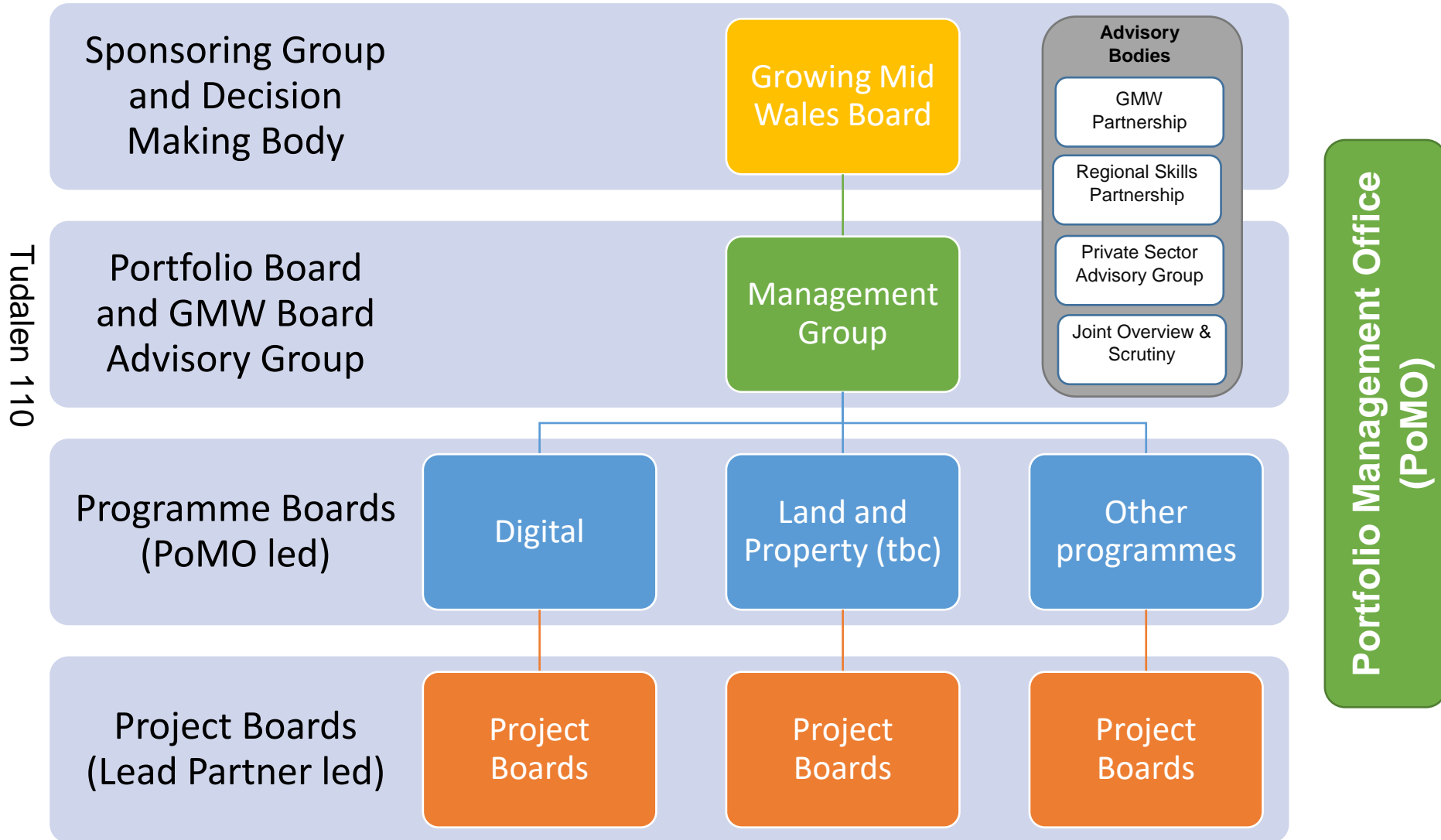
The Growing Mid Wales Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘*Government Functional Standard GovS 002: Project Delivery*’. Portfolio, programme and project management is an integrated way of meeting an organisation’s 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

**GMW Board (Sponsoring Group)** - Leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. All authority below this level is delegated to relevant parties as required through a formal GMW Board decision. The GMW Board will be responsible for the consideration and approval of programme and project business cases within the portfolio and with responsibility for delivery delegated to the relevant programme and project boards.

**Management Group (Portfolio Board)** - This group is the advisory body to the GMW Board but also acts as the Portfolio Board for the Growth Deal to support and challenge the Operations Manager and the Portfolio Management Office (PoMO) to ensure delivery. The management group is made up of senior officers from the Local Authorities, chaired by an appointed Senior Responsible Owner (SRO) for the Portfolio. A member of the Management Group will also be appointed as a Senior Responsible Owner (SRO) for each of the programmes and lead the relevant Programme Board.

**Operations Manager** - The Operations Manager is accountable to the Management Group for the delivery of the Growth Deal Portfolio.

**GMW Partnership (Advisory)** - Constituted with its own Terms of Reference, it provides wider cross-sector stakeholder representation to inform, challenge and advise on the Growth Deal; and to provide regional leadership of the wider Vision for Growing Mid Wales.

**Regional Skills Partnership (Advisory)** – Public and private sector stakeholder group to identify and advise on the supply and demand of the labour market. Works closely with the Private Sector Advisory Group.

**Private Sector Advisory Group (Advisory)** - Advisory, support and advocacy mechanism for the development and delivery of the Growth Deal providing business voice relevant to Mid Wales economy.

**Joint Overview and Scrutiny Sub-Committee (Advisory)** - Monitoring and scrutiny function on behalf of the Councils, to scrutinise decisions made or actions taken by the GMWB for the MWGD.

## Programme and Project Level

**Portfolio Management Office (PoMO)** – The PoMO provides a professional support team for the successful delivery of the agreed work programme of the GMW Board. It supports and coordinates activity across the portfolio, acting as an information hub and ensuring a consistent approach to reporting, control of risk and issues. It also acts as a valuable assurance function, providing advice and challenge to programmes and projects. Each programme is assigned a Programme Manager from within the PoMO.

**Programme Boards** - Each formal programme will have a formal Programme Board and an appointed Senior Responsible Owner (SRO). These boards will be focused on the development (initially) and delivery of the agreed Programme Business Case, with a specific focus on the benefits and outcomes to be achieved. Programme Boards escalate to the Portfolio Board via the Operations Manager.

**Project Boards** - All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Project Sponsor and clear arrangements for the delivery of projects in line with best practice will be set out in each project business case. Projects will report through to the relevant Programme Board or relevant tier within the Governance Structure, as advised by the Management Group. Terms of Reference for Project Boards will be agreed between the



Project Sponsor and the Portfolio Management Office to ensure the appropriate links and reporting arrangements between the project and the Programme Board are understood by both parties.

**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 Manager is to lead the Portfolio Management Office and oversee the delivery of the Growth Deal portfolio. The Operations Manager 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	<ul style="list-style-type: none"> <li>• To support and advocacy mechanism for the development and delivery of Growth Deal.</li> </ul>
Joint Overview & Scrutiny Sub-Committee	<ul style="list-style-type: none"> <li>• To undertake the monitoring and scrutiny role on behalf of the Councils.</li> </ul>
SROs	<ul style="list-style-type: none"> <li>• Accountable for Programmes or Projects meeting their objectives, delivering the required outcomes and realising 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.**

**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 (Regional Engagement Team), 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**

- **Role:** Operational Management of Regional Collaboration Office (GMW Growth Deal & Vision)
- **Post holder credentials:** High level of experience of delivering Government funded programmes including Regional Growth Fund, European Regional Development Programme, Growth Deal and Getting Building Fund. Over 16 years in Economic Development including two Local Enterprise Partnerships. Better Business Case (2016) Foundation qualification.

#### **Portfolio Support Officer**

- **Role:** Executive/Portfolio Support for team including performance analysis and management support, monitoring, document and systems management.
- **Post holder credentials:** background as a Paralegal with responsibility for multiple infrastructure and planning case files, including negotiation and drafting agreements. Better Business Case (2016) Foundation qualification and PRINCE2.

#### **Programme Manager (Digital)**

- **Role:** Development, management and delivery of the Digital Programme
- **Post holder credentials:** Experienced in community engagement and relationship building; managed delivery of economic development programmes; development and delivery of digital infrastructure projects. Better Business Case (2016) Foundation qualification.

#### **ESF Project Manager**

- **Role:** Support the operational management of the Regional Collaboration Office, enable development of agile team, compliance and monitoring.
- **Post holder credentials:** Monitoring Officer for Welsh Government for 11 years dealing with ESF projects. Ran own business in the rail industry for 4 years.

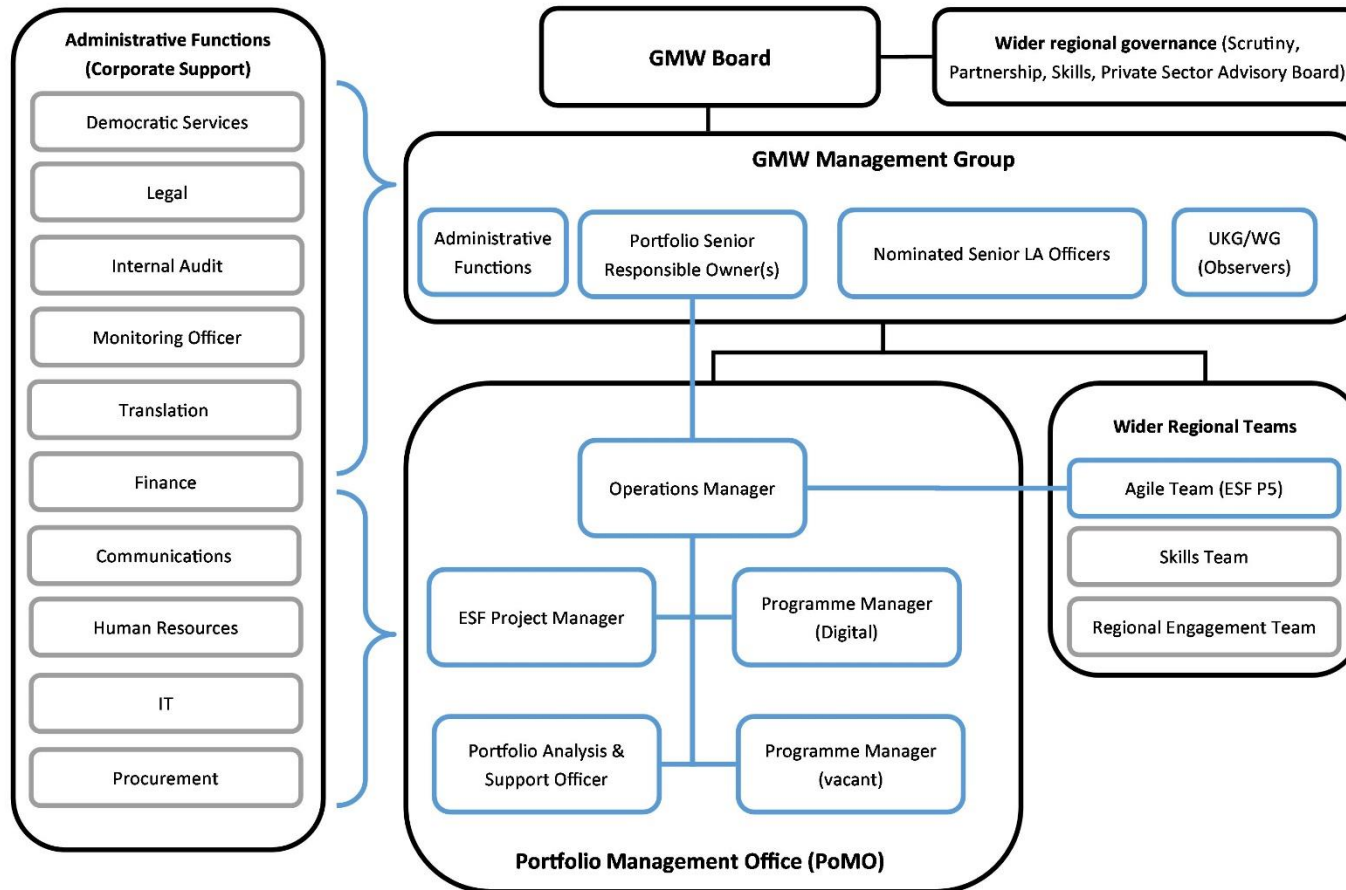
Whilst we were unable to appoint to the Programme Manager (Land and Property) the PoMO are taking the opportunity to review the job description and incorporate involvement in projects that don't come under a Programme. We will also widen the role of the Programme Manager (Digital) to taken on board non-Programme projects while capacity allows. 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 within the overall Growing Mid Wales:

**Growing Mid Wales—Organisation Chart**



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- **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 Strategic 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.

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

Members of the PoMO completed the Better Business Cases Foundation training in 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.

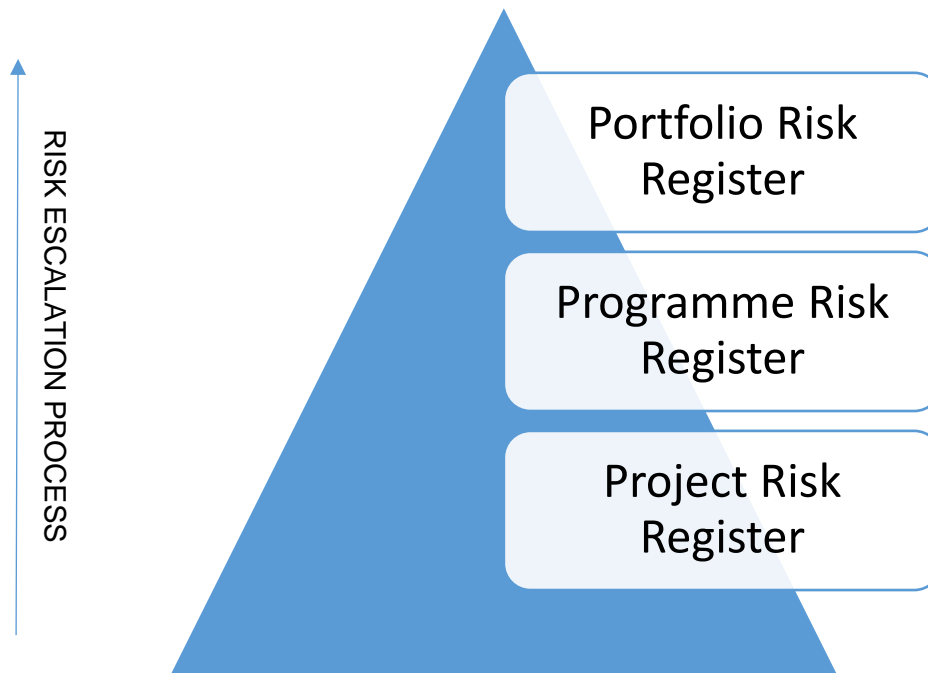
The Portfolio's approach to risk management will be considered in a Growth Deal Risk Management Strategy and User Guide. This document will define and articulate the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that 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 at the time of the original Strategic Portfolio Business Case (v1) and indicates how they will be managed and mitigated. A further Risk and Issue Register has been developed for presentation to the GMW Board in March 2022 and will be reported against at subsequent meetings of the GWM Board.



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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>

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 Strategic Portfolio Business Case, after

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Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
								detailed 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

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			other public 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	M	Scope, scale and location of	M	PoMO	Appointment of Communications

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Portfolio Risk Register								
Risk No.	Date Identified	Date Last Updated	Description	Likelihood (L/M/H)	Interdependencies	Impact (L/M/H)	Owner	Mitigations
			opportunities would support feasibility of SMEs and diverse range of delivery partners being able to put forward proposals).		programmes / projects.			and Engagement Officer. 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.

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## ***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 strategic 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 Strategic 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>
	Strategic Portfolio Business Case workshops	<b>October 2020 – September 2021</b>	<b>Joe Flanagan, Consultant</b>
	Strategic 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 Strategic 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.





### ***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 strategic 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.
- 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):**

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

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## Appendix B – SUMMARY OF OPTIONS APPRAISAL WORKSHOP

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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

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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
<b>Strengthened Tourism Offer</b>	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
<b>Digital</b>	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
<b>Supporting Enterprise</b>	Mid Wales Sites and Premises.	High	High	High	Medium	Medium	Medium	Tranche 1
<b>Skills &amp; Employment</b>	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.

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## Appendix C – SUMMARY OF 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: 1a-1b (Determining the Case for Change)**

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

#### **Attendees:**

Welsh Government – Assurance Division, Regional Office  
 UK Government – Wales Office, Regional and Local Growth  
 Ceredigion County Council – senior management, Growth Deal officers, regional team  
 Powys County Council – senior management, Growth Deal officers, regional team  
 Consultant – Joe Flanagan

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

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

#### **Attendees:**

Welsh Government – Assurance Division, Regional Office  
 UK Government – Wales Office, Regional and Local Growth  
 Ceredigion County Council – senior management, Growth Deal officers, regional team  
 Powys County Council – senior management, Growth Deal officers, regional team  
 Consultant – Joe Flanagan



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

**When:** 30<sup>th</sup> July 2021

**Attendees:**

Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultants – Joe Flanagan, Hatch Consulting Ltd

**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:** 4 (Commercial); 5 (Financial); 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).

**Attendees:**

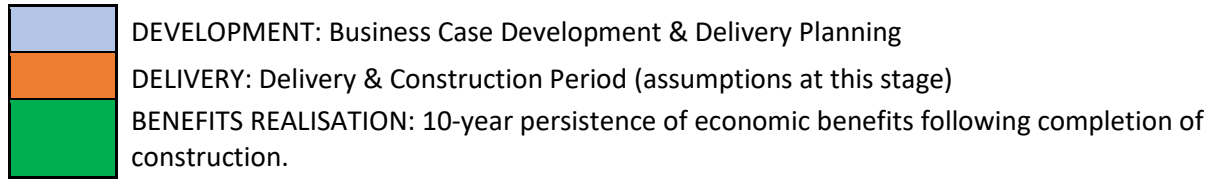
Welsh Government – Assurance Division, Regional Office  
UK Government – Wales Office, Regional and Local Growth  
Ceredigion County Council – senior management, Growth Deal officers, regional team  
Powys County Council – senior management, Growth Deal officers, regional team  
Consultants – Joe Flanagan, Hatch Consulting Ltd

**Output:** Revised Strategic 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

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		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.

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

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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>	
<b>Strengthened Tourism Offer</b>	<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.	

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## Appendix F – VISION FOR GROWING MID WALES

## 4.3 Appendix 2: Project Business Case – Assurance and Approvals Process



SOC = Strategic Outline Case  
 OBC = Outline Business Case  
 IAAP = Integrated Assurance & Approvals Plan

PoMO = Portfolio Management Officer  
 EAG = Economic Advisory Group  
 RPA = Risk Profile Assessment Form

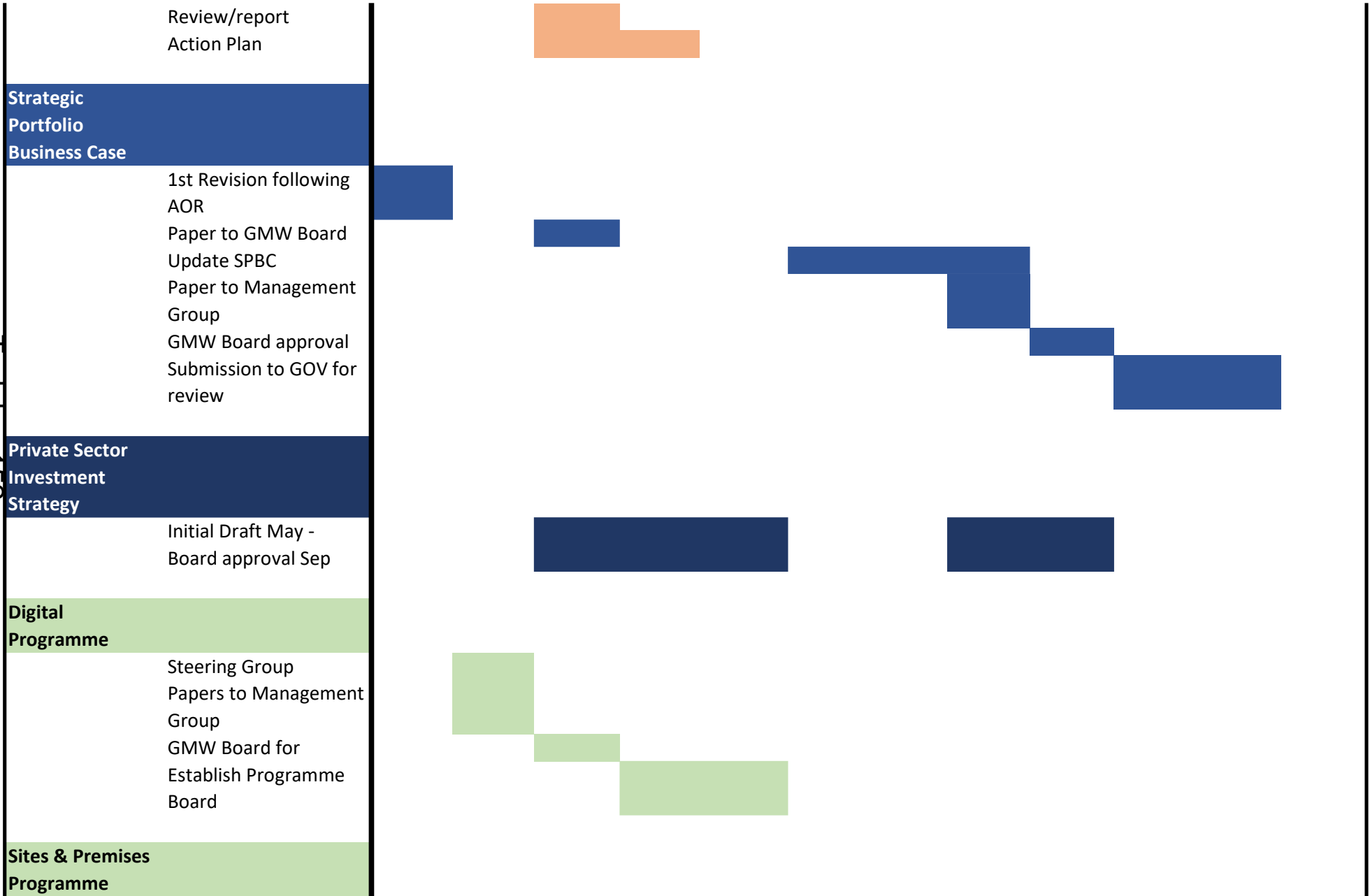
Key Decision Points

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

Area	Activity	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
<b>Final Deal Agreement</b>													
	Signing Event	13th											
<b>Governance / Assurance / Partnership Meetings</b>													
	GMW Board			11			21			26			12
	Management Group	4				3			4		11		
	Partnership	14				30				16	21		
	Joint Overview & Scrutiny Sub-	23					tbc			tbc			tbc
<b>Economic Advisory Group</b>													
	Interview/appoint members												
	Induction/work plan												
<b>PoMo Resourcing</b>													
	Finance Discussions												
	Energy Lead	INT				START							
	Comms Officer Recruitment		ADVERT			INT	START						
	Sites & Premises PM recruitment		ADVERT				INT		START				
<b>Portfolio Assurance Review</b>													
	Planning Meeting												

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4.4





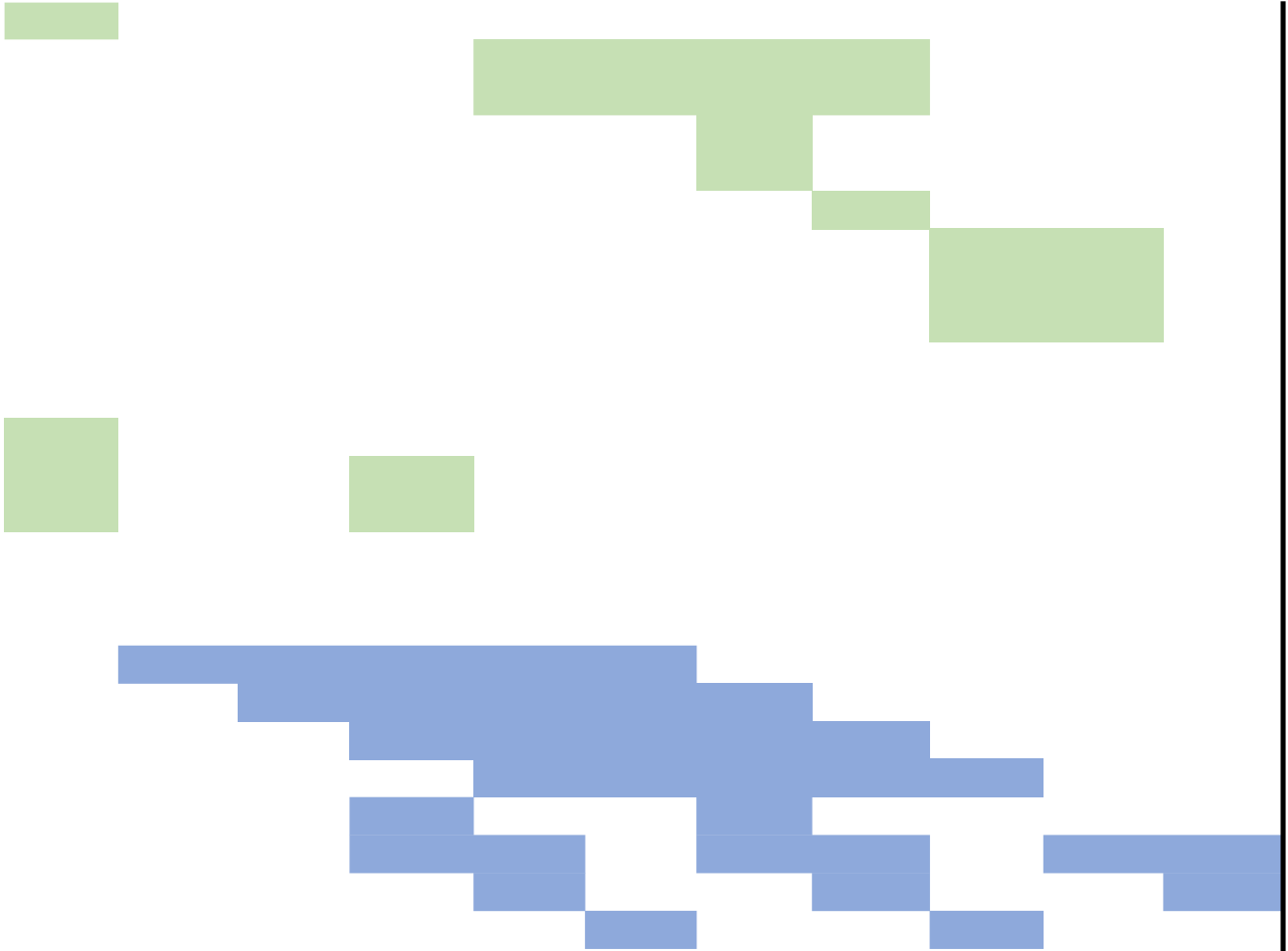
Steering Group  
Develop Programme  
Business Case  
Papers to Management  
Group  
GMW Board for  
Establish Programme  
Board

**Energy Priority  
Theme**

Steering Group  
Recruitment of Energy  
Lead

**Project Business  
Cases**

SOCs submitted  
Internal Assessment  
External Assessment  
Programme Board  
Management Group  
EAG input  
GMW Board  
Gateway Review



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

Theme	Strategic Aims	Project	Sponsor	Summary
Strengthened Tourism Offer	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.	Cynefin – The Green Heart of Wales	Centre for Alternative Technology	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.
		Elan Valley Lakes	Dwr Cymru	Adding high experience level adventure, sport and nature activities and improving provision of overnight accommodation to achieve economic growth and sustainability.
		Montgomery Canal Wales - Restoration to Navigation	Canal and River Trust / Glandwr Cymru	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 providing opportunities for tourism and leisure businesses.
		Ceredigion Harbours	Ceredigion County Council	(Aberystwyth and Aberaeron) will combine currently planned investment in sea defences/coastal flooding, reconfigure and develop these assets to generate new economic opportunities in retail, leisure and tourism. In Aberystwyth, the proposals also incorporate strengthened facilities to support the fisheries sector.
Agriculture, Food & Drink	Significantly grow the economic and employment base through new high-value food development and produce development to a nationally and internationally recognised standard.	Food Manufacturing Innovation Centre	Food Centre Wales	To deliver a state of the art food manufacturing innovation centre to enable companies to take the next steps from small scale, research-based product testing and analysis to scaling-up of production to enable full market and commercial viability testing.
		Canolfan Tir Glas / University of Gastronomy	Trinity St David's University	To establish a Centre for Rural Enterprise that will promote the local food industry, sustainability, resilience and rural entrepreneurship. The Centre will aim to strengthen the economic infrastructure of the wider agri-food economy, particularly by focusing on skills and career development in the hospitality and other rural diversification sectors.
Digital	Capitalising on the economic opportunities that can be unlocked by investing in our digital infrastructure.	Strategic Employment Site Connectivity	Ceredigion County Council & Powys County Council	<b>PROJECT WITHIN PROGRAMME.</b> To accelerate the provision of connectivity services to strategic employment sites, and in doing so provide better services to businesses to facilitate greater economic growth.
Applied Research & Innovation	Capitalising on internationally-significant research and industrial strengths, harnessing emerging specialisms, alongside strengthened industry engagement and development to catapult regional productivity growth.	Innovation Park	Aberystwyth University	Builds on the work of AberInnovation with the aim of identifying, developing and demonstrating the enabling processes and technologies to deliver circa 10,000m <sup>2</sup> of fully serviced office space, shared facilities and R&D space.

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		National Spectrum Centre	Aberystwyth University	Phase 2 of the Centre development - 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.
		Mid Wales Advanced Manufacturing Campus	Project lead to be determined	To deliver a Campus for Mid Wales, with the aim of improving the supply of skills into industry and provide a hub for collaboration/R&I activity.
<b>Supporting Enterprise</b>	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.	Mid Wales Sites and Premises	Ceredigion County Council & Powys County Council	<b>PROGRAMME.</b> To deliver a strategic programme of prioritised employment sites and premises and related infrastructure across Mid Wales to meet the needs of businesses and attract private sector investment.
<b>Energy</b> Tudalen 156	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.	N/A		
<b>Skills &amp; Employment</b>	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.	N/A		
<b>Transport</b>	Build on existing linkages to help deliver the transport network required to help grow the economy and raise productivity.	N/A		

Risk ID	Type R or I	Date Risk Identified	Risk Name	Risk Category	Risk Description	Risk Owner	Risk Rating			Mitigation Actions	Action Owner	Action Due Date	Residual Rating			Status
							L	I	T				L	I	T	
GMW10	I	Dec-19	Financial Resourcing to deliver Growth Deal	Financial	Failure from partners to agree budget contributions to ensure resourcing of PoMO and associated activity, e.g. accountable body functions, throughout duration of Growth Deal.	Joint Committee	3	4	12	# Clear financial records and budget forecasting # Clearly defined outline of funding gaps and potential contributions/contributors # Agree value for money criteria # Agreement of pathway to secure additional budget contributions from partners # Agreement between partners/LAs outlining contributions	SROs	Thru 2022	2	2	4	0
GMW11	R	Dec-19	Financial Borrowing Requirements	Financial	Failure to identify and agree LA and partner borrowing requirements.	Joint Committee	2	4	8	# Identify and prioritise projects into short, medium and long term funding model # LAs & Partner CFOs to produce indicative costs and funding mechanisms for consideration of JC	SROs	Thru 2022	1	2	2	0
GMW13	I	Feb-20	Skills Thematic Development	Resource	Skills strategic growth priority area/workstream needs resource to shape.	Joint Committee	3	4	12	# Both LAs need to consider this agenda and alignment with Regional Skills Partnership discussions and how this workstream develops.	SROs	Summer 2022	2	3	6	0

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GMW1 4	R	Sep-20	Management of Stakeholder Engagement	Engagement	Lack of stakeholder engagement resulting in a failure to identify and address concerns or issues and consider opinions, leading to stakeholders feeling unvalued, uncommitted and with a lack of confidence in the work programme.	Joint Committee	4	3	12	# Engagement with Private Sector Advisory Group. # Utilise Regional Engagement Team # Engagement through Partnership meetings/ Management Group Regional Collaboration meetings # Identify and arrange meetings with relevant parties as appropriate and provide written records	SROs	Summer 2022	3	3	9	O
GMW1 5 Tudalen 158	R	Sep-20	Poor Communications	Communications	Poor communication regarding development and delivery of Growth Deal Portfolio resulting in lack of awareness and buy-in from businesses, stakeholders, public.	Management Group	3	4	12	# Appointment of Communications Officer. # GMW Communications Sub-group to develop Comms plan. # Identify comms opportunities e.g. publications, social media # Develop GMW newsletter	Operations Manager/ Comms Sub Group	Apr-22	2	3	6	M
GMW1 6	I	Sep-20	Sufficient resources to develop and deliver Portfolio	Resource	Lack of resources / capacity / capability (multi-faceted across the portfolio and both at programme and project level). This includes resources of local authorities to support project sponsors.	Management Group	4	5	20	# Delivery of training. # Robust recruitment process. # Identify possible sources of support including funding. # PoMo to provide workshops to clarify requirements. # Identify issues at an early stage and formulate a plan to address. # Corporate accountability for resolving.	Operations Manager	Apr-22	4	4	16	O
GMW1 7	R	Sep-20	New working practices	Delivery	Covid-19 impacts on culture and new ways of working, such as health and wellbeing, difficulties in collaboration.	Joint Committee	4	4	16	# Efficient use of online facilities # Regular meetings and communications # Establish wider working groups # Access to support mechanisms	SROs	Thru 2022	3	3	9	O

<b>GMW19</b>	<b>R</b>	Sep-20	Financial Profile	Financial	Detailed delivery profile not yet known therefore difficult to ascertain GD funding requirements. Potential implications for financing (e.g. borrowing).	Management Group	<b>4</b>	<b>4</b>	<b>16</b>	# Update Strategic Portfolio Business Case to incorporate updated information from projects and programmes. # Detailed Programme and Project planning – in close consultation with Accountable Body on options. <i>Also see GMW11</i>	SROs/ Operations Manager	Summer 2022	<b>3</b>	<b>4</b>	<b>12</b>	<b>0</b>
<b>GMW21</b>	<b>R</b>	Sep-20	Portfolio Match Funding	Financial	Private Sector/Public Sector Finance match Funding is not as forthcoming after effects of Covid/Brexit/higher inflation on economy and other competing draws on limited funds i.e from Levelling Up Funds.	Management Group	<b>4</b>	<b>4</b>	<b>16</b>	# Engagement with Programme and Project Boards. # Sharing knowledge of other public sector funding streams # Engagement with Private Sector Advisory Group. # Private Sector Investment Strategy	SROs	Summer 2022	<b>3</b>	<b>3</b>	<b>9</b>	<b>0</b>
<b>GMW30</b>	<b>R</b>	Dec-21	Growth Deal Funding Period	Financial	UK and Welsh Governments allocating their share of the £110 million over different time periods. 10/15 years	Joint Committee	<b>3</b>	<b>3</b>	<b>9</b>	# Close focus on financial projections to manage funding resource which may not be as high as expected. # Explore options to flex match funding to counter funding awards.	SROs/ Accountable Body	Thru 2022	<b>3</b>	<b>3</b>	<b>9</b>	<b>0</b>
<b>GMW31</b>	<b>R</b>	Feb-22	Scrutiny arrangements	Assurance	Failure to establish effective scrutiny arrangements	Joint Committee	<b>3</b>	<b>3</b>	<b>9</b>	# SROs to regularly review and agree work plan with Joint Overview & Scrutiny Sub-Committee # Democratic Support Services to ensure work plan is communicated and meeting preparation is undertaken in advance	SROs	Summer 2020	<b>2</b>	<b>2</b>	<b>4</b>	<b>0</b>

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GMW3 2	I	Feb-22	SRO Assignmen t	Governanc e	Changes to the SRO position are required following FDA therefore there is the need to clarify roles and responsibilities to ensure appropriate support for the PoMO.	GMW Board	4	4	16	# Clarification of roles and responsibilities in taking the Growth Deal into delivery phase. # Clarification of time commitment and support mechanisms. # Agreement on SRO appointments (to include Deputy SRO).	CEOs	Mar-22	2	2	4	O
GMW3 3	R	Feb-22	Annual Performanc e Review Process	Assurance	Clarification is required around the process for annual performance review to ensure adequate planning and preparation (basic information provided).	Managem ent Group	3	4	12	# Detailed clarification provided by WGCIB on process and timescales.	SROs/ Operatio ns Manager	May-22	2	3	6	O
GMW3 4	R	Feb-22	EAG Work Programm e	Assurance	Failure to agree a suitable work programme for the new EAG to be an effective strategic challenge and support function for the Growth Deal throughout its implementation phase.	Joint Committe e	3	4	12	# Induction process to be arranged by GD Adviser with input from PoMO and xx # Work programme to be developed by xx # Mechanisms for engaging with GD approvals and assurance developed. # Continual relationship management arranged.	SROs	Apr-22	2	3	6	O
GMW3 5	R	Feb-22	Growth Deal Implement ation Plan	Delivery	Failure to define and agree programmes and projects.	Joint Committe e	2	4	8	# Follow 5 Case Business Model process including assurance and approvals. # Clear understanding of Portfolio Business Case and review requirements.	SROs	Jun-22	2	4	8	O

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<b>GMW3 6</b>	<b>I</b>	Feb-22	Digital Programme Development	Resource	Resource required to take the Digital Programme forward, e.g. staff, funding.	Joint Committee	<b>4</b>	<b>5</b>	<b>20</b>	# Detailed breakdown of resource requirements with timescales and potential options. # Establishment of Programme Board to consider and explore possible solutions. # Discussions regarding budget and potential partner contributions (financial and staff).	SROs	Jun-22	<b>3</b>	<b>3</b>	<b>9</b>	<b>0</b>
<b>GMW3 7</b>	<b>I</b>	Feb-22	Sites & Premises Programme Development	Delivery	Resource required to undertake Sites & Premises options assessment and develop a Programme Business Case.	Joint Committee	<b>4</b>	<b>5</b>	<b>20</b>	# Recruitment of Programme Manager to lead on work. # Work programme mapped out. # Breakdown of resource requirements with timescales and potential options. # Discussions regarding funding options/procurement.	SROs	Jun-22	<b>3</b>	<b>3</b>	<b>9</b>	<b>0</b>
<b>GMW3</b>																

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



## ADRODDIAD I FWRDD TYFU CANOLBARTH CYMRU

11 Mawrth 2022

TEITL:	Achos Busnes y Rhaglen Ddigidol
AWDUR:	Dave Owen, Rheolwr Rhaglen Ddigidol

### 1. Diben yr Adroddiad

- 1.1. Diben yr adroddiad hwn yw rhoi diweddariad i aelodau'r bwrdd ar ddatblygiad Achos Busnes y Rhaglen Ddigidol hyd yma, ac mae'n gofyn am gefnogaeth Bwrdd Tyfu Canolbarth Cymru (TCC) i fandadu ei ddatblygiad pellach i gefnogi'r gwaith o gyflawni Bargen Twf Canolbarth Cymru.

### 2. Y Penderfyniad(au) a Geisir

Gofynnir am y penderfyniadau canlynol gan Fwrdd TCC:

- 2.1 Nodi'r cynnydd a'r datblygiadau hyd yma wrth ystyried y dogfennau atodedig mewn perthynas â'r Rhaglen Ddigidol.
- 2.2 Mandadu datblygiad ffurfiol pellach Achos Busnes y Rhaglen Ddigidol ac archwilio ymhellach brosiectau posibl fel rhan o'r rhaglen.
- 2.3 Mandadu sefydlu Bwrdd y Rhaglen Ddigidol a threfniadau llywodraethu ac adrodd priodol gyda'r Grŵp Rheoli (Bwrdd Portffolio).

### 3. Diben Achos Busnes y Rhaglen

- 3.1 Mae Achos Busnes y Rhaglen (Atodiad 1) yn nodi'r ystyriaethau ar gyfer datblygu cronfeydd Bargen Twf y Rhaglen Ddigidol, ac mae'n darparu rhestr o ymyriadau a phrosiectau posibl i'w hystyried ar gyfer datblygu a chyflawni dros gyfnod y Rhaglen a'r Fargen Twf.
- 3.2 Mae Achos Busnes y Rhaglen yn nodi bod buddsoddiad ac ansawdd y Seilwaith Digidol ar ei hôl hi ar hyn o bryd yn y Canolbarth o gymharu ag ardaloedd eraill ac y bydd y rhanbarth yn parhau i brofi diffygion yn narpariaeth y seilwaith digidol heb ymyrraeth.
- 3.3 Mae Achos Busnes y Rhaglen yn disgrifio'r uchelgeisiau economaidd a'r themâu digidol a amlinellir yn "Gweledigaeth ar gyfer Tyfu Canolbarth Cymru" ac mae'n darparu achos dros ymyriad gan Tyfu Canolbarth Cymru (TCC) i gyflymu'r buddsoddiad mewn cysylltedd digidol ar draws y rhanbarth.

- 3.4 Nodwyd achos cryf dros newid, oherwydd heb unrhyw ymyrraeth gan y sector cyhoeddus, bydd cysylltedd a chapasiti yn syrthio ymhellach ar ei hôl hi o gymharu â'r lefelau gofynnol dros y blynyddoedd nesaf wrth i'r galw a'r ddibyniaeth ar dechnoleg ddigidol gynyddu.
- 3.5 Er gwaethaf cyllid sylweddol posibl, mae Achos Busnes y Rhaglen yn awgrymu y bydd cyllideb yn brin yn y Canolbarth. Mae maint y broblem ddigidol yn gofyn am fuddsoddiad o dros £200m i'w datrys yn llwyr, gyda'r rhaglen ddigidol wedi'i chyfyngu i tua £11m o gronfeydd y Fargen Dwf. Felly, dylai ymyriadau ganolbwyntio ar feysydd lle gallant sicrhau'r effaith fwyaf i'r rhanbarth, gan lywio a chefnogi buddsoddiadau eraill.
- 3.6 Y blaenoriaethau cyntaf, felly, yw cysylltedd sefydlog a symudol. Fel yr amlygwyd yn y ddogfen Gweledigaeth ar gyfer Canolbarth Cymru, mae'r rhain yn cael effaith sylfaenol ar effeithiolrwydd ein heconomi ac felly'n hollbwysig o ran caniatáu i fusnesau dyfu a ffynnu. Hefyd, maen nhw'n sylfeini ar gyfer mathau eraill o seilwaith digidol.

#### **4. Cynnydd hyd yma**

- 4.1 Ers mis Mawrth 2021, comisiynwyd Spirit Public Sector i roi cymorth a chyngor technegol i'r tîm wrth ddatblygu a chwblhau Achos Busnes y Rhaglen i baratoi ar gyfer Cytundeb Terfynol y Fargen. Mae'r comisiwn wedi'i rannu'n ddau gam, cwmpasu a dichonoldeb, gydag amcanion pob cam wedi'u hamlinellu isod.

##### **4.2 Cam 1 (Cwmpasu):**

- Cwmpasu ymyriadau posibl a fydd yn gwella cysylltedd digidol y Canolbarth yn aruthrol.
- Cymhwyso Canllawiau'r Trysorlys (Model Busnes 5 Achos), i gynghori ac ystyried yr elfennau allweddol a fyddai'n ffurfio achos strategol.
- Ystyried y prif faterion i'w cynnwys yn yr Achos Economaidd; wrth bennu ffactorau llwyddiant critigol a rhestr hir gychwynnol o ymyriadau.
- Dangos sut y gall buddsoddiad ychwanegol gan y Llywodraeth gefnogi amcanion y rhanbarthau o fewn y thematig digidol.

##### **4.3 Cam 2 (Dichonoldeb)**

- Datblygu ymhellach yr ymyriadau a nodwyd yng nghanam 1 a datblygu'r Achos Economaidd drwy bennu'r Ffordd Ymlaen a Ffefrir.

- Cynnal astudiaeth ddichonoldeb fanwl a sefydlu rhaglen/prosiectau o'r Ffordd Ymlaen a Ffeirir.

- 4.4 Datblygwyd drafft terfynol o Achos Busnes y Rhaglen ac mae wedi derbyn adborth gan y Grŵp Llywio Digidol a Grŵp Rheoli TCC. Sefydlwyd y Grŵp Llywio Digidol er mwyn cwmpasu'r rhaglen gynharach, yn cynnwys rhanddeiliaid allweddol a sefydliadau partneriaid.
- 4.5 Er bod rhestr gynhwysfawr o ymyriadau posibl wedi'u datblygu, mae dau brosiect wedi'u nodi ar hyn o bryd fel prosiectau 'cam cyflym ymlaen' drwy ddatblygu Achos Busnes y Rhaglen a chânt eu hystyried ymhellach ar ôl sefydlu Bwrdd y Rhaglen Ddigidol ac y bydd cyllid ar gael.
- 4.6 Nod prosiect cyntaf arfaethedig 'y cam cyflym ymlaen', Safleoedd Cyflogaeth Strategol, yw ceisio cyflymu'r ddarpariaeth ffeibr i gartrefi a safleoedd cyflogaeth strategol yn rhanbarth y Canolbarth, a thrwy hyn, darparu gwasanaethau gwell i fusnesau er mwyn hwyluso mwy o dwf economaidd.
- 4.7 Nod yr ail, sy'n canolbwyntio ar gyflymu gwasanaethau cysylltedd ffeibr i gynifer o safleoedd tai cymdeithasol â phosibl yn rhanbarth y Canolbarth, yw darparu cyfleusterau gwell i denantiaid a chynyddu cyfleoedd cyflogaeth unigol yn y farchnad ddigidol, gan hybu a hwyluso mwy o dwf economaidd.
- 4.8 Byddai'r ddau brosiect yn gweithredu fel prosiectau 'hyb' a fydd yn cefnogi'r effaith o ledaenu, gan ddarparu'r cyswllt a'r buddiannau nid yn unig i'r safle dan sylw ond hefyd i safleoedd eraill y mae'r cyswllt ffeibr yn pasio drwyddynt ac yn darparu cyfleoedd i gyflenwyr adeiladu'n haws o'r ardaloedd hyn.
- 4.9 Bydd penderfyniadau am ddatblygu ymyriadau posibl yn cael eu hystyried gan Fwrdd y Rhaglen Ddigidol, ac yn destun craffu ganddynt, ac yn cael eu datblygu drwy'r broses lywodraethu y cytunwyd arni.

## **5. Ystyriaethau Allweddol Achos Busnes y Rhaglen**

- 5.1 Cyflymu darpariaeth seilwaith digidol yn y Canolbarth yw prif amcan y rhaglen. Gan nad yw seilwaith digidol eang o ansawdd uchel yn debygol o gael ei ddarparu yn y Canolbarth yn gyflym iawn, mae'n hollbwysig bod TCC yn nodi'r ymyriadau sy'n darparu neu'n hwyluso mwy o fuddsoddiad uniongyrchol, yn ysgogi'r galw, ac yn cyflymu'r gwaith o adeiladu seilwaith digidol er mwyn atal y rhanbarth rhag syrthio ymhellach ar ei hôl hi.
- 5.2 Mae Achos Busnes y Rhaglen yn ystyried pedwar cwestiwn allweddol mewn perthynas ag ymyriad TCC:
  - Beth yw'r rhwystrau i well Seilwaith Digidol?

- Pam y dylai TCC ei hun ymyrryd?
- Pa lefel o ymyriad y dylai TCC ei gwneud?
- Sut bydd yr ymyriadau'n gweithio a pha adnoddau fydd eu hangen – sut bydd cyllid y Fargen Twf yn cael ei ddefnyddio i sicrhau'r dylanwad mwyaf yn y rhanbarth.

5.3 Cyn nodi pam a sut y dylai cytundeb Twf TCC ymyrryd â'r mater, mae Achos Busnes y Rhaglen yn meithrin dealltwriaeth gadarn o'r cyd-destun strategol yn gyntaf, darpariaeth bresennol y seilwaith digidol, gan gynnwys y lefelau cysylltedd ar hyn o bryd, amodau'r farchnad, a'r gweithgareddau sydd ar y gweill ar hyn o bryd i fynd i'r afael â darpariaeth y seilwaith digidol.

5.4 Mae Achos Busnes y Rhaglen yn disgrifio sut y gellir mynd i'r afael â'r heriau drwy ymyriadau wedi'u targedu, er mwyn denu buddsoddiad i'n rhanbarth a chyflymu darpariaeth cysylltedd digidol i gefnogi uchelgeisiau'r Fargen Twf.

5.5 Mae Achos Busnes y Rhaglen yn ystyried ein mentrau presennol ein hunain, a mentrau cenedlaethol, rhanbarthol a lleol eraill sy'n bodoli'n barod i nodi bylchau yn y ddarpariaeth. Mae'n nodi lle mae'r Fargen Twf yn y sefyllfa orau i ymyrryd a'r camau y gall Bwrdd TCC eu cymryd i wneud y defnydd gorau o arian cyhoeddus i ddod â'r cysylltedd sydd ei angen yn y Canolbarth. Y nod yw ategu rôl cyrff eraill o ran sicrhau newidiadau ac osgoi dyblygu gwaith.

5.6 Mae Achos Busnes y Rhaglen yn nodi rhestr hir o opsiynau ar gyfer ymyriad TCC, a model i nodi'r lefel a'r math mwyaf priodol o ymyriad i wneud y mwyaf o'r Enillion ar Fuddsoddiad ar gyfer Bargaen Twf Canolbarth Cymru. Mesurir y Rôl hon yn bennaf ar sail y cynnydd sylweddol i Werth Ychwanegol Gros rhanbarthol. Mae hefyd yn defnyddio buddiannau cymdeithasol, iechyd a lles fel cyfeirbwyntiau ac yn nodi rhai dangosyddion procsi ar gyfer llwyddiant, gan dynnu sylw hefyd at ganlyniadau ehangach eraill y bydd buddsoddiad yn eu cefnogi.

5.7 Mae Achos Busnes y Rhaglen yn disgrifio cost a budd yr ymyriad TCC arfaethedig, ac yn nodi dull cyflawni strwythuredig, lefel uchel i sicrhau bod prosiectau'n cael eu cwmpasu, eu cyfiawnhau a'u rheoli'n effeithiol.

## **6. Amcanion buddsoddi**

6.1 Fel yr awgrymwyd, y prif sbardun ar gyfer gwell cysylltedd digidol yw perfformiad economaidd, a fesurir yn y bôn drwy gynnydd mewn Gwerth Ychwanegol Gros (GVA). Trwy ddarparu seilwaith digidol o ansawdd gwell, sy'n fwy eang ac sy'n well o ran gwerth, bydd y rhaglen ddigidol yn helpu i ddatblygu addysg a sgiliau, yn caniatáu i fwy o fusnesau leoli a thyfu, yn cynyddu cyfleoedd cyflogaeth cynaliadwy, ac yn creu economi mwy ffyniannus a chytbwys i'r Canolbarth.

6.2 Mae'n hanfodol bod y buddsoddiad a wneir dan y thema Blaenoriaeth Twf Digidol yn canolbwyntio ar sbarduno'r cynnydd hwn mewn GVA. Felly, dyma Amcanion Buddsoddi Achos Busnes y Rhaglen:

- Cynyddu cyfraniad y buddsoddiad cyhoeddus/preifat presennol mewn seilwaith digidol £100m i ddarparu Rôl o £180m erbyn 2030 (gan ddenu buddsoddiad, sicrhau enillion economaidd).
- Cyrraedd targed o 80% o'r signal data symudol 4G awyr agored gan bob cwmni erbyn diwedd 2026 (signal a chyflymiad).
- Cyflawni targed o 60% o signal ffeibr llawn erbyn diwedd 2026 (signal a chyflymiad).
- Cyrraedd targed o 98% o ddarpariaeth cyflym iawn erbyn diwedd 2026 (signal a chyflymiad).

## **7. Buddiannau ychwanegol**

7.1 Mae Gwell Seilwaith Digidol yn cael ei ystyried fel cam i sbarduno twf economaidd drwy alluogi amrywiaeth o ganlyniadau i ddefnyddwyr busnes a domestig, megis costau is, mwy o gyfleoedd gwaith, a mwy o swyddi mwy medrus.

7.2 Yn fras, mae gan ddarpariaeth cysylltedd digidol dri math o fuddiannau perthnasol:

- Buddiannau Cymdeithasol - Ansawdd bywyd, cydlyniant cymdeithasol, buddiannau iechyd, amgylcheddol ac eraill nad ydynt fel arfer yn cael eu mesur yn ariannol.
- Buddiannau Economaidd - Buddiannau sy'n cyfrannu at dwf GVA.
- Buddiannau Effeithlonrwydd y Sector Cyhoeddus - Gwerth cysylltedd cyflymach a mwy dibynadwy i'r sector cyhoeddus ar gyfer ei adeiladau ei hun.

7.3 Fodd bynnag, nid yw Seilwaith Digidol ar ei ben ei hun yn uniongyrchol gyfrifol am gyflawni'r buddiannau sy'n gysylltiedig â'r defnydd hwnnw, gan fod llawer o ffactorau eraill yn cyfrannu at hyn hefyd. Cydnabyddir ei bod hi'n anodd priodoli buddiannau economaidd-gymdeithasol yn uniongyrchol i ddarpariaeth seilwaith digidol well. Serch hynny, mae'n rhesymol disgwyl gweld buddiannau economaidd.

## **8. Ymyriadau**

8.1 Mae'n hollbwysig bod TCC yn gallu ymateb i amgylchedd ffrwd ddigidol sy'n newid yn barhaus gan gynnwys ymddygiad defnyddwyr, y farchnad, cynlluniau'r llywodraeth, a mentrau presennol ac arfaethedig a fydd yn parhau i esblygu. Mae angen i'r model ymyriad fod yn hyblyg iawn ac yn ffordd o reoli ein hymateb heb gyfyngu ar ein gweithredoedd, yn unol â natur technoleg ddigidol.

- 8.2 Mae angen i'r opsiynau a nodwyd ganiatáu i'r rhaglen amrywio dulliau ymyrryd i fodloni'r amodau ar adegau penodol. Mae angen i'r model ystyried y ffaith nad yw un ymyriad unigol yn debygol o fod yn effeithiol. Bydd angen i TCC bob amser gael mynediad at amrywiaeth o offer i'w defnyddio mewn ffyrdd gwahanol, ac mewn lleoliadau gwahanol i fodloni gofynion a blaenoriaethau sy'n newid.
- 8.3 Nodwyd rhestr gychwynnol o 90 a mwy o brosiectau posibl y gallai TCC eu cyflawni, a bydd llawer ohonyn nhw'n hanfodol. Mae prosiectau'n amrywio o'r rhai sy'n canolbwyntio'n bennaf ar feithrin gweithgarwch, drwy fentrau wedi'u llywio gan bolisiâu a phrosesau, prosiectau ymgysylltu â'r gymuned, a phrosiectau i ddatblygu'r sgiliau i adeiladu seilwaith digidol, neu i alluogi defnyddwyr terfynol i fanteisio ar wasanaethau cysylltedd digidol. Mae'r rhestr hir wedi'i phrofi yn erbyn cyfres o Ffactorau Llwyddiant Critigol (CSFs) i ddewis rhestr fer fwy hylaw a realistig o brosiectau ac opsiynau i'w hystyried.
- 8.4 Bydd y prosiectau a nodwyd yn cael eu harchwilio drwy Fwrdd y Rhaglen Ddigidol ac yn symud ymlaen i Fwrdd TCC drwy Grŵp Rheoli TCC fel y nodir ym mhroses lywodraethu'r Rhaglen.

## **9. Mathau o Brosiectau**

- 9.1 Bydd y prosiectau a nodwyd hyd yma i gyd yn sbarduno'r gwaith o ddarparu seilwaith digidol ar hyd a lled y Canolbarth. Mae'r prosiectau'n perthyn i dri maes gweithgarwch eang fel y gwelir isod. Gan nad yw'r mathau o brosiectau'n gyfyngol i'r naill a'r llall ac yn adlewyrchu prif ffocws y prosiect, mae pob prosiect yn debygol o fod â chyfuniad o elfennau Adeiladu, Galluogi a Sgiliau. Mae'r prosiectau posibl wedi'u nodi dan bob un o'r tri chategori yn y Project TMap sy'n cyd-fynd â'r adroddiad hwn (Atodiad 5).

### **9.2 Adeiladu**

Prosiectau sy'n adeiladu seilwaith newydd yn uniongyrchol, gan gynnwys cloddio pibelli, gosod ffeibr, adeiladu neu ail-bwrpasu mastiau, a chreu neu aildefnyddio asedau eraill. Ar gyfer prosiectau adeiladu, bydd TCC fel arfer yn comisiynu cyflenwr i adeiladu'r seilwaith.

Mae aildefnyddio asedau yn nodwedd o gategori adeiladu prosiectau. Mae'r mentrau hyn yn canolbwyntio ar ddefnyddio asedau'r cyngor fel pibelli, dodrefn stryd, ffasadau adeiladu, polion goleuadau, a gofod toeau, gan sicrhau eu bod ar gael i ddarparwyr eu defnyddio wrth ddarparu seilwaith digidol.

### **9.3 Galluogi – Proses, Polisiâu ac Ymgysylltu**

Galluogi prosiectau i ganolbwyntio ar sefydlu'r mecanweithiau sydd eu hangen i helpu i gyflymu'r gwaith o adeiladu seilwaith digidol, er enghraifft, lliniaru problemau'r ochr gyflenwi drwy ddileu neu leihau rhwystrau defnydd nodweddiadol; a mynd i'r afael â materion yn ymwneud â'r galw drwy godi ymwybyddiaeth o wasanaethau ac annog



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newidiadau mewn ymddygiad defnyddwyr, i ysgogi'r galw, er enghraifft drwy annog a helpu preswylfeydd neu fusnesau i wneud cais am grantiau neu gynlluniau talebau.

#### 9.4 Sgiliau

Mae angen prosiectau sgiliau i sicrhau bod y Canolbarth yn gallu manteisio ar yr arbenigedd a'r wybodaeth benodol sydd eu hangen i dyfu ôl troed ein Seilwaith Digidol. Gall hyn gynnwys gweithio gyda chyrrff masnachol neu addysgol i ddatblygu'r wybodaeth peirianeg sifil sydd ei hangen i ddefnyddio'r seilwaith digidol, ynghyd â datblygu sgiliau ymgysylltu cymunedol mwy meddal.

### 10. Rheoli

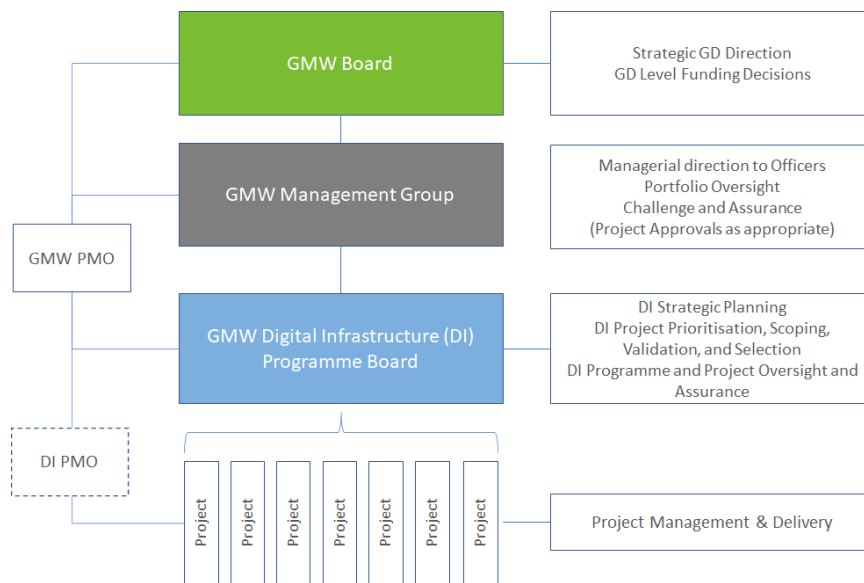
- 10.1 Mae'n debygol iawn y bydd maint y problemau seilwaith i fynd i'r afael â nhw yn fwy o lawer nag adnoddau TCC, ac y bydd yr heriau a'r cyfleoedd mewn perthynas â Seilwaith Digidol yn newid cryn dipyn dros amser. Mae'r rhaglen yn debygol o bara o leiaf 10 mlynedd, gyda lefel yr ymdrech sydd ei hangen a'r math o ymyriadau yn debygol o newid yn sylweddol dros amser - disgwylir i'r cyfnod prysuraf fod yn y 5 mlynedd cyntaf.
- 10.2 Felly, mae'n hanfodol sefydlu rhaglen weithgarwch strwythuredig ond hyblyg i flaenoriaethu a rheoli cynllun gweithredu clir. Bydd angen i'r rhaglen gael ei llywodraethu a'i chyfarparu'n dda, a'i rheoli'n ofalus gan dîm hybrid o swyddogion gwybodus a galluog o bob cwr o bartneriaeth y Fargen Twf, gyda chefnogaeth adnoddau arbenigol 3ydd parti.
- 10.3 Rydym wedi penodi Rheolwr y Rhaglen Ddigidol ac mae bellach yn cyfrannu at gwmpasu a sefydlu'r rhaglen. Mae adnoddau prosiect-penodol eraill yn cael eu nodi wrth i brosiectau gael eu cwmpasu ymhellach. Mae presenoldeb cymorth allanol fel rhan annatod o'r model adnoddau sy'n golygu bod modd llenwi bylchau sgiliau a gwybodaeth wrth geisio adnoddau TCC, a bod modd trosglwyddo gwybodaeth yn fwy effeithiol unwaith y bydd rolau'n cael eu llenwi.
- 10.4 Bydd Bwrdd y Rhaglen yn parhau i fod yn gyfrifol am bob agwedd ar gynllunio a darparu seilwaith digidol TCC, o ran darparu mewnol ac ymgysylltu allanol â chyrrff eraill sydd â diddordeb, neu gyrff cysylltiedig. Caiff ei lywodraethu yn unol â strwythurau rheoli ehangach y Fargen Twf. Mae hyn yn hanfodol fel bod penderfyniadau rhaglenni am gyllid yn adlewyrchu blaenoriaethau eang y Fargen Twf, a'u bod yn cael eu buddsoddi'n effeithiol er mwyn helpu i ddarparu seilwaith digidol eang ledled y Canolbarth.
- 10.5 Drwy hyn, a thrwy lywodraethu ar lefel prosiect ategol, bydd y rhaglen:
  - yn sicrhau cysondeb strategol â gweledigaeth a chynlluniau datblygu economaidd cenedlaethol a lleol, a barn gyffredin ar y dull o ymdrin â seilwaith digidol, yr amcanion yr hoffem eu cyflawni, a'r buddiannau a ddymunir.

- yn sicrhau bod y broses o brynu a chyflenwi seilwaith digidol yn diwallu anghenion busnesau a dinasyddion y Canolbarth, ac yn ystyried cynlluniau cynghorau cyfagos, Llywodraeth Cymru sy'n cynrychioli holl awdurdodau lleol Cymru, Bargeinion Twf eraill a phartïon eraill â buddiant ac sydd ar waith.
- 10.6 Yn ogystal â darparu buddiannau llywodraethu a rheoli clir, bydd rhaglen sefydledig gref ar gyfer seilwaith digidol hefyd yn dod â buddiannau eraill. Mae'n ofyniad allweddol ar gyfer cyllid y Llywodraeth, ac yn elfen ddeniadol i gyflenwyr. Felly, mae'n gwella tebygolrwydd, gwerth ac amseriad ystod o gyllid grant, ac yn cefnogi marchnad fwy gweithredol.
- 10.7 Bydd aelodau o Fwrdd y Rhaglen yn penderfynu pa brosiectau y dylid eu cyflwyno er mwyn bodloni amcanion buddsoddi'r seilwaith digidol a chyfrannu at gyflawni amcanion y portffolio. Bydd Bwrdd TCC yn darparu goruchwyliaeth a sicrwydd i'r penderfyniadau hynny er mwyn helpu i sicrhau cysondeb ac aliniad ar draws y portffolio, gan ddarparu'r rôl werthfawr o roi adborth beirniadol i brofi a herio penderfyniadau a rhesymeg.
- 10.8 Bydd strwythur o'r fath yn sicrhau rhywfaint o ymreolaeth ar lefel rhaglen i ganiatáu i arbenigwyr parth-benodol flaenoriaethu a chytuno ar brosiectau, gan ystyried dibyniaethau a chryfderau cymharol pob prosiect, er mwyn sicrhau bod buddsoddiad yn cael ei dargedu yn y meysydd cywir, yn y drefn gywir.

## **11. Llywodraethu Rhaglenni**

- 11.1 Bydd y Rhaglen yn cael ei llywodraethu gan Fwrdd y Rhaglen Ddigidol. Cyfuniad o swyddogion Adfywio, TGCh a Digidol o Gyngorau Powys a Cheredigion yn ogystal â chynrychiolwyr gwasanaethau cyhoeddus rhanbarthol sy'n gweithredu fel defnyddwyr y seilwaith.
- 11.2 Mae Bwrdd y Rhaglen Ddigidol yn gyfrifol am oruchwylio a chyflwyno'r Rhaglen Ddigidol a sicrhau ei bod yn cyd-fynd â Gweledigaeth Tyfu Canolbarth Cymru. Bydd y bwrdd yn sicrhau bod modd cyflawni amcanion y Rhaglenni, ac yn adrodd yn rheolaidd i'r grŵp Rheoli a Bwrdd Tyfu Canolbarth Cymru.
- 11.3 I ddechrau, bydd Bwrdd y Rhaglen yn canolbwyntio ar ddatblygu'r achosion busnes y cytunwyd arnynt ac wedyn yn goruchwylio'r gwaith cyflawni, gan ganolbwyntio'n benodol ar y buddiannau a'r canlyniadau sydd i'w cyflawni.
- 11.4 Cynhelir cyfarfodydd bob mis cyn Cyfarfodydd y Grŵp Rheoli er mwyn rhoi cyfle i gyflwyno diweddariadau ac adroddiadau perthnasol, yn ogystal â cheisiadau cynyddol am gymeradwyaeth a datblygu mandadau'r prosiect. Bydd amlder y cyfarfodydd yn cael ei adolygu wrth i'r rhaglen fynd rhagddi. Fodd bynnag, bydd cyfarfodydd eithriadol yn cael eu trefnu fel bo'r angen ac os yw aelodau'r Bwrdd ar gael.

- 11.5 Nod y strwythur a'r dulliau llywodraethu yw rhoi rhywfaint o ymreolaeth angenrheidiol i Fwrdd y Rhaglen Ddigidol fel y gall gynllunio ac ymateb mewn modd hyblyg ac ystwyth. Bydd yn defnyddio arbenigwyr digidol y rhaglen a'u gwybodaeth i nodi blaenoriaethau, dibyniaethau, a chryfderau cymharol pob prosiect a'u cryfderau o'u cymharu â'i gilydd, yn ogystal â sicrhau bod buddsoddiad yn cael ei dargedu yn y meysydd cywir, yn y drefn gywir.
- 11.6 Er mwyn i Fwrdd y Rhaglen gytuno a chyflwyno argymhellion, bydd o leiaf 50% o'r aelodaeth graidd gan gynnwys yr Uwch Berchennog Cyfrifol (SRO) (neu'r Dirprwy Enwebedig) yn bresennol. Nid ydym yn rhagweld y bydd angen trefniadau pleidleisio ar Fwrdd y Rhaglen, gyda chytundeb yn cael ei gyrraedd drwy gonsensws. Os bydd rhywun yn mynegi barn a safbwyntiau amgen, caiff y rhain eu cofnodi a'u cynnwys mewn unrhyw broses adrodd.
- 11.7 Bydd Bwrdd y Rhaglen Ddigidol yn cael ei sefydlu ar ôl i Achos Busnes y Rhaglen gael ei gymeradwyo ac i'r gwaith manwl o gynllunio rhaglenni ddechrau. Gyda'i gilydd byddant yn darparu dull strwythuredig a disgybledig, ond hyblyg sy'n galluogi'r Rhaglen Ddigidol i ymateb i ofynion newydd a newidiol.
- 11.8 Mae'r model llywodraethu arfaethedig ar gyfer y Rhaglen fel a ganlyn<sup>1</sup>:



## 12. Adnoddau

- 12.1 Er mwyn cyflawni'r buddiannau hyn, rhaid i'r Rhaglen gael digon o adnoddau. Er y bydd y Rhaglen yn defnyddio'r adnoddau presennol yn ystod gwaith arferol, bydd angen adnoddau sylweddol a phenodol i'r Rhaglen hefyd.
- 12.2 Bydd Bwrdd y Rhaglen Ddigidol yn craffu ar y gofyniad adnoddau arfaethedig cyn cyflwyno adroddiad a chais priodol i Fwrdd TCC ar ôl i Achos Busnes y Rhaglen gael ei gymeradwyo.

<sup>1</sup> mae'n cyd-fynd â'r darpariaethau a ganiateir dan Gytundeb Rhyng-Awdurdod 3 a'r trefniadau a nodir yn achos rheoli'r Achos Busnes Portffolio

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- 12.3 Mae Achos Busnes y Rhaglen yn disgrifio tîm hybrid o adnoddau mewnol ac allanol. Mae'r dull hwn yn fodel sicr a phroffedig ar gyfer cyflawni'r Fargen Twf arall yn llwyddiannus, a bydd y Rhaglen yn cael ei harwain gan Reolwr Rhaglen llawn amser, gyda chefnogaeth tîm hybrid yn cynnwys Rheolwyr Prosiect mewnol, cymorth gweinyddol a chymorth arbenigol allanol. Bydd y gweithgareddau'n cynnwys casglu data, dylunio a gweithredu caffael, rheoli gweithredu ac ystod eang o dasgau eraill.
  - 12.4 Bydd adnoddau mewnol y Rhaglen yn cefnogi'r ystod o weithgareddau sydd eu hangen i sefydlu a gweithredu'r Rhaglen. Bydd y tîm yn sefydlu'r strwythur llywodraethu a rheolaethau'r Rhaglen.
  - 12.5 Bydd y tîm yn gwneud rhagor o waith i sefydlu a mesur y gofynion o ran adnoddau. I ddechrau, bydd y Grŵp Rheoli yn ystyried unrhyw ofyniad am adnoddau, cyn gofyn am gymeradwyaeth fel rhan o broses pennu cyllidebau Bwrdd TCC.
  - 12.6 Efallai y bydd adegau pan fydd TCC yn defnyddio adnoddau contractwyr i gynyddu capasiti adnoddau, er enghraifft o ran rheoli ac ymgysylltu â phrosiectau. Mae'r model yn darparu mecanwaith ar gyfer adnoddau tymor byr ar gyfer unrhyw weithgareddau sy'n ansicr, ar frys neu dros dro, lle mae'n llai cost-ffeithiol penodi aelod llawn-amser o staff, neu lle nad oes amser i wneud hynny. Felly, mae'r model yn darparu'r gallu, y capasiti a'r hyblygrwydd sydd eu hangen i gyflawni'n llwyddiannus, a gwelwyd ei fod yn gweithio'n dda wrth gynllunio a darparu llawer o raglenni Seilwaith Digidol y sector cyhoeddus.

### **13. Rheoli Risg**

- 13.1 Caiff risgiau a phroblemau eu rheoli drwy'r rhaglen ffurfiol a rheolaethau prosiect gan ddefnyddio Cofrestr Risg, ac yn unol â dull Portffolio TCC.
- 13.2 Datblygwyd Cofrestr Risg ddrafft gan ddefnyddio'r wybodaeth hyd yma. Bwrdd y Rhaglen fydd yn gyfrifol am ddatblygu a monitro pellach, ar ôl ei sefydlu, gyda rheolaeth weithredol gan Reolwr y Rhaglen Ddigidol.
- 13.3 Bydd Risgiau'r Rhaglen yn cael eu sgorio yn unol â'u tebygolrwydd a'u heffaith a byddant yn cael eu huwchgyfeirio yn ôl eu sgôr rhifiadol. Bydd llwybrau uwchgyfeirio yn amrywio yn ôl natur pob risg benodol. Bydd risgiau strategol neu effaith uchel allweddol sy'n effeithio ar neu sy'n gofyn am fewnbwn ar lefel Portffolio yn cael eu codi i Grŵp Rheoli TCC, ac mewn amgylchiadau eithriadol, yn y pen draw i Fwrdd TCC.
- 13.4 Wrth i'r Rhaglen ddatblygu ac wrth i Brosiectau gael eu nodi ar gyfer datblygu achosion busnes, yna bydd trefniadau prosiect dilynol yn cael eu rhoi ar waith, e.e. Byrddau Prosiect, a fydd yn bwydo i Fwrdd y Rhaglen.
- 13.5 Bydd risgiau ar lefel prosiect yn cael eu rheoli'n weithredol gan y Rheolwr Prosiect perthnasol, ac yn cael eu goruchwylio gan bob Bwrdd Prosiect unigol drwy'r un dull gweithredu. Bydd unrhyw risgiau sy'n gofyn am fewnbwn neu benderfyniad strategol

yn cael eu huwchgyfeirio at Reolwr y Rhaglen Ddigidol i'w hystyried gan Fwrdd y Rhaglen Ddigidol.

- 13.6 Bydd materion sy'n weddill yn cael eu hadolygu o leiaf bob pythefnos, eu heffaith yn cael ei hailasesu a chânt eu hailddosbarthu fel y bo'r angen. Bydd materion yn cael eu datrys ar lefel prosiect a'r Bwrdd Prosiect oni bai bod angen eu huwchgyfeirio i Fwrdd y Rhaglen Ddigidol neu Fwrdd Rheoli TCC ymyrryd â nhw.

#### **14. Y camau nesaf**

- 14.1 Lle bo angen, gwneir diwygiadau priodol i'r dogfennau yn dilyn adborth gan Fwrdd TCC.
- 14.2 Sefydlu Bwrdd y Rhaglen Ddigidol. Gan gynnwys y cyfarfod cyntaf lle bydd yr aelodau'n cadarnhau'r cylch gwaith a'r cyfrifoldebau. Bwriedir i hyn ddigwydd yn yr wythnos sy'n dechrau ar 4 Ebrill 2022.
- 14.3 Bwrdd y Rhaglen Ddigidol i ystyried prosiectau sydd wedi'u cynnig, ac y dylid eu blaenoriaethu a'u datblygu.
- 14.4 Gofynion adnoddau i'w nodi a'u hystyried gan y Grŵp Rheoli, a Bwrdd Tyfu Canolbarth Cymru.
- 14.5 Diweddariadau pellach i Fwrdd TCC drwy adrodd ar gynnydd y Portffolio. Nodi cyfleoedd cyfathrebu i hyrwyddo gwaith y Rhaglen Ddigidol fel y bo'n briodol a rheoli disgwyliadau rhanddeiliaid, i'w cynnwys yng Nghynllun Cyfathrebu TCC.
- 14.6 Diweddarau cynllun gweithredu'r Rhaglen a sefydlu llinell sylfaen ar gyfer adrodd chwarterol fel rhan o drefniadau adrodd y Portffolio.

#### **Dogfennau perthnasol atodedig**

- Atodiad 1 - Achos Busnes y Rhaglen Ddigidol
- Atodiad 2 - Bwrdd y Rhaglen Ddigidol - Cylch Gwaith
- Atodiad 3 - Cynllun Gweithredu'r Rhaglen Ddigidol
- Atodiad 4 - Rhaglen Ddigidol – Project TMap

**Dave Owen**  
**14 Mawrth 2022**

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



## REPORT TO THE GROWING MID WALES BOARD

11<sup>th</sup> March 2022

TITLE:	Digital Programme Report
AUTHOR:	Dave Owen, Digital Programme Manager

### 1. Purpose of the Report

- 1.1. The purpose of this report is to update members of the board on the development of the Digital Programme Business Case to date, and seeks the GMW Board's support to mandate its further development to support the delivery of the Mid Wales Growth Deal.

### 2. Decision(s) Sought

The following decisions are sought from GMW Board:

- 2.1 Note progress and developments to date with consideration of the documentation attached in relation to the Digital Programme.
- 2.2 To mandate the further formal development of the Digital Programme Business Case and further exploration of the potential projects within the programme.
- 2.3 To mandate the establishment of a Digital Programme Board and appropriate governance and reporting arrangements with the Management Group (Portfolio Board).

### 3. Purpose of the Programme Business Case

- 3.1. The Programme Business Case (Appendix 1) sets out the considerations for the development of the Digital Programme for Growth Deal funds, and provides a list of interventions and potential projects to be considered for development and delivery over the length of the Programme and the Growth Deal.
- 3.2. The Programme Business Case identifies that investment and the quality of Digital Infrastructure is currently lagging behind in Mid Wales than in other areas and that without intervention the region will continue to experience deficiencies in digital infrastructure provision.
- 3.3. The Programme Business Case describes the economic ambitions and digital themes outlined in the "Vision for Growing Mid Wales" and provides a case for

intervention by Growing Mid Wales (GMW) to accelerate investment in digital connectivity across the region.

- 3.4. A strong case for change has been set out, that without any intervention from the public sector, connectivity and capacity will fall further behind the required levels over the forthcoming years as the demand and dependency upon digital technology increases.
- 3.5. The Programme Business Case suggests that despite potential significant funding, Mid Wales will almost certainly be budget-constrained, with the scale of the digital problem estimated to require investment of over £200m to resolve completely, with the digital programme limited to approximately £11m Growth Deal funds. Interventions should therefore be focused where they can deliver the greatest impact for the region, driving and supporting other investments.
- 3.6. The first priorities are therefore fixed and mobile connectivity. As highlighted within the Vision for Mid Wales document, 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.

#### **4. Progress to date**

4.1. Since March 2021, Spirit Public Sector have been commissioned to provide technical support and advice to the team in the development and completion of the Programme Business Case in preparation for Final Deal Agreement. The commission has been broken in to two phases, scoping and feasibility, with the objectives of each phase outlined below.

##### **4.2. Phase 1 (Scoping):**

- Scoping potential interventions that will significantly enhance digital connectivity in Mid Wales.
- Applying Treasury Guidance (5 Case Business Model), to advise and consider the key elements that would form a strategic case.
- Consideration of the main issues to feature within in the Economic Case; in determining critical success factors and an initial long-list of interventions.
- Demonstrate how additional existing Government investment can support the regions objectives within the digital thematic.



**4.3 Phase 2 (Feasibility)**

- To further develop the identified interventions in phase 1 and development of the Economic Case through determination of a Preferred Way Forward.
  - To undertake detailed feasibility and set up of a programme/projects as identified from the Preferred Way Forward.
- 4.4 A final draft of the Programme Business Case has been developed and has received feedback from both the Digital Steering Group and the GMW Management Group. The Digital Steering Group was established for the purpose of scoping the early programme, consisting of key stakeholders and partners organisations.
- 4.5 Though a comprehensive list of possible interventions have been developed, two projects have currently been identified as 'quick win' projects through the development of the Programme Business Case and will be considered further following the establishment of the Digital Programme Board and funding becoming available.
- 4.6 The first identified 'quick win' project, the Strategic Employment Sites, which has been proposed seeks to accelerate the provision of fibre to the property provision to strategic employment sites within the Mid Wales region, and in doing so provide better services to businesses to facilitate greater economic growth.
- 4.7 The second, which focuses upon the acceleration of fibre connectivity services to as many social housing premises as possible within the Mid Wales region, aims to provide better facilities for tenants and increase opportunities for individual employment in the digital marketplace, and so facilitate greater economic growth.
- 4.8 Both projects would act as 'hub site' projects which will support a propagation effect, providing the link and benefits not only to the premises involved but also to other premises which the fibre may pass and providing the opportunity for suppliers to more easily build out from these areas.
- 4.9 Decisions upon which possible interventions are developed will be considered and scrutinised by the Digital Programme Board and progressed through the agreed Governance.

**5. Key Considerations of the Programme Business Case**

- 5.1 Accelerating the provision of digital infrastructure within Mid Wales is the programme's key objective. As widespread high quality digital infrastructure is unlikely to be delivered in Mid Wales quickly, it is therefore vitally important that GMW identifies interventions that directly provide or facilitate greater investment, stimulate demand, and accelerate digital infrastructure build to prevent the region falling further behind.

- 5.2 The Programme Business Case 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.
- 5.3 Before identifying why and how the GMW Growth deal should intervene, the Programme Business Case 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.
- 5.4 The Programme Business Case describes how the challenges can be addressed through targeted interventions, to attract investment to our region and accelerate the provision of digital connectivity to support Growth Deal ambitions.
- 5.5 The Programme Business Case takes into account both our own existing initiatives, and other existing national, regional and local initiatives to identify gaps in coverage. It identifies where the Growth Deal is best positioned to intervene and sets out the actions the GMW Board could take to make best use of public funds to bring the connectivity required in Mid Wales. The aim is to complement the role of other bodies in bringing about change and not to duplicate.
- 5.6 The Programme Business Case sets out a longlist of options for GMW intervention, and a model to identify the most appropriate level and type of intervention to 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 that investment will support.
- 5.7 The Programme Business Case describes the costs and benefits of the proposed GMW intervention, and sets out a high level, structured delivery approach to ensure that projects are scoped, justified, and managed effectively.

## **6. Investment Objectives**

- 6.1 As suggested, 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, the digital programme 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.

6.2 It is crucial that the investment made under the Digital Growth Priority thematic is focused to drive this GVA increase. The Investment Objectives for the Programme Business Case 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).

## **7. Additional Benefits**

7.1 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.

7.2 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 - Benefits that contribute to GVA growth.
- Public Sector Efficiency Benefits - The value to the public sector of faster and more reliable connectivity for its own buildings.

7.3 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.

## **8. Interventions**

- 8.1 It is vitally important that GMW can flex to respond to the ever changing environment in which the Digital stream operates, including consumer behaviour, market, government plans, and existing and planned initiatives which will continue to evolve. The intervention model needs to be highly adaptable with a means to manage our response without constraining our actions, such is the nature of digital technology.
- 8.2 The options identified need to allow the programme to vary intervention approaches to meet conditions at any given time. The model needs to take account of the fact that no single intervention is likely to be effective. GMW will always need access to a range of tools to apply in different ways, and in different settings to meet changing demands and priorities.
- 8.3 An initial list of more than 90 possible projects that GMW could undertake has been identified, many of which will be necessary. Projects range from those focused primarily upon build activity, through policy and process driven initiatives, community engagement projects, and projects to develop the skills to build digital infrastructure, or to enable end users to take-up digital connectivity services. The long list has been tested against a set of Critical Success Factors (CSFs) to select a more manageable and realistic short list of projects and options to consider.
- 8.4 Identified projects will be scrutinised through the Digital Programme Board and progressed to GMW Board via the GMW Management Group as set out in the Programme's Governance.

## **9. Types of Projects**

- 9.1 The projects identified to date will all drive digital infrastructure delivery across Mid Wales. The projects fall into three broad areas of activity seen below. As project types are not mutually exclusive and simply reflect the project's primary focus. Every project is therefore likely to have a combination of Build, Enablement and Skills elements. Potential projects under each of these three categories are highlighted within the Project TMap accompanying this report (Appendix 5).

### **9.2 Build**

Projects that directly build new infrastructure, including ducts digging, fibre laying, mast construction or re-purposing, and other asset creation or re-use. For build projects, GMW will typically commission a supplier to build the infrastructure.

Asset reuse is a feature of the build category of projects. These initiatives focus on using council assets like ducts, street furniture, building facades, lighting poles, and roof space, making them available to providers for use in digital infrastructure delivery.

**9.3 Enable – Process, Policies and Engagement**

Enable projects focus upon putting in place the mechanisms that are needed to help accelerate digital infrastructure build, for example, easing supply side issues by removing or minimising typical deployment barriers; and addressing demand side issues by actively raising awareness of services and encouraging changes in consumer behaviour, to stimulate demand, for example by encouraging and helping residence or businesses to apply for grants or voucher schemes.

**9.4 Skills**

Skills projects are needed to ensure that Mid Wales has access to the specific knowledge and expertise needed to grow our Digital Infrastructure footprint. This may include working with commercial or educational bodies to develop the Civils and engineering know-how needed to deploy the digital infrastructure, together with development of softer community engagement skills.

**10. Management**

- 10.1 It is highly likely that the scale of the infrastructure issues to address will greatly exceed GMW's resources, and that the challenges and opportunities in respect of Digital Infrastructure will change significantly over time. The programme is likely to last at least 10 years, with the level of effort required and the type of interventions is likely to change significantly over time with the most concentrated period expected to be in the first 5 years.
- 10.2 It is therefore essential to set in place a structured yet flexible programme of activity to prioritise and manage a clear plan of action. The programme will need to be well governed and resourced, and carefully managed by a hybrid team of knowledgeable and capable officers drawn from across the Growth Deal partnership, supported with specialist 3<sup>rd</sup> party resources.
- 10.3 The Digital Programme Manager has been appointed and is now actively involved in the scoping and set up of the programme. Other project specific resources are being identified as projects undergo further scoping. The presence of external support as an integral part of the resourcing model means that skills and knowledge gaps can be plugged whilst GMW resources are sought, and more effective transfer of knowledge can take place once roles are filled.
- 10.4 The Programme Board will maintain responsibility for all aspects of GMW's digital infrastructure planning and delivery, both in terms of internal delivery and of external engagement with other interested or related bodies. It will be governed in line with the wider Growth Deal management structures. This is imperative if programme decisions about funds are to reflect the broad Growth Deal priorities, and are to be invested effectively to enable the provision of widespread digital infrastructure across Mid Wales.

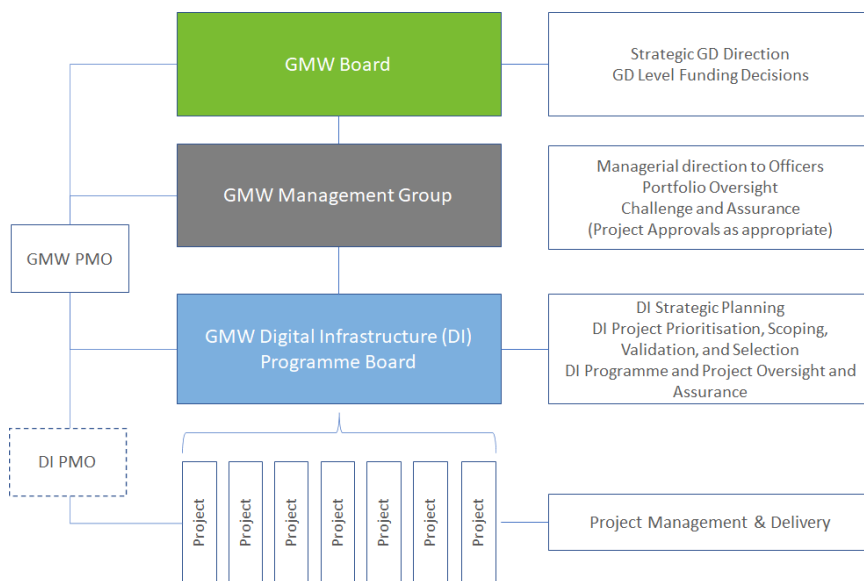
- 10.5 Through this, and complementary project level governance, the programme will:
- Ensure strategic alignment with national and local economic development vision and plans, and a shared view on the approach to digital infrastructure, the objectives we want to achieve, and desired benefits.
  - Ensure the purchase and delivery of digital infrastructure that meets the needs of the businesses and citizens of Mid Wales, but also considers the plans of neighbouring councils, the Welsh Government representing all Welsh local authorities, other Growth Deals and other interested and active parties.
- 10.6 As well as providing clear governance and management benefits, a strong established programme for digital infrastructure also brings other benefits. It is a key requirement for Government funding, and it is an attractive feature for suppliers. It therefore improves the likelihood, value and timing of a range of grant funding, and supports a more active market.
- 10.7 Programme Board members will determine which projects should be brought to fruition to meet the digital infrastructure investment objectives and contribute to the achievement of the portfolio investment objectives. The GMW Board will provide oversight and assurance of those decisions to support consistency and alignment across the portfolio, providing a valuable role in ensuring critical feedback to test and challenge decisions and rationale.
- 10.8 Such a structure will ensure a degree of autonomy at programme level to allow prioritisation and agreement of projects to be conducted by domain specific experts, taking into account the dependencies and relative strengths of and between each project, to ensure that investment is targeted in the correct areas, in the correct order.

## **11. Programme Governance**

- 11.1 The Programme will be governed by the Digital Programme Board. A blend of Regeneration, ICT and Digital officers from both Ceredigion and Powys Councils as well as representatives from regional public services acting as users of the infrastructure.
- 11.2 The Digital Programme Board is responsible for oversight and the delivery of the Digital Programme and ensuring alignment with the Growing Mid Wales Vision. The board will ensure the Programmes deliverables and objectives, reporting regularly to the Management group and to the Growing Mid Wales Board.
- 11.3 The Programme Board will initially focus on the development of the agreed business cases and subsequently oversee delivery, with a specific focus on the benefits and outcomes to be achieved.
- 11.4 Meetings will be held monthly in advance of Management Group Meetings to provide opportunity to present relevant updates and reporting, as well as escalating requests for approval and the development of project mandates. The frequency of meetings

will be reviewed as the programme develops. However, extraordinary meetings will be convened where deemed necessary and the availability of Board members allows.

- 11.5 The governance mechanisms and structure are intended to give the Digital Programme Board the degree of autonomy necessary to plan and respond in a flexible and agile manner. It will use the programme’s digital experts and their knowledge to identify priorities, dependencies, and the relative strengths of and between each project, as well as ensuring that investment is targeted in the correct areas, in the correct order.
- 11.6 For the Programme Board to agree and submit recommendations, at least 50% of the core membership including the Senior Responsible Owner (SRO) (or nominated Deputy) shall be present. It is not envisioned that the Programme Board will require voting arrangements, with agreement being reached by consensus. Where alternative views and opinions are expressed, these will be recorded and included in any reporting process.
- 11.7 The Digital Programme Board will be established once the Programme Business Case has been approved and detailed programme planning commenced. Together they will provide a structured and disciplined, but flexible approach enabling the Digital Programme to respond to new and changing requirements.
- 11.8 The proposed governance model for the Programme, is as follows<sup>1</sup>:



**12. Resources**

- 12.1 To deliver these benefits, the Programme must be adequately resourced. Although the Programme will make use of existing resources in the normal course of work, significant dedicated Programme resources will also be required.

<sup>1</sup> this aligns with the provisions allowed for under Inter Authority-Agreement 3 and the arrangements set out in the management case of the Portfolio Business Case

- 12.2 The proposed resource requirement will be scrutinised by the Digital Programme Board before an appropriate report and request is presented to GMW Board following the approval of the Programme Business Case.
- 12.3 The Programme Business Case describes a hybrid team of internal and external resources. The approach is a tested and proven model for successful delivery of other Growth Deal and The Programme will be led by a full time Programme Manager, supported by a hybrid team that will consist of internal Project Managers, administrative support and external specialist support. Activities will include data collection, procurement design and operation, implementation management and a wide range of other tasks.
- 12.4 The Programme's internal resources will support the range of activities required to set up and operate the Programme. The team will establish the governance structure and Programme controls.
- 12.5 Further work will be undertaken by the team to establish and quantify the resource requirements. The Management Group will initially consider any resourcing ask, before seeking approval as part of the budget setting process of the GMW Board.
- 12.6 There may be times when GMW will use contractor resources to increase resource capacity, for example in project management and engagement. The model provides a mechanism for short term resource for activities that are uncertain, urgent, or temporary, where it is less cost effective to appoint a full-time member of staff, or where there is not time to do so. The model therefore provides the capability, capacity and flexibility required for successful delivery, and has been shown to work well in the planning and delivery of many public sector Digital Infrastructure programmes.

### **13. Risk Management**

- 13.1 Risks and Issues will be managed via the formal programme and project controls using a Risk Register, and in line with the GMW Portfolio approach.
- 13.2 A draft Risk Register has been developed using information to date. Responsibility for further development and monitoring will lie with the Programme Board, once established, with operational management by the Digital Programme Manager.
- 13.3 Programme Risks will be scored in accordance with their probability and impact and will be escalated according to their numerical rating. Escalation routes will vary according to the nature of each specific risk. Key strategic or high impact risks that affect or require Portfolio level input will be escalated to the GMW Management Group, and in exceptional circumstances, ultimately to the GMW Board.
- 13.4 As the Programme develops and Projects are identified for business case development, then subsequent Project arrangements will be put into place, e.g. Project Boards, which will feed into the Programme Board.



- 13.5 Project level risks will be operationally managed by the respective Project Manager, and overseen by each individual Project Board using the same approach. Any risks requiring strategic input or resolution will be escalated to the Digital Programme Manager for consideration by the Digital Programme Board.
- 13.6 Outstanding issues will be reviewed on a fortnightly basis as a minimum, their impact re-assessed and will be re-classified as necessary. Issues will be resolved at project and Project Board level unless requiring escalation to, and intervention by, the Digital Programme Board, or GMW Management Board respectively.

#### **14. Next Step Actions**

- 14.1 Where felt necessary, appropriate amendments will be made to the documents following feedback by GMW Board.
- 14.2 Establishment of the Digital Programme Board. Including the first meeting where terms of reference and responsibilities will be confirmed with members. It is planned for this to take place week beginning April 4<sup>th</sup> 2022.
- 14.3 The Digital Programme Board to consider projects that have been proposed, and which should be prioritised and progressed.
- 14.4 Resource requirements to be detailed and considered by Management Group, and Growing Mid Wales Board.
- 14.5 Further updates to GMWB via standard reporting on the progression of the Portfolio. Identify communications opportunities to promote the work of the Digital Programme as appropriate and manage stakeholder expectations, for inclusion in the GMW Communications Plan.
- 14.6 Implementation plan for the Programme to be updated and establish a baseline for quarterly reporting as part of the Portfolio reporting arrangements.

#### **Relevant attached documents**

- Appendix 1 - Digital Programme Business Case
- Appendix 2 - Digital Programme Board – Terms of Reference
- Appendix 3 - Digital Programme Implementation Plan
- Appendix 4 - Digital Programme – Project TMap

**Dave Owen**  
**14<sup>th</sup> March 2022**

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



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

Digital Strategic Growth Priority:

Programme Business Case

**17<sup>th</sup> February 2022**

**V 0.21**

[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
V0.12- 0.15	Economic Case development, Commercial Case development, Management case development	13 <sup>th</sup> August 2021
0.16-18	Further: Economic Case development, Commercial Case development, Financial case Management case development	15 <sup>th</sup> October 2021
0.19- .21	Further: Economic Case development, Commercial Case development, Financial case Management case development and alignment with Implementation Plan	Jan – Feb 2022

## Sign Off

Version	Sign off Required By	Sign off Obtained	Date

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## 1. Executive Summary

### Context

- Our Vision for Growing Mid Wales sets out our ambitions and plans for the partnership – recovery and economic growth.
- Digital Infrastructure (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 sparsely populated – 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.
- GMW partners 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. Digital Infrastructure 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 - we are clear on what is possible and valuable, and this will help us shape our plans for investment and delivery. It is likely that the level of funding available will be less than the possible scope of project delivery, and so prioritisation will be key.
- There is a clear case for GM to operate a structured and well-resourced programme of active Digital connectivity intervention projects.
- If GMW does not act, the benefits of digital infrastructure 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 a more important driver of economic performance.

## **Solution**

- The environment in which we are operating will continue to change - consumer behaviour, market, government plans, existing and planned initiatives will continue to evolve. The GMW Portfolio will need to be flexible to adapt to changes.
- Digital infrastructure interventions need to work together - no single intervention will address all issues, and we will always need a range of projects to work together to meet changing demands.
- We identified the broadest possible range of projects to address different aspects of the Digital Infrastructure issue and estimated their costs, benefits, and probability of success
- We grouped Projects into levels of intervention to assess what type of Projects will deliver the best return for Mid Wales and most closely meet the GMW objectives.
- The preferred option is to actively engage in digital infrastructure interventions, working closely with other bodies on a powerful Programme of Projects.

## **Delivery**

- The digital infrastructure market is strong – although the Mid Wales region presents difficulties for DI, a Programme that closes gaps in market business cases will deliver results.
- Projects will be managed as a Programme, but each Project will have different requirements – each Project will be carefully considered to ensure that it can be delivered.
- The Programme of Projects can be flexed – the budget available is likely to be less than the cost of all possible Projects, and the actual cost of Projects may be different from the estimated value. The Programme will prioritise the best value Projects and manage them to fall within the budget.
- The Programme will be managed by a hybrid team of resources – a core team will be supplemented by additional Project team members as required, including external specialist support.
- The Programme will continue to assess the Projects that should be delivered – it is possible that the prioritisation of Projects could change as the digital infrastructure environment evolves.
- A multi-level governance model will ensure that the Programme is well managed – the core team will work closely with the Programme Board, which in turn will report to the Management Group.

#### **Outcome**

- The programme is expected to cost approximately £15m over the next 10 years, returning an estimated £120m in net benefits to the economy of the region.



## 2. Introduction

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

This Programme Business Case (PRBC) sets out the considerations for the 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 PRBC 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.

### 2.2. Key Considerations and Features of the Programme Business Case

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 Programme Business Case 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 PRBC 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 PRBC 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, digital infrastructure 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 PRBC 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 of that and other factors has on the provision of fibre to our premises, and the provision of mobile connectivity across the geography.

The PRBC 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 PRBC 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 PRBC 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 PRBC 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. It selects a Preferred Option that provides a mode of intervention that best meets the range of challenges and opportunities faced in our region.

The PRBC describes 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.

### 2.3. 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 PRBC, 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 Wi-Fi, 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.

## 2.4. 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 more frequent updates. Other supporting publications are referenced as appropriate throughout the PRBC.

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

## 3. Strategic Case

### 3.1. The Importance of Digital Infrastructure

#### 3.1.1. 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 connectivity.

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.

### 3.1.2. 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.

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




**Fig 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.

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

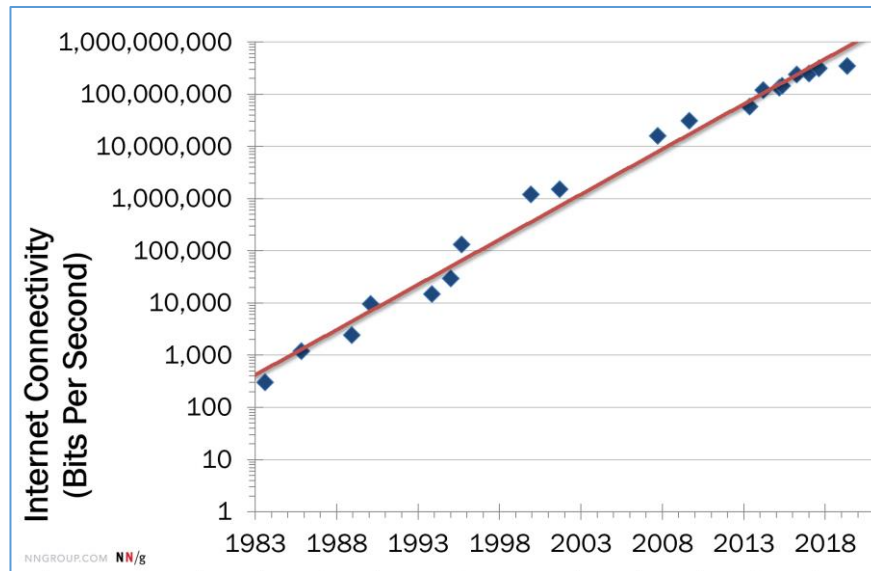


Fig 2: Nielsen's law of internet bandwidth Source: NNGgroup.com

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

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<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

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.

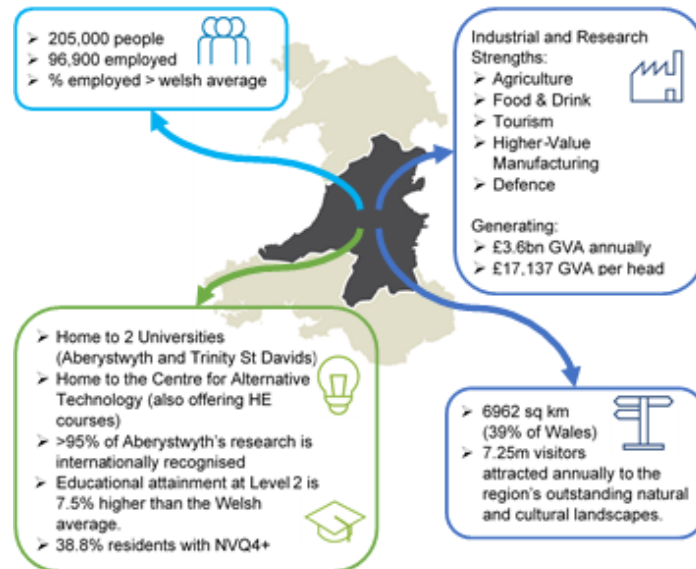
### 3.2. Our Region

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 PRBC will serve to highlight further and later address. The figure below illustrates some of our key regional indicators.



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



**Fig 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.

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 digital infrastructure 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 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

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

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

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

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.

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.

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



## Key Regional Features driving the need for Digital 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.

### 3.3. Strategic Fit

#### 3.3.1. 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. The figure 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: Mid Wales Growth Deal Stakeholder landscape



### 3.3.2. 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 5: Strategic Alignment

### 3.3.3. 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”*.

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

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)

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

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

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

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.

#### 3.3.4. 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.

### 3.4. 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.

### 3.5. The Case for Change: Current Infrastructure Arrangements

#### 3.5.1. Broadband

Research statistics drawn from Ofcom Connected Nations 2020, and more recently Thinkbroadband.com show an interesting connectivity situation across Mid Wales.

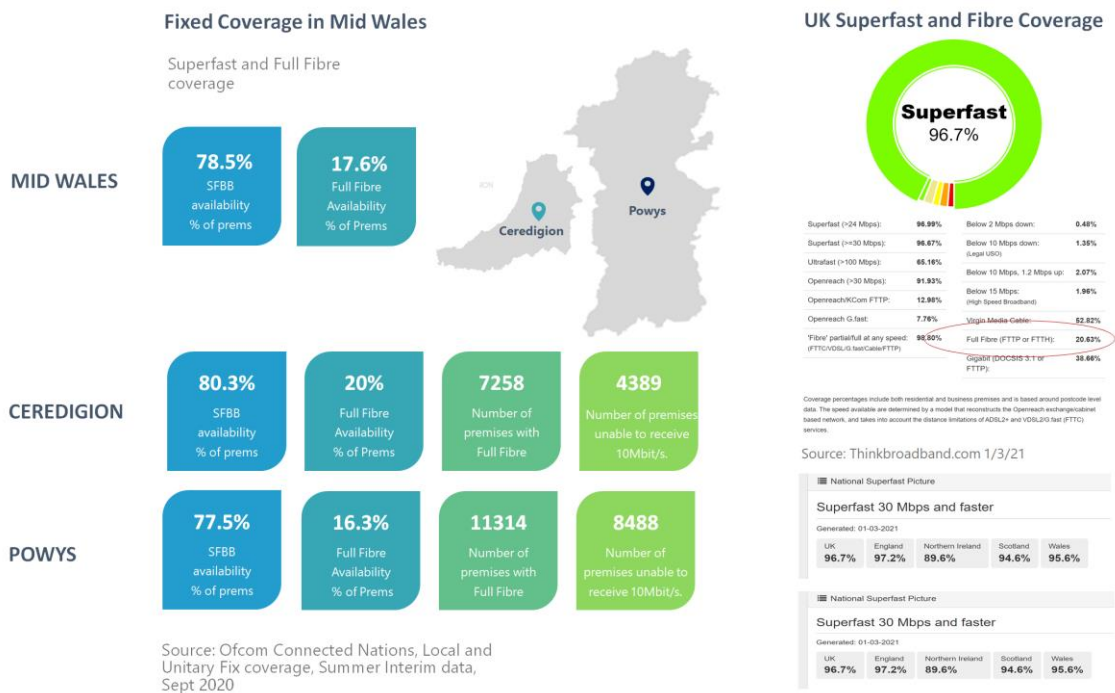
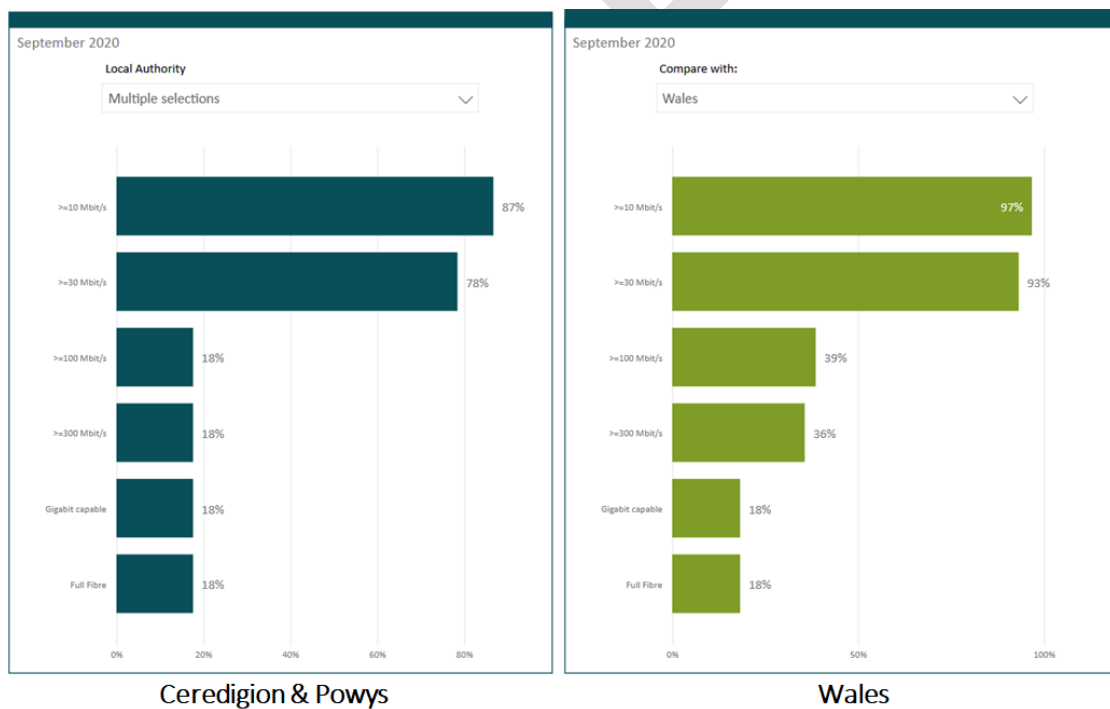


Fig 6: Regional and county based fixed connectivity statistics

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.

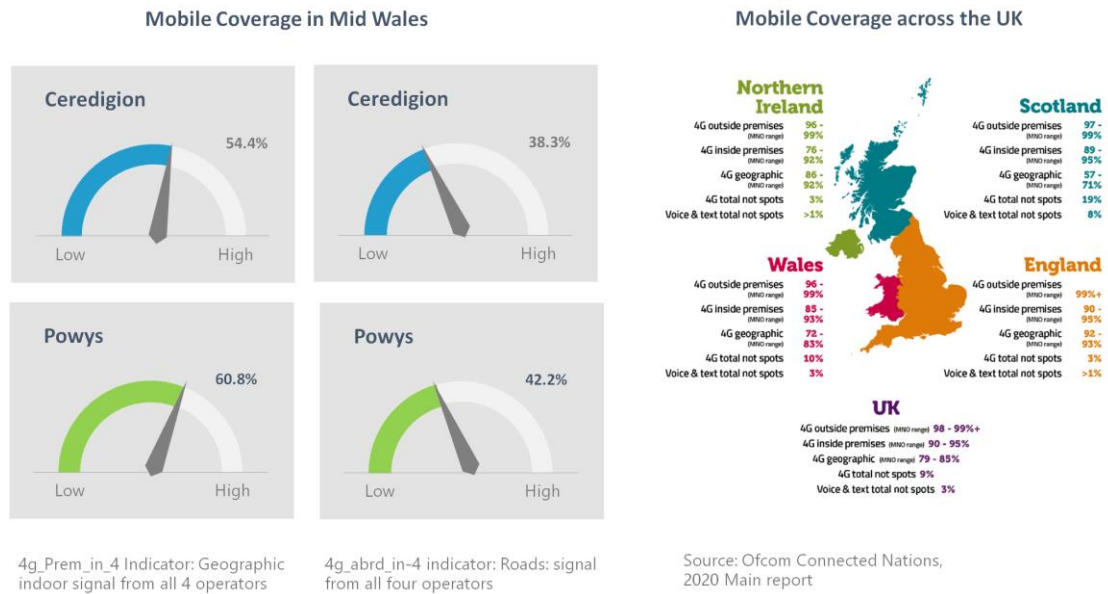


**Fig 7: Combined fixed connectivity statistics**

The issue of poor connectivity provision has a direct impact every day on our region's residents, businesses, and on its economy.

### 3.5.2. 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.



Source: Ofcom Connected Nations, 2020 Summer Interim data, Sept 2020

**Fig 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 Wi-Fi.

- 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.

### 3.5.3. Wi-Fi

Wi-Fi 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 Wi-Fi 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 Wi-Fi 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.

#### 3.5.4. 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.

#### 3.5.5. 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.

#### 3.5.6. 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.

### 3.5.7. 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.

### 3.5.8. 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.

### 3.5.9. 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, Wi-Fi, Mobile data and broadband.

### 3.5.10. 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 Wi-Fi. 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.

### 3.6. The Case for Change: Digital Infrastructure Barriers

#### 3.6.1. 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 Wi-Fi and new entrants like Simwood. There is a latent competitive market place which could be stimulated to drive progress.

#### 3.6.2. 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 kilometres 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.

### 3.6.3. 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.

#### 3.6.4. 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.

### 3.7. 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.

### 3.7.1. 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.

### 3.7.2. 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 digital infrastructure 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

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<sup>11</sup> <https://gov.wales/written-statement-update-digital-connectivity-wales> 20th July 2020.

opportunities to drive better infrastructure and further efficiency savings through the procurement.

- **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.

### **3.7.3. 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.

#### 3.7.4. 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.

#### 3.8. 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 it's 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.

### 3.9. Investment Objectives

The Portfolio Business case sets out the following Investment Objectives:

- To create between 1,100 and 1,400 net new jobs in Mid Wales through the Growth Deal by 2032
- 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
- To deliver a total investment of up to £400 million in the Mid Wales Economy through the Growth Deal by 2032.

This PRBC and the GMW Portfolio Business Case that it supports intends to address these objectives 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 PRBC 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)

### 3.10. 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 “every £1 invested in digital infrastructure delivers £8 of benefit (presented over 15 years) through increased profit and increased employment.

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
- The availability of 4g on key transport corridors
- The availability of 5g on key transport corridors

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<sup>12</sup> *Deployment of FTTP in Rural Northern Ireland, A DotEcon Report for NI Networks, 2018*

### 3.11. 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,

### 3.12. 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.

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## 4. Economic Case

### 4.1. Approach

#### 4.1.1. Overview

The Strategic Case describes a range of geographical, demand, supply and non-technological challenges that are hindering investment and build of digital infrastructure, and affecting business and consumer service adoption. It sets out a clear case for change.

The focus of this Economic Case is to determine what the GMW Growth deal itself could and should do in response to the case for change.

It is clear that action of some form should be taken. The fundamental question at this stage is to determine what the scale of the GMW Board's digital connectivity interventions should be.

The environment in which we are operating - consumer behaviour, market, government plans, and existing and planned initiatives will continue to evolve. It is therefore imperative that GMW can flex to respond to these changes.

Our intervention model needs to be highly adaptable, providing a means to manage our response without constraining our actions. The options we identify need to allow us to vary intervention approaches to meet conditions at any given time. The model needs to take account of the fact that no single intervention is likely to be effective. GMW will always need access to a range of tools to apply in different ways, and in different settings to meet changing demands and priorities.

An initial list of around 90 possible projects that the GMW Board could undertake has been identified, many of which will be necessary. These projects range from those focused primarily upon build activity, through policy and process driven initiatives, community engagement projects, and projects to develop the skills to build DI, or to enable end users to take-up digital connectivity services.

It is possible to treat these individual projects as options in themselves. Here, this long list would be tested against a set of Critical Success Factors (CSFs) to select a more manageable and realistic short list of projects and so options to consider.

However, given the range of different challenges that the Strategic Case describes, it is logical that the tools and projects required to address the causes of these issues will also vary.

The Economic Case therefore groups projects with similar characteristics into a broad Longlist of Options that represent progressively increasing levels of GMW intervention.

The Longlist draws on the principles set out in the Options Framework (OF), and represents the levels of intervention that are possible within each of the OF dimensions.

The approach undertaken comprised:

- A consideration of the broad range of high level intervention approaches that may meet the strategic objectives of the Digital Programme.
- A lower level consideration of the individual options at the level of each dimension of the Options Framework.
- A consideration of the option in terms of SWOT and how well they met the critical success factors
- Discounting some possibilities and carrying forward others, summarising them to identify a Preferred Way Forward (PWF).
- Confirmation of four options to take through to Shortlist covering a BaU, Do Minimum, a less ambitious PWF and the PFW.
- Assessment of the options against the Investment Objectives and Critical Success Factors
- Assessment of the NSPV; Benefit/Cost Ratio; and risks
- To identify the Preferred Option

#### 4.1.2. Options Framework Dimensions

The Options framework sets out several dimensions to help identify different features of the Longlist, as follows.

Dimension	Description	Considerations
Scope	The 'what', in terms of the potential coverage of the programme. Potential scopes are driven by business needs, service requirements and the scale of organisational change required to improve service capabilities. Examples include coverage in terms of: business functions, levels of service, geography, population, user base and other parts of the business.	The identified Digital Infrastructure Options consider the level of participation GMW might expect to undertake.
Service Solution	The 'how' in terms of delivering the 'preferred' scope for the programme. Potential service solutions are driven	The identified Digital Infrastructure Options consider the types of activity we might

	by available technologies, recognised best practice, and what the marketplace can deliver. These solutions provide the potential 'outputs' and key activities for the programme, and as such the portfolio of enabling projects and activities required.	expect to undertake including secondary enabling activity, or direct build, process and skills development activity.
Service Delivery	The 'who' in terms of delivering the 'preferred' scope and service solution for the programme. Potential options for service delivery are driven by available resources, competencies and capabilities – both internal and external to the organisation. Examples include: in-house provision, outsourcing, alliances and strategic partners.	The identified digital Infrastructure options consider variations on who might undertake the work, for example, whether we leave activity to others or whether we do it ourselves.
Implementation	The 'when' in terms of delivering the 'preferred' scope, solution and service delivery arrangements for the programme. Potential implementation options are driven by deadlines, milestones, dependencies (between outputs), economies of scale, benefit realisation, and risk management. The optimal option provides the critical path for delivery of the agreed projects and activities and the basis for the programme plan. Options for implementation include: piloting, modular delivery, big bang and phasing (tranches).	The identified Digital Infrastructure options consider whether the approach we take to delivery for example, project by project, programme with immutable projects, flexible phased programme.
Funding	The 'funding' required for delivering the 'preferred' scope, solution, service delivery and implementation path for the programme. Potential funding options are driven by the availability and opportunity cost of public funding, Value for Money and the characteristics of the programme. Potential funding options include the public or private capital, the generation of alternative revenue streams, operating and financial leases, and mixed market arrangements.	The identified Options consider ways in which the activity may be funded, for example, from one source public funding, through to a mixed source public and private funding model.

Source: Options Framework, supplemented with GMW considerations

### 4.1.3. Critical Success Factors

The Programme's Critical Success Factors (CSFs) are based on the approach in the OGC Green Book. They provide a way to evaluate the effectiveness of an option against a set of different, but related dimensions. The CSFs reflect those used within the GMW Portfolio Business Case, which this PRBC supports.

#### "OUTCOMES":

- **CSF1: STRATEGIC ALIGNMENT**  
The option supports the delivery of the GMW Growth Deal strategic economic objectives
- **CSF2: BUSINESS NEEDS**  
The option delivers long term value for money in terms of costs, benefits, and risks – net benefit
- **CSF3: OPTIMISES SOCIAL WELFARE**  
The option delivers long term value for money in terms of costs, benefits, and risks – net benefit

#### "INPUTS":

- **CSF4: ACHIEVABLE IN MARKET**  
Suppliers are able to deliver the required services; appealing to the supply side
- **CSF5: AFFORDABLE**  
Cost of the option is affordable through available funding sources
- **CSF6: ACHIEVABLE**  
GMW and its constituent stakeholders have the capacity and capability to deliver the option

The options that best meet the CSFs will undergo detailed analysis. The CSF evaluation aims to eliminate options that are unfeasible, because they are impractical, or violate constraints such as affordability, or that are excessively risky. It aims to clearly identify those that do not deliver sufficient benefit.

### 4.2. Longlist Options

The Longlist options are:

**OP1: Do nothing:** monitor the status of digital infrastructure, relying on other public sector bodies and the market to plan and deliver infrastructure initiatives.

**OP2: Enable:** lobby and mobilise other public sector bodies and the market to plan and deliver infrastructure initiatives, working to increase the effectiveness of those initiatives for Mid Wales.

**OP3: Individual Active Intervention:** Work alone to actively plan and deliver infrastructure interventions and invest GMW funds in Digital Infrastructure. Focus activity only on those initiatives that GMW itself can directly control and deliver to the exclusion of any collaboration with other parties. Do not lobby and mobilise others, or monitor status.

**OP4: Collaborative Active Intervention:** Work with others to actively plan and deliver infrastructure interventions and invest GMW funds in Digital Infrastructure. Focus activity only on those initiatives that GMW itself can directly control and deliver with other parties.

**OP5: Set up Telco Operator:** become a Telecoms Operator to directly build and operate Digital Infrastructure services. Do not supplement build and operation activities with collaborative participation arm.

**OP6: Supported Active Intervention:** Work alone to actively plan and deliver infrastructure interventions and invest GMW funds in Digital Infrastructure. Focus activity only on those initiatives that GMW itself can directly control and deliver to the exclusion of any collaboration with other parties. Supplement with monitoring, lobbying and mobilising activity.

**OP7: Supported Collaborative Active Intervention:** monitor, lobby and mobilise, actively plan and deliver infrastructure interventions and invest GMW funds in Digital Infrastructure. Work closely with other bodies to drive results, for example leveraging government schemes, increasing scale through collaboration, creating joint ventures with commercial providers, building community partnerships etc.

**OP8: Supported Active Intervention and Set UpTelco:** monitor, lobby and mobilise, actively plan and deliver infrastructure interventions and invest GMW funds in Digital Infrastructure. Work closely with other bodies to drive results, for example leveraging government schemes, increasing scale through collaboration, creating joint ventures with commercial providers, building community partnerships etc. become a Telecoms Operator to directly build and operate Digital Infrastructure services.

### 4.3. Longlist Options Assessment

The Longlist Options were identified and assessed to identify a Preferred Way Forward and supplementary options to consider as part of the shortlist. A summary is shown below.

	<b>OP1: Do Nothing</b>	<b>OP2: Do Minimum</b> Enable	<b>OP3: Intermediate Option:</b> Active Participation	<b>OP4: Intermediate Option</b> Collaborative Active Intervention	<b>OP5: Intermediate Option:</b> Set up Telco	<b>OP6: Intermediate Option:</b> Supported Active Intervention	<b>OP 7: Intermediate Option:</b> Supported Collaborative Active intervention	<b>OP8: Do Maximum:</b> Supported Collaborative Active Intervention & Set Up Telco
<b>1. Service scope</b> As outlined in strategic case	<b>1.1 Monitor</b> <b>Carried Forward</b>	<b>1.2 Lobby and Mobilise</b> <b>Carried Forward</b>	<b>1.3 Alone, plan and deliver intervention focusing only on our own controlled activities. No lobby, no monitor</b> <b>Carried Forward</b>	<b>1.4 Together plan and deliver only those activities we can control and deliver with other parties</b> <b>Carried Forward</b>	<b>1.5 Set up telco</b> <b>Discounted</b>	<b>1.6 Alone, plan and deliver intervention focusing only on our own controlled activities. Supplement with Lobby and Monitor</b> <b>Carried Forward</b>	<b>1.7 Together plan and deliver only those activities we can control and deliver with other parties by creating joint ventures with commercial providers, building community partnerships etc</b> <b>Preferred Way Forward</b>	<b>1.8 Together plan and deliver only those activities we can control and deliver with other parties by creating joint ventures with commercial providers, building community partnerships etc, and becoming a Telco</b> <b>Carried Forward</b>
<b>2. Service Solution:</b> In relation to the preferred scope		<b>2.1 Enable (facilitate and process)</b> <b>Carried Forward</b>	<b>2.2 Build, Enable (facilitate and process), and skills alone</b> <b>Carried Forward</b>	<b>2.3 Build, enable (facilitate and process), and skills together</b> <b>Carried forward</b>	<b>2.4 Design, Build, enable (facilitate and process) and skills alone</b> <b>Discounted</b>	<b>2.5 Build, enable (facilitate and process) and skills alone</b> <b>Carried Forward</b>	<b>2.6 Build, enable (facilitate and process) and skills together</b> <b>Preferred Way Forward</b>	<b>2.7 Design, Build, enable (facilitate and process) and skills together</b> <b>Carried forward</b>
<b>3. Service Delivery:</b> In relation to preferred scope and solution	<b>3.1 Leave to others</b> <b>Carried Forward</b>	<b>3.2 Support others</b> <b>Carried Forward</b>	<b>3.3 Do all alone (excluding lobbying and mobilising, and leave Telco to MNOs)</b> <b>Carried Forward</b>	<b>3.4 Do all of it with others (excluding lobbying and mobilising, and leave telco to MNOs)</b> <b>Carried forward</b>	<b>3.5 new organisation set up: Do all of it ourselves (including Telco)</b> <b>Discounted</b>	<b>3.6 Do all of it with alone (including lobbying and mobilising, and leave telco to MNOs)</b> <b>Carried forward</b>	<b>3.7 Do all of it with others (including lobbying and mobilising), but leave telco to MNOs)</b> <b>Preferred Way Forward</b>	<b>3.8 New organisation set up: Do all of it with others (including lobbying and mobilising, and telco activity)</b> <b>Carried forward</b>
<b>4. Implementation:</b> In relation to preferred scope, solution and method of service delivery		<b>4.1 Project Based approach - project by Project</b> <b>Carried Forward</b>		<b>4.2 Programme Approach - immutable projects</b> <b>Discounted</b>	<b>4.3 Long Term Organisational portfolio delivery</b> <b>Carried Forward</b>	<b>4.4 Programme approach - flexible project allocation Over 5 - 10 years</b> <b>Preferred Way Forward</b>		<b>4.3 Long Term Organisational portfolio delivery</b> <b>Carried Forward</b>
<b>5. Funding:</b> In relation to preferred scope, solution, method of service delivery and implementation		<b>5.1 One Source Public Funding (GD funds)</b> <b>Carried Forward</b>	<b>5.2 Multiple Source Public Funding Public (GD, DCMS, WG fibre)</b> <b>Carried Forward</b>	<b>5.3 Mixed Source Public and Private funding</b> <b>Preferred Way Forward</b>	<b>5.4 Self funded</b> <b>Discounted</b>	<b>5.3 Mixed Source Public and Private funding</b> <b>Preferred Way Forward</b>		<b>5.5 Self funded</b> <b>Discounted</b>



#### 4.4. Short List Methodology and Options

From the Long list assessment, a Shortlist of four options were taken forward for detailed assessment and renumbered.

A summary is shown below:

	OP1 Do Nothing / Business As Usual	OP2: Do Minimum (Enable)	OP3: Intermediate Option - less ambitious PWF (Supported Active Intervention)	OP4: Preferred Way Forward (Supported Collaborative Active Intervention)
<b>1. Service scope</b> As outlined in strategic case	1.1 Monitor <b>Carried Forward</b>	1.2 Lobby and Mobilise <b>Carried Forward</b>	1.4 Together plan and deliver only those activities we can control and deliver with other parties <b>Carried Forward</b>	1.7 Together plan and deliver only those activities we can control and deliver with other parties by creating joint ventures with commercial providers, building community partnerships etc. <b>Preferred Way Forward</b>
<b>2. Service Solution:</b> In relation to the preferred scope	N/A	2.1 Enable (facilitate and process) <b>Carried Forward</b>	2.3 Build, enable (facilitate and process), and skills together <b>Carried forward</b>	2.6 Build, enable (facilitate and process) and skills together <b>Preferred Way Forward</b>
<b>3. Service Delivery:</b> In relation to preferred scope and solution	3.1 Leave to others <b>Carried Forward</b>	3.2 Support others <b>Carried Forward</b>	3.4 Do all of it with others (excluding lobbying and mobilising, and leave telco to MNOs) <b>Carried forward</b>	3.7 Do all of it with others (including lobbying and mobilising), but leave telco to MNOs. <b>Preferred Way Forward</b>
<b>4. Implementation:</b> In relation to preferred scope, solution and method of service delivery	N/A	4.1 Project Based approach - project by Project <b>Carried Forward</b>	4.1 Project Based approach - project by Project <b>Carried Forward</b>	4.4 Programme approach - flexible project allocation Over 5 - 10 years <b>Preferred Way Forward</b>
<b>5. Funding:</b> In relation to preferred scope, solution, method of service delivery and implementation	N/A	5.1 One Source Public Funding (GD funds) <b>Carried Forward</b>	5.2 Multiple Source Public Funding Public (GD, DCMS, WG fibre) <b>Carried Forward</b>	5.3 Mixed Source Public and Private funding <b>Preferred Way Forward</b>

##### 4.4.1. Shortlist Evaluation Model

The Shortlist is considered in terms of:

- The extent to which they meet the Investment Objectives and CSFs
- The Net Social Present Value
- Benefit to Cost ratio
- Risks

#### 4.5. Investment Objectives and CSFs Assessment

Each of the Shortlisted options were considered in terms of how well they meet the Investment Objectives set out in the Strategic Case and the Critical Success Factors identified earlier in the Economic Case.

A summary of the assessment is shown in Table 1 below.

**Table 1: IO and CSF assessment**

Investment Objectives	SHORTLIST OPTIONS			
	OP1 Do Nothing / Business As Usual	OP2: Do Minimum (Enable)	OP3: Intermediate Option - less ambitious PWF (Supported Active Intervention)	OP4: Preferred Way Forward (Supported Collaborative Active Intervention)
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)	Passive monitoring does will not attract the additional investment required nor accelerate the provision of DI to the region needed to enable a significant increase in RoI by 2030.	Enabling others to attract additional investment required and accelerate the provision of DI to the region may have some marginally better effects than passive monitoring, but it will still fall far short of the impact required to enable a significant increase in RoI by 2030.	Actively intervening to set up build, enable and skills projects will bring forward the investment and DI coverage required to deliver a significant target RoI of 180m	Actively intervening with others to set up build, enable and skills projects will bring forward the investment and DI coverage to deliver a target RoI of £180m by 2030.
Achieve a target of 80% of outdoor 4g mobile data coverage by all operators by the end of 2026 (Coverage and acceleration)	Passive monitoring does will not attract the additional investment required nor accelerate the provision of DI to the region needed to increase and accelerate mobile data coverage by 2026	Enabling others to attract additional investment required and accelerate the provision of DI to the region may have some marginally better effects than passive monitoring, but it will still fall far short of the impact required to increase and accelerate mobile data coverage by 2026	Actively intervening to set up build, enable and skills projects will have a better impact on bringing forward the investment and DI coverage required to better effect than Enabling and passive monitoring, but it may still fall short of the impact required to increase and accelerate mobile data coverage by 2026  Possibly Green?	Actively intervening with others to set up build, enable and skills projects is highly likely to bring forward the investment and DI coverage required to increase and accelerate mobile data coverage by 2026
Achieve a target of 60% full fibre coverage by the end of 2026 (Coverage and acceleration)	Passive monitoring does will not attract the additional investment required nor accelerate the provision of DI to the region needed to increase and accelerate full fibre coverage by 2026	Enabling others to attract additional investment required and accelerate the provision of DI to the region may have some marginally better effects than passive monitoring, but it will still fall far short of the impact required to increase and accelerate full fibre coverage by 2026	Actively intervening to set up build, enable and skills projects will have a better impact on bringing forward the investment and DI coverage required to better effect than enabling and passive monitoring, but it may short of the impact required to increase and accelerate full fibre coverage by 2026  POSSIBLY Green?	Actively intervening with others to set up build, enable and skills projects is highly likely to bring forward the investment and DI coverage required to increase and accelerate full fibre coverage by 2026
Achieve a target of 98% superfast coverage by the end of 2026 (Coverage and acceleration)	Passive monitoring does will not attract the additional investment required nor accelerate the provision of DI to the region needed to increase and accelerate Superfast coverage by 2026	Enabling others to attract additional investment required and accelerate the provision of DI to the region may have some marginally better effects than passive monitoring, but it will still fall far short of the impact required to achieve the target Superfast coverage by 2026	Enabling others to attract additional investment required and accelerate the provision of DI to the region will have a better impact on achieving the target Superfast coverage by 2026	Actively intervening with others to set up build, enable and skills projects is highly likely to bring forward the investment and DI coverage required to achieve the target Superfast coverage by 2026
CSF1- Strategic Fit	Passive monitoring does will not accelerate the provision of DI to the region, and the status quo will remain for a long time. It does not support the outcomes described in the WBFGA and supporting strategies.	Lobbying and mobilisation activities are aligned with the strategic and policy drivers and will have some effect but we are largely reliant on others and it is likely to take a long time.	Actively intervening to set up build, enable and skills projects will bring forward the investment and DI coverage required to support to support the principles and objectives outlined in key strategies. The	Actively intervening with others to set up build, enable and skills projects will bring forward the investment and DO coverage required to support to support the principles and objectives outlined in key
CSF 2: Business Needs	Passive monitoring and reliance on others may, over time, bring some DI investment to the region but it is almost certain to be in the long term and much later than needed to overcome regional needs.	Lobbying and mobilisation activities will have some effect in attracting investment in DI and supporting other programmes to overcome regional challenges, but the effect will be limited and is not likely to accelerate provision to the pace required.	Actively intervening to set up build, enable and skills projects will accelerate DI investment which in turn will provide the foundations for initiatives to address the regional challenges.	Actively intervening with others to set up build, enable and skills projects will accelerate DI investment which in turn will provide the foundations for initiatives to address the regional challenges.
CSF3: Optimises Social Welfare	Passive monitoring will not actively attract investment into DI. Without adequate DI the region will not attract or develop industries to the level required, nor unlock the investment to drive employment, and reduce outward migration. Although the cost is zero, there will also be a very low benefit.	Lobbying and mobilisation activities will have some effect in attracting investment in DI which in turn will provide the foundations for business to support the optimisation of but it will be limited and not at the pace required. Although the cost will be low so too will be the benefit.	Actively intervening to set up build, enable and skills projects will significantly accelerate DI investment to address strategic objectives and provide a better RoI. The cost will increase but the benefits will also increase significantly.	Actively intervening with others to set up build, enable and skills projects will significantly accelerate DI investment to address strategic objectives and provide a better RoI. The cost will increase but the benefits will also increase significantly.
CSF 4: Potential Supply-side Capacity and Capability	The option does not require additional supplier capacity, but also does no attract and encourage greater supplier capacity in the market.	The increase in supplier capacity needed as a result of this activity is likely to be easily accommodated.	The increase in supplier capacity needed as a result of this activity is likely to be accommodated. The Option also includes projects that will focus on skills development and partnerships to support DI provision.	The increase in supplier capacity needed as a result of this activity may pose some challenges regionally. The Option also includes projects that will focus on skills development and partnerships to support DI provision.
CSF5: Potential Affordability	The option requires no funding and so is affordable.	The option is likely to require a low level of additional funding and so is affordable.	The option is likely to offer a compelling strategic and economic case and so is likely to attract sufficient public and match funding to support a suitably substantial delivery programme.	The option is likely to offer a compelling strategic and economic case and so is likely to attract sufficient public and match funding to support a suitably substantial delivery programme.
CSF6: Potential Achievability	The options requires no additional governance or resource and so is achievable.	The option Requires little additional governance and resources and so is achievable	The governance and resource required to support the option will be factored into the business case and should be accommodated. GMW is already well governed to support the DI programme that the option will lead to.	The governance and resource required to support the option will be factored into the business case and should be accommodated. GMW is already well governed to support the DI programme that the option will lead to. There may be some additional governance challenges beyond that for the alone option, but the requirements should be manageable.

4.6. NPSV Assessment

The Net Present Social Value for the options is calculated based on the outline project list for each option.

For each project, four key parameters are estimated, as follows. The values are discounted using the Social Time Preference Rate to set all options on the same present value basis.

#### 4.6.1. Delivery Costs

The delivery costs are the estimated costs of project management, specialist resources such as procurement, legal and technical, and in kind resources of public sector bodies.

#### 4.6.2. Investment

The investment value is the estimated GMW and funding from other public sector sources, along with the investment leveraged from private sector sources.

#### 4.6.3. Benefits

Two types of financial benefits are estimated for each project in the options.

Public sector efficiency savings are the savings to the public sector from reduced costs, typically through efficiency savings. For example, better digital connectivity reduces the cost of public sector service delivery.

GVA improvement is the economic impact of better digital infrastructure, through job creation, higher value jobs, citizen cost savings and so on. The GVA improvement is generally based on a high-level estimate, since for almost all projects, the specific GVA factors are too difficult to reliably estimate.

#### 4.6.4. Probabilities and Optimism Bias

For each project, an estimate of the probability that the project will be successful, and an estimate of the likelihood that the project will be delivered are made. These two probabilities adjust the expected net benefit to recognise that not all projects will ultimately be commissioned, and that those that are commissioned may not deliver all the outcomes expected from them.

#### 4.6.5. Risk Monetisation

For each option, the risks are monetised and treated as a cost by estimating the cost of mitigation multiplied by the likelihood of occurrence.

The risks considered for each option are:

- Public funds spent unnecessarily
- Outcomes not achieved for spend incurred
- Projects undermine interventions by other public bodies, or vice versa

- Investment too small to drive outcomes

The expected mitigation costs are shown in the table below.

Option	Risk	Mitigation	Probability	Mitigation Cost	Expected Mitigation
<b>Option 1</b>	Public funds spent unnecessarily	Staff effort to scrutinise projects	2%	£ 50,000	£ 1,000
	Outcomes not achieved for spend incurred	Addition staff effort to manage outcomes	2%	£ 50,000	£ 1,000
	Projects undermine interventions by other public bodies, or vice versa	Additional staff effort to ensure joined up delivery	20%	£ 250,000	£ 50,000
	Investment too small to drive outcomes	Increased investment	25%	£ 2,000,000	£ 500,000
	<b>Total</b>				<b>£ 552,000</b>
<b>Option 2</b>	Public funds spent unnecessarily	Staff effort to scrutinise projects	5%	£ 150,000	£ 7,500
	Outcomes not achieved for spend incurred	Addition staff effort to manage outcomes	15%	£ 250,000	£ 37,500
	Projects undermine interventions by other public bodies, or vice versa	Additional staff effort to ensure joined up delivery	15%	£ 250,000	£ 37,500
	Investment too small to drive outcomes	Increased investment	20%	£ 3,000,000	£ 600,000
	<b>Total</b>				<b>£ 682,500</b>
<b>Option 3</b>	Public funds spent unnecessarily	Staff effort to scrutinise projects	10%	£ 500,000	£ 50,000
	Outcomes not achieved for spend incurred	Addition staff effort to manage outcomes	3%	£ 500,000	£ 15,000
	Projects undermine interventions by other public bodies, or vice versa	Additional staff effort to ensure joined up delivery	10%	£ 250,000	£ 25,000
	Investment too small to drive outcomes	Increased investment	5%	£ 5,000,000	£ 250,000
	<b>Total</b>				<b>£ 340,000</b>
<b>Option 4</b>	Public funds spent unnecessarily	Staff effort to scrutinise projects	10%	£ 350,000	£ 35,000
	Outcomes not achieved for spend incurred	Addition staff effort to manage outcomes	2%	£ 500,000	£ 10,000
	Projects undermine interventions by other public bodies, or vice versa	Additional staff effort to ensure joined up delivery	2%	£ 100,000	£ 2,000
	Investment too small to drive outcomes	Increased investment	3%	£ 5,000,000	£ 150,000
	<b>Total</b>				<b>£ 197,000</b>

Table 2: Risk Monetisation

#### 4.6.6. Total Net Present Social Value

The NPSV for the shortlisted options is shown in the table below.

	Total Costs	NPSV
Option 1 Do Nothing	£ 1,400,000	£ 14,190,361
Option 2 Do Minimum	£ 1,400,000	£ 14,190,361
Option 3 Intermediate Option Supported Active Intervention	£ 30,151,719	£ 107,151,974
Option 4 Preferred Way Forward Supported Collaborative Active Intervention	£ 38,035,375	£ 144,807,788

Table 3: NPSV

#### 4.6.7. Cumulative Net Present Social Value

The cumulative NPSV against the cumulative cost is shown in the chart below. The chart illustrates the assumptions that costs are largely incurred at the start of the Programme, that benefits accrue slowly at first and then more rapidly, and that benefits ultimately cease as the general provision of Digital Infrastructure improves.

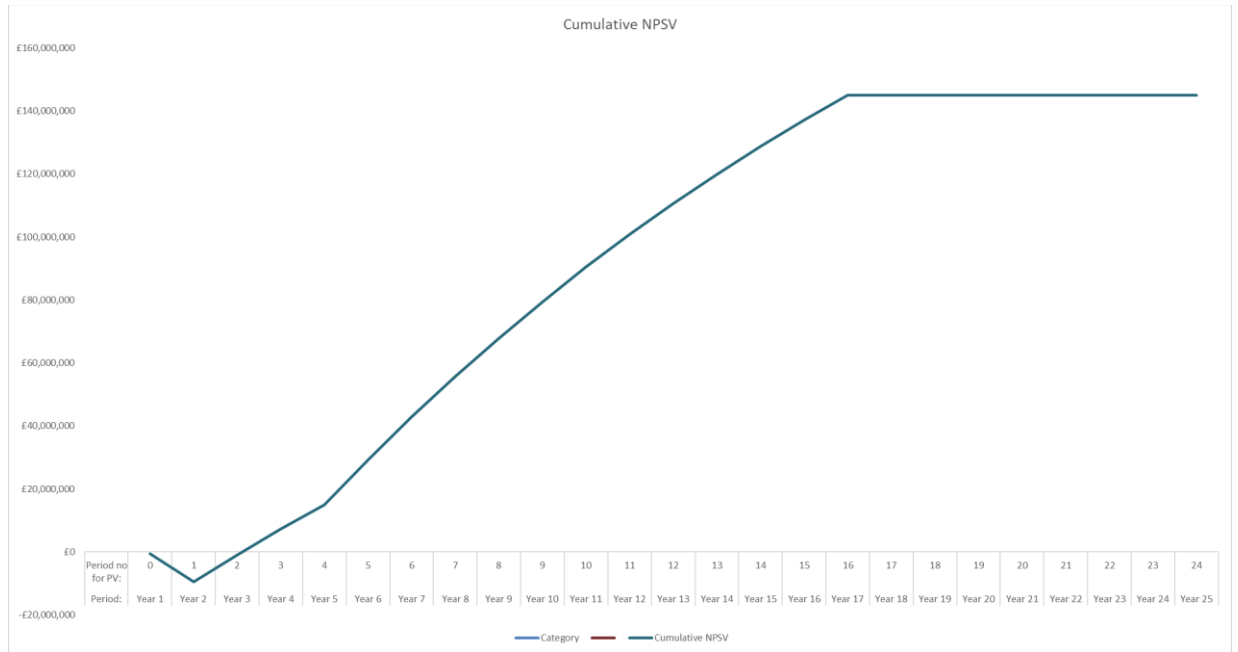


Fig 9: Risk Scoring Matrix

#### 4.6.8. Benefit Cost Ratio

The Benefit Cost Ratios for the Options are shown in the table below.

	Total Costs	Total Benefits	BCR
Option 1 Do Nothing	£ 1,400,000	-£ 177,556	-0.1
Option 2 Do Minimum	£ 1,400,000	£ 14,893,222	10.6
Option 3 Intermediate Option Supported Active Intervention	£ 30,151,719	£ 111,074,077	3.7
Option 4 Preferred Way Forward Supported Collaborative Active Intervention	£ 38,035,375	£ 150,265,686	4.0

Table 4: Benefit Cost Ratio

Option 2 Do Minimum has a very high benefit/cost ratio because it leverages a high value investment from other bodies for a low cost. However, its total benefit is limited.

#### 4.7. Preferred Option

The Preferred Way Forward, Option 4 Active Collaborative Engagement, is the preferred option. It represents the best balance of NPSV, BCR and level of risk.

The primary driver for the programme is net economic benefit. Option 4 excels in this regard, although its BCR is lower than the outlier Option 2.

#### 4.8. Sensitivity Analysis

Since the preferred option drives a much higher level of infrastructure investment than the other options, and since the GVA benefit is directly related to the level of investment, the preference is extremely robust.

For the Do Minimum to be preferred, the level of benefit for the preferred option would need to be only around 8% of what is currently assumed.

#### 4.9. Projects Summary

##### 4.9.1. Types of Projects

The projects identified to date will all drive Digital Infrastructure delivery across Mid Wales. Some projects are included in more than one option, because the options are not mutually exclusive. The projects fall into three broad areas of activity, as follows.

##### **Build**

Projects that directly build new infrastructure, including ducts digging, fibre laying, mast construction or re-purposing, and other asset creation or re-use. For build projects, GMW will typically pay a supplier to build the infrastructure, though in some instances, we may build it ourselves. Examples of such projects include hub site connectivity, fibre access network (tails), backhaul connectivity, 5G infrastructure, datacentres, and internet exchange.

Asset reuse is a feature of the build category of projects. These initiatives focus on using council assets like ducts, street furniture, building facades, lighting poles, and roof space, making them available to providers for use in Digital Infrastructure delivery.

There is also a strong commercial element to build projects. When scoping, procuring, and delivering it is important to consider a range of factors for example, the use of different procurement routes to maximise competition, the range of services and best value; IRU and service models for long term use, management and maintenance of the infrastructure asset, and potential shared funding models with other public sector partners.

##### **Enable: Process, Policies and Engagement**

These projects focus upon putting in place the mechanisms that are needed to help accelerate Digital Infrastructure build, for example, easing supply side issues by

removing or minimising typical deployment barriers; and addressing demand side issues by actively raising citizen awareness of services and encouraging changes in consumer behaviour, to stimulate demand, for example by encouraging and helping citizens or businesses to apply for grants or voucher schemes.

### **Skills**

Skills projects are needed to ensure that Mid Wales has access to the specific knowledge and expertise needed to grow our Digital Infrastructure footprint. This may include working with commercial or educational bodies to develop the Civils and engineering know-how needed to deploy the Digital Infrastructure, together with development of softer community engagement skills. Note, the development of user digital skills does not sit within the scope of this project type.

The three project types are not mutually exclusive and simply reflect the project's primary focus. Every project is therefore likely to have a combination of Build, Enablement and Skills elements.

The Projects are listed in an accompanying spreadsheet Annex A. Each project has an outline description, and an associated estimate based on a range of key parameters. The outline costs of projects are provided at this stage to achieve an aggregated estimate for the broad range of projects we could seek to undertake. It is not a commitment to spend on all projects.

Detailed development of the costs, and benefits will be undertaken as part of Phase 2 activity which will complete the latter part of the Economic case, and the remaining Commercial, Financial and Management Cases.

The Projects have also been mapped to form a GMW Transformation Map (Tmap), which represents the range of possibilities across the three broad areas. The potential range of interventions is likely to far exceed the investment available, and so many projects are unlikely to make it to the final roadmap. However, identifying what could be done, will allow GMW to decide what should be done.

The Tmap is provided in Appendix C. It provides a useful communication tool for Stakeholders to engage with and understand the broad intentions and ambition of GMW, but critically provides the foundations for a detailed roadmap, and planning tool for later development by the GMW team.

#### **4.9.2. Projects considered:**

The Economic Case uses a list of approximately 90 potential projects as a means of assessing the costs and benefits of the shortlisted options. The projects have not themselves been selected at this stage. The Programme Board will in due course prioritise the projects to take forward, according to the available budget and other factors.

The Digital Infrastructure problem in Mid Wales is complex and dynamic. It is very likely that a range of projects will be required to address it effectively, and a Programme of projects is therefore the appropriate response.

The illustrative detail of the projects can be found in the “Projects Report v3” document, along with the parameters for each project that were used in the short list selection process.

Throughout the life of the Programme, the environment will change; some projects may become less effective, and new opportunities may develop. New projects identified by the Programme may be added and evaluated in the same way, so that the preferred way forward can be confirmed even if the Projects list later changes. Similarly, project parameters may be changed so that the prioritisation of the projects selected for delivery will ultimately be determined based on the most up to date view at the time.

#### 4.10. Economic Case Summary

The Economic case is based on a representative programme of outline projects grouped into a longlist of options that represent different levels of intervention in the region’s digital infrastructure.

The longlist options were assessed against the criteria of the Programme to identify the closest matching shortlist.

The shortlist options were assessed against the Programme’s Investment Objectives and CSFs, and in respect of their Risk, Net Present Social Value and Cost/Benefit Ratio to identify the preferred option.

The Preferred Way Forward, Option 4 Active Collaborative Engagement, is the preferred option. It represents the best balance of NPSV, BCR and level of risk.

The option greatly outperforms the other options, including when optimism bias and sensitivity are considered. The Economic Case outcome is highly robust.



## 5. Commercial Case

### 5.1. Overview

The Commercial Case considers how the Programme's projects will be procured, taking account of the market and of the procurement models that will be appropriate to the services.

The procurement route for each project will be defined on a case-by-case basis, defined in each project's Procurement Plan. The procurement approach will be defined at a Programme level.

### 5.2. Procurement Plans

Each project Procurement Plan will consider the constraints imposed by the Councils' own procurement policies, co-ordinated by Powys County Council's Procurement team. Procurements are generally likely to be bound by the Public Contracts Regulations in respect of the expected contract value. The Procurement Plans will consider the type of contract that is required, and the level of collaboration with other public sector bodies. They will consider the most appropriate mechanism to address the requirements in the market, balancing the cost of procurement and the level of competition to deliver the best value results.

A number of frameworks exist for Digital Infrastructure services, including Crown Commercial Services framework RM6095 which is designed specifically for hub site connectivity. In most cases a further competition is anyway required, and so other procurement routes are generally similar in terms of procurement effort and duration, and of outcome. The procurement plans will take account of the suppliers available through each route.

The market is strong for most elements that are likely to be procured. Both Civils construction and IT services are highly competitive markets that will provide good competition through a variety of routes to market. More specialist Digital Infrastructure elements are well served, but not necessarily in Mid Wales, so that procurements for these will need to be more carefully considered to ensure strong competition.

Although the creation of joint venture partnerships are not themselves subject to the public contracts regulations, they share many of the same considerations and will require a similar approach to market engagement and assessment. The services of joint ventures may also be subject to procurement activities, depending on their value.

Planned market engagement will be an important feature of the programme. Particularly in respect of fixed connectivity, a near monopoly exists at the provider level, and so a substantial effort will be required to attract and retain other providers to create a competitive environment to drive value. Early, clear, and consistent engagement with

potential providers, and a clear programme of work will help to illustrate the opportunity for bidders to support their planning and active engagement.

### 5.3. Collaborative Procurement

Although the size of procurements for the GMW region is likely to be sufficient to attract market interest in most cases, it is possible that some Projects will benefit from increased scale.

In addition, other authorities will be addressing similar problems with similar projects, and there is therefore also scope for cost saving through collaborative procurement.

For this reason, each Procurement Plan will specifically consider the options for collaborative procurement.

### 5.4. Outcome Based Specifications

The technical solutions to meet Digital Infrastructure requirements will generally be the same, so that procurements will often include specific standards. However, the commercial proposals from suppliers may vary considerably, depending on their individual investment models. Specifications will therefore aim to be as non-prescriptive as possible, so that while the end point may be fixed, the mechanism for delivery will allow for different approaches.

### 5.5. Market Conditions

#### 5.5.1. Fixed broadband provision

The fixed broadband market in the region remains dominated by Openreach Infrastructure, but there is evidence that alternative network providers (AltNets) are becoming more active.

Among others, Voneus has recently acquired further capacity including in Ceredigion. Beacons Telecom now connects around 700 premises, including many in Powys. Broadway Partners, has announced a £145m investment from Downing LLP. Ogi and Gigaclear are highly active in adjacent counties.

There is good reason to believe that these providers, and others who are already active in the GMW region, or have expressed an interest in doing so, would participate actively in fixed broadband intervention projects. Many of them are already engaged in co-funding projects of various types.

### 5.5.2. Mobile Telephony provision

Mobile Telephony provision remains a major problem in the GMW region, due to the high cost and low return of providing pervasive coverage in sparsely populated areas. The Government's Single Fibre Network programme aims to reduce operator costs by driving mast sharing, and the Emergency Services Network programme aims to reduce mobile not spots to support the replacement of the Airwave system with 4G.

The level of cost associated with direct interventions is very substantial, so that it is unlikely that Projects will directly engage mobile operators for network extension. It is more likely that projects will drive enablement and demand stimulation, so that procurements will address a much wider range of suppliers.

### 5.5.3. LPWAN provision

The Councils have previously worked with Welsh Government to drive near complete coverage of the LORAWAN low power Wide Area Network solution.

Although some further extension to this network may be required, most projects will be targeted at a broad range of suppliers of different kinds. The number of suppliers engaged in the LPWAN technology space is very large, and no market limitations are expected.

## 5.6. Subsidy Control

In practical terms, GMW's interventions will generally be "No Aid". Projects that involve subsidy are likely to have higher cost and risk, and to take longer. Reliable No Aid approaches for Digital Infrastructure have been widely tested, and the preference will be to use such approaches, except where a usable Subsidy route already exists.

It is assumed that the new subsidy regulations working through parliament will remain broadly the same as they were under the EU.

That means that interventions will be typically:

- Deployed under the terms of an existing State Aid scheme approved by the EU DCMS successfully obtained EU approval for the current wave of Superfast projects, and is in the process of seeking approval for the Outside In programme
- For Public Sector purposes  
Some intervention projects fall into the category of GMW procuring services for the benefit of the public sector itself. Although there are benefits to the wider community, these are unavoidable side effects, and the project is justified on the basis of the public sector savings and benefits.

- De Minimis  
Individual recipients such as businesses or homeowners receiving aid of less than 200k Euros over three years are not considered to be in receipt of State Aid. Under the proposed new regulations, the de minimis threshold is likely to be higher. Vouchers are a good example of this category.

## 5.7. Commercial Risks

The Programme will manage key commercial risks:

- Opportunities may be too small for some bidders  
A series of small procurements may favour the incumbent and result in low levels of competition.
- Opportunities may be too large for some bidders  
Very large procurements could be difficult to resource for AltNets with limited capacity.
- Some procurements will have dependencies  
The sequence of procurements and their relationships with each other and with other projects will be considered carefully
- It may be necessary to create a market  
Where market competition is weak, it may be necessary to create a competitive tension, either to encourage new entrants, or to drive incumbents to extend existing networks.
- Labour and materials shortages may limit delivery speed  
There are indications that skills shortages could limit growth. Fears of major materials do not yet appear to be a significant barrier, but this could change.
- Opportunities in other areas may be more attractive  
Demand for digital infrastructure, and the funding for it, is likely to exceed the capacity to deliver it in the short term. Regions will therefore be competing against each other to attract delivery.

## 5.8. Risk Transfer & Payments

The transfer of risk will be assessed in respect of each individual project. In general, the supplier will take the risk for delivery and operation within a fixed price. The contracts that are procured will aim to set out a clear service demarcation, so that the transfer of risk is clearly articulated.

The GMW Programme team will continue to manage the public sector risks that cannot be transferred effectively to suppliers, including subsidy control and procurement risks, and the risks of overlap with other programmes.

Payment to suppliers will generally be made only on successful delivery of tangible outcomes evidenced by comprehensive testing. In some cases, recurring charges will be payable by a public or private 3<sup>rd</sup> party. The mechanism by which these charges will be met will be a key part of the business case for each individual project.

### 5.9. Contracting Model

For some projects, the delivery period and contract duration will be relatively short, and for these it will be appropriate for the Mid Wales Corporate Joint Committee or another single body such as Ceredigion County Council to hold the contract with the Supplier.

Where the project involves the long term provision of services to a customer, it is assumed that it will be more appropriate for those customers to hold contracts with the supplier, but that those contracts would be procured by Ceredigion County Council for GMW.

### 5.10. Personnel Implications

No personnel implications are envisaged for public sector bodies in respect of the draft projects identified at this stage.

Where Digital Infrastructure is put to use in services provided to public sector bodies, they are very likely to be provided through an intermediary. The contracts with these intermediaries are like those in use today, and they will therefore address any personnel implications in the usual way.

### 5.11. Commercial Case Summary

In general, there is a good commercial market for most of the works and services that GMW is likely to buy as part of its interventions. In many cases, there are established frameworks and other well tested routes to market. Constructing procurements to access them is therefore likely to be straightforward from a technical perspective.

However, a greater challenge is likely to be that of securing sufficient interest in the market in Mid Wales specifically. The region's market for some of the most important elements of Digital Infrastructure suffers from limited competition. It will therefore be particularly important to work to develop the market, attracting and retaining bidders for multiple projects. Procurement plans will need to address the potential shortage of

bidders, and to ensure that each procurement, and procurements collectively are attractive to bidders.

The projects themselves will need to be designed to bridge the gap in supplier business cases that is likely to exist as a result of the high costs and low returns of operating in a rural environment.

Projects involving joint ventures will present more challenging procurement and commercial approaches, but templates for these are available from other public sector bodies.

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## 6. Financial Case

### 6.1. Overview

The total cost of the programme will be a function of the projects that are ultimately selected to take forward, and of the market pricing for services that are procured.

In the proposed Programme Model, the Programme will set a budget for its activities, and will manage to remain within this level, adapting volumes ordered to adjust for unexpectedly higher prices.

### 6.2. Funding sources

GMW funding will primarily be used to invest in new digital infrastructure, leveraged against a wide range of other sources.

The Programme will make extensive use of other public sector funding for digital infrastructure intervention, including DCMS schemes, Local Broadband Fund, Broadband Upgrade Fund, Local Government Digital Transformation Fund, and others.

Councils and other public sector bodies are likely to make their own direct investments in infrastructure, alongside the GMW Programme's investment.

The commercial sector is expected to make a substantial investment in digital infrastructure. The Programme's projects in many cases leverage public sector funding to close the business case to unlock commercial sector investment.

Citizens themselves will contribute to digital infrastructure through their own commitments to take new services. Although this is not typically seen as an investment, it is an important element of funding, since it drives commercial sector investment.

### 6.3. Capital

In general, the Programme's projects set out to deliver new digital infrastructure. The project management and delivery costs of that infrastructure will generally be classified as capital expenditure, along with the infrastructure itself.

In most cases, the GMW partners will not themselves own a physical asset but will instead have a right of use of a new infrastructure asset.

The estimated capital costs of the programme are shown in the table below.

Implementation Costs	Option 4 Preferred Way Forward Supported Collaborative Active Intervention	
Contractors	£	359,375
Council Staff	£	869,100
PM	£	871,000
Staff in kind	£	745,750
Supplier Costs	£	53,750
Subtotal	£	2,898,975
Investment Costs	Option 4 Preferred Way Forward Supported Collaborative Active Intervention	
Total GM Investment	£	34,972,500
Grand Total	£	37,871,475

**Table 5: Capital Costs**

#### 6.4. Revenue

Digital Programme Team operating costs that do not qualify as capital expenditure will be met from partner revenue budgets.

The estimated revenue costs of the programme are shown in the table below. The figures assume an implementation phase of approximately 5 years.

The figures do not include the operating charges that will be met by 3<sup>rd</sup> party organisations and individuals, for example through network services contracts. Although these charges will be carefully considered in the business case for each project, they are not GMW costs.



Implementation Costs	Option 4 Preferred Way Forward Supported Collaborative Active Intervention	
Contractors	£	-
Council Staff	£	579,400
PM	£	-
Staff in kind	£	-
Supplier Costs	£	-
<b>Subtotal</b>	<b>£</b>	<b>579,400</b>
Investment Costs	Option 4 Preferred Way Forward Supported Collaborative Active Intervention	
<b>Total GM Investment</b>	<b>£</b>	<b>-</b>
<b>Grand Total</b>	<b>£</b>	<b>579,400</b>

**Table 6: Revenue Costs**

## 6.5. Financial Case Summary

It is assumed that the very great majority of costs will be incurred within the first 4 years of the Programme. No projects are currently envisaged that have a long term operating cost that would be met from the GMW budget itself.

The total value of potential projects is £38m. However, this figure includes projects that have a relatively low probability of success, or that

The total value of potential projects with a probability of success of more than 50% is £15m.

The total value of the GMW budget currently allocated to Digital Infrastructure is £11m.

## 7. Management Case

### 7.1. Overview

The case for GMW to actively participate in a range of different intervention types is clear, and indeed its constituent councils, Ceredigion and Powys already operate some Digital Infrastructure projects, including community fibre engagement. It is highly likely that the scale of the infrastructure issues to address will greatly exceed GMW's resources, and that the challenges and opportunities in respect of Digital Infrastructure will change significantly over time.

It is therefore essential to set in place a structured and flexible programme of activity to prioritise and manage a clear plan of action. The programme will be well governed and resourced, and carefully managed by a hybrid team of knowledgeable and capable people drawn from across the Growth Deal partnership, supported with specialist 3<sup>rd</sup> party resources.

The programme will maintain responsibility for all aspects of GMW's Digital Infrastructure planning and delivery, both in terms of internal delivery and of external engagement with other interested or related bodies.

It will be governed in line with the wider Growth Deal management structures. This is imperative if programme decisions about funds are to reflect the broad Growth Deal priorities, and are to be invested effectively to enable the provision of widespread digital infrastructure across Mid Wales.

The wider Growth Deal governance structure features strong and varied strategic, technical, commercial, and social and economic development representation and expertise. Through this, and complementary project level governance, the programme will:

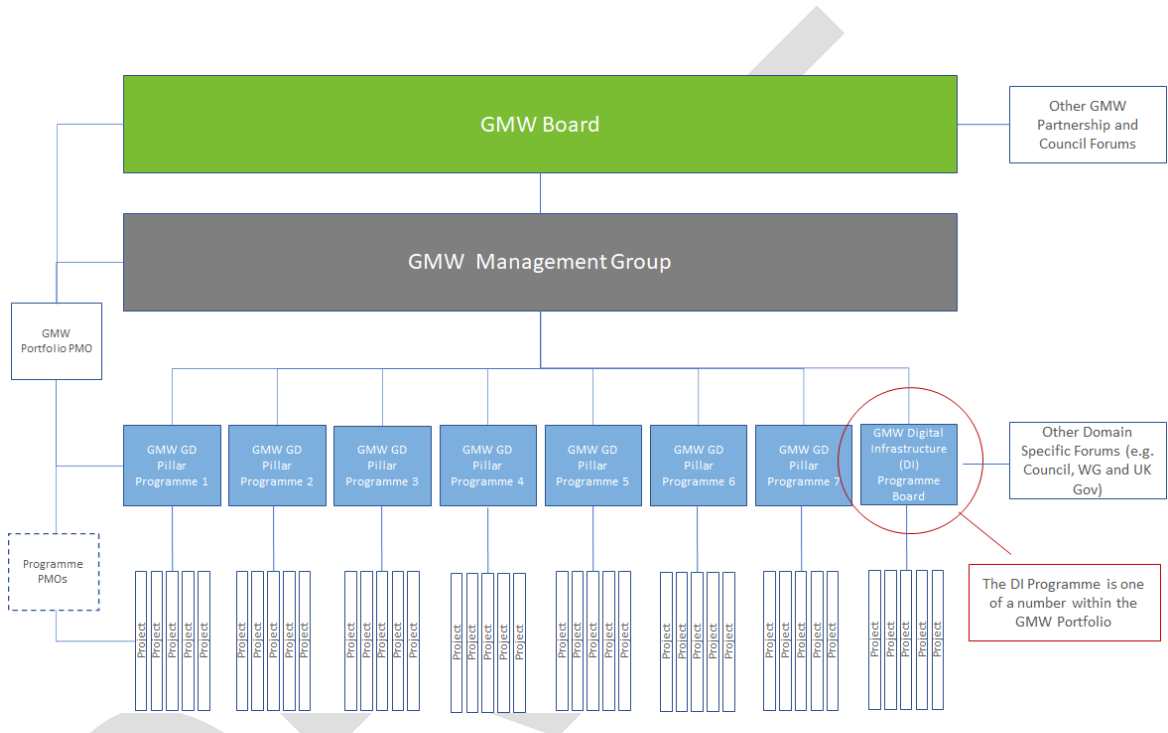
- Ensure strategic alignment with national and local economic development vision and plans, and a shared view on the approach to Digital Infrastructure, the objectives we want to achieve, and desired benefits.
- Ensure we buy and deliver digital infrastructure that meets the needs of the businesses and citizens of Mid Wales, but also considers for example, the plans of neighbouring councils, the Welsh Government representing all Welsh local authorities, other Growth Deals and other interested and active parties.

Along with the clear governance and management benefits for which it is designed, a strong established programme for Digital Infrastructure also brings other benefits. It is a key requirement for government grant funding, and it is an attractive feature for suppliers. It therefore improves the likelihood, value and timing of a range of grant funding, and supports a more active market.

## 7.2. Governance model

The Digital Programme is one of the Growth Deal pillars and an economic development initiative. The Mid Wales Portfolio Business Case sets out the wider governance landscape within which the programme operates.

The structure of the governance model is shown in the diagrams below:



**Fig 10: GMW Governance Model**

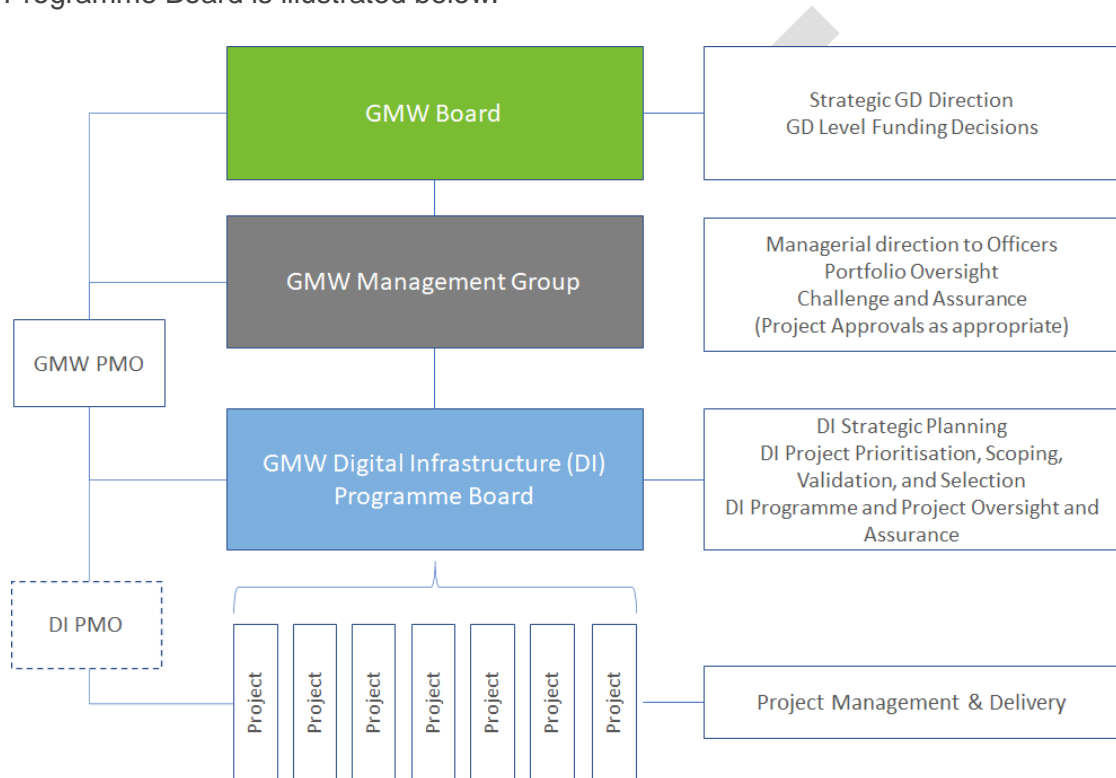
The Growing Mid Wales Board will provide strategic direction and principles to guide the prioritisation, planning and delivery that will be overseen by officers at Management Group level, and undertaken at Programme level, with the Digital Infrastructure (DI) Programme responsible for defining, agreeing, and enacting its response to those principles.

The Management Group provides managerial direction to officers and advises the GMW Board in the fulfilment of their responsibilities. The Management Group also provides leadership to and management of officers within the various Growth deal programmes, by setting portfolio level objectives and priorities, and managing portfolio level resources. The Management Group will monitor the progress of the Digital Programme and will manage the strategic risks and issues that are escalated by the Digital Programme Board. The Group will make recommendations to the Board on behalf of the Digital Programme as required. The Group will also approve the procurement of consultants and advisers required to support the work of the Digital

Programme, as recommended by the Digital Programme Board. Any contractual arrangements that are required by the Digital Programme in the delivery of projects will also be approved by the Board (as appropriate to the scale and complexity of the project in question).

The Digital Programme will be overseen by the GMW Digital Programme Board which will agree, report on, and evaluate the delivery of the Programme’s constituent projects.

The relationship between the GMW Board, the GMW Management Group and the GMW Programme Board is illustrated below.



**Fig 11: GMW/Digital Programme Governance Model**

The Programme will draw on the expertise of the Digital Programme Board members to determine which projects should be progressed and developed to meet the Digital Programmes Investment Objectives and contribute to the achievement of the Portfolio Investment Objectives. The priority and sequence of projects, together with the scoping and validation of individual projects will be determined by the Digital Programme Board following the agreement of the Programme Business Case, as described in later sections.

The GMW Management Group, and where appropriate, the GMW Board will provide oversight and assurance of these decisions to support consistency and alignment across the Portfolio. The governance structure will therefore play a valuable role in challenging decisions and the proposed rationale.

The governance mechanisms and structure are intended to give the Digital Programme Board the degree of autonomy necessary to plan and respond in a flexible and agile manner. It will use the programme’s digital experts and their knowledge to identify priorities, dependencies, and the relative strengths of and between each project, as well as ensuring that investment is targeted in the correct areas, in the correct order. The model is also proportionate in that only decisions requiring Portfolio involvement will be escalated to the GMW Management Group and GWM Board.

### 7.2.1. Programme Level Governance

The Digital Programme Board will initially focus on the development of the agreed business cases and subsequently oversee delivery, with a specific focus on the benefits and outcomes to be achieved.

The Programme’s appointed Senior Responsible Officer (SRO) will lead the programme with board level support from the Deputy SRO and a range of key interested stakeholders, together with operational management from the Digital Programme Manager and individual Project leads. The SRO will report and escalate appropriate updates, risks, issues and decisions to the GMW Management Group with support also from the Digital Programme Manager.

The composition of the Digital Programme Board is shown in the table below

<b>Digital Programme Board</b>	
<b>Core Membership</b>	
<b>Role</b>	<b>Function</b>
Senior Responsible Owner	<ul style="list-style-type: none"> <li>• Appointed by the GMW Management Group.</li> <li>• Ensure the Programme Board remains focused on delivering the benefits and outcomes set out in the Programme Business Case</li> </ul>
Deputy Senior Responsible Officer	<ul style="list-style-type: none"> <li>• Appointed by the GMW Management Group.</li> <li>• Deputise for the Senior Responsible Owner in their absence.</li> </ul>
Digital Programme Manager	<ul style="list-style-type: none"> <li>• Plan the programme, making recommendations to the Programme Board.</li> <li>• Manage and monitor a Programme Plan for the Programme Board to track, control and deliver the programme outcomes and benefits.</li> </ul>
PoMO Operations Manager	<ul style="list-style-type: none"> <li>• Overall responsibility and accountability for the delivery of the programme and its projects.</li> <li>• Ensure strategic fit of programme objectives and benefits with relevant strategies and wider Growth Vision.</li> </ul>
Senior Economy Officers from the Local Authorities	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge;</li> <li>• Provide a clear focus on benefits realisation;</li> <li>• Undertake any actions as agreed at the Programme Board.</li> </ul>
Senior ICT Officers from the Local Authorities	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge.</li> <li>• Provide a clear focus on benefits realisation.</li> <li>• Undertake any actions as agreed at the Programme Board.</li> </ul>

Digital Leads from UKG and WG Digital Officials	<ul style="list-style-type: none"> <li>• Represent their partner organisation and act as link between partner organisation and Board.</li> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>• Represent their partner organisation and act as link between partner organisation and Board.</li> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
<b>Non-Core Members (Attendance as required)</b>	
Corporate Services	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
GMW Communications & Engagement Officer	<ul style="list-style-type: none"> <li>• Ensure that benefits and outcomes are communicated as appropriate with relevant partners and stakeholders.</li> </ul>

**Table 7: Digital Programme Board Composition**

### **Other Core/ Non-Core Members**

The Programme Board will also include other ‘core’ and ‘non-core’ members. Core members will consist of Economy and Regeneration Officers from both Councils who will provide advice and expertise to ensure outcomes and benefits are focused open. Representation from both ICT teams will also be included as core members to provide balanced views and technical support.

In addition to Council Officers, it is recommended that representatives from appropriate public bodies will also form the core membership of the programme board, acting as representative users of the infrastructure and to provide feedback upon proposed project suitability and usability.

Non-core members of the group will consist of Council Corporate services to provide expertise upon topics such as procurement, legal and finance. These Officers will not be required to attend each Digital Programme Board meeting but will be invited when expertise is required, i.e. upon the development of Business Cases where input from Corporate Services is required to ensure progress.

The governance and programme delivery models will be implemented and developed further once this Programme Business Case has been approved and detailed programme planning commenced. Together they will provide a structured and disciplined, but flexible approach enabling the Digital Programme to respond to new and changing requirements.

#### **7.2.2. Project Level Governance**

The projects within the Digital Programme will range in scale and complexity. Some projects will require significant governance and management, others much less so.

Where warranted, each project within the Digital Programme will be managed via a Project Board with appointed SROs and project managers in place to oversee and manage delivery. Membership will initially be determined by the Digital Programme

Board with each project governed in line with Growth Deal requirements and the requirement of the individual project.

Digital Project Boards will provide oversight of each project and be focused on the development and delivery of the agreed business case, and subsequent delivery of projects in line with best practice as set out in each business case.

Each individual project will be led by a Project Manager, supported by a Project Team sized and with experience appropriate to the scale, value, complexity, and type of project. Each Project Manager will in turn report to the Digital Programme Manager.

### 7.3. Programme and Project Management

#### 7.3.1. Programme Scope

As the Economic Case described, the scope of the programme will cover three types of digital projects:

**Build:** Projects that directly build new infrastructure, including ducts digging, fibre laying, mast construction or re-purposing, and other asset creation or re-use.

**Enable: Process, Policies and Engagement:** These projects focus upon putting in place the mechanisms that are needed to help accelerate Digital Infrastructure build, for example, easing supply side issues by removing or minimising typical deployment barriers; and addressing demand side issues.

**Skills:** skills projects that are needed to ensure that Mid Wales has access to the specific knowledge and expertise needed to grow our Digital Infrastructure footprint.

The three project types are not mutually exclusive and simply reflect the project's primary focus. Every project is therefore likely to have a combination of Build, Enablement and Skills elements.

The preferred option of collaborative active intervention also means that the programme's activity will span a range of levels from lobbying and mobilising others to act on our behalf through to the design, initiation, and management of large scale digital infrastructure creation projects by the Growth Deal itself, and collaboratively with other partners and authorities.

#### 7.3.2. High-level Programme Stages

Set up and delivery of the programme will follow a series of structured stages and activities which began with the appointment of the Digital Programme Manager and PoMO in 2021 and will continue with confirmation of the remainder of the central hybrid team.

The team will develop the detailed programme approach, together with the programme delivery and resource plan, and begin more detailed project scoping activity for individual priority projects which will include market assessment and engagement. The programme stages are subject to further development but are expected to be structured as follows.

Planning and Set up for Integrated Delivery	<ul style="list-style-type: none"> <li>• Programme Manager already in place</li> <li>• Appoint supporting resources</li> </ul>
Governance Confirmation	<ul style="list-style-type: none"> <li>• Define DI Programme Board Terms of Reference</li> <li>• Evolve GMW Steering Group into Programme Board</li> </ul>
Projects Confirmation and Planning	<ul style="list-style-type: none"> <li>• Confirm Programme Tmap and baseline list of potential projects</li> <li>• Confirm proposed outline programme delivery schedule</li> <li>• Establish standard DI Programme OBC/ Business justification process to assess projects</li> <li>• Start project validation</li> </ul>
Recurring Project Set-up	<ul style="list-style-type: none"> <li>• Scope and establish projects in line with agreed OBC/ Business Justification process</li> <li>• Continue projects validation</li> </ul>
Project Delivery	<ul style="list-style-type: none"> <li>• Delivery projects as per programme schedule</li> <li>• Continuously evaluate</li> </ul>

Fig 12: High level programme stages and activities

### 7.3.3. Project Selection

This Programme Business Case establishes the strong need for a programme to deliver Digital Infrastructure so that GMW can confidently mobilise a Digital Infrastructure planning and delivery function.

This Preferred Option is predicated on the case for a mode of intervention rather than individual projects. In so doing, it sets out the broad investment parameters and ambition for the Digital Infrastructure programme, and sets out a broad range of potential projects whose delivery will contribute to the acceleration of digital infrastructure across our region. This allows us to estimate potential cost and benefits and secure appropriate funding.

It does not however provide a detailed justification for the initiation of any of the individual proposed projects. The selection of actual projects will itself be done as part



of the programme's core activity i.e. each project will be assessed on its own merits before it is initiated.

Individual projects will only be initiated when the Programme team has established a clear and detailed justification. This ensures that the objectives, costs, benefits and risks associated with the project are understood before committing investment.

The majority of digital projects will be agreed at Digital Programme Board level, but there may be exceptions where the scale of some projects, or their level of interdependency with other GMW programmes means that additional approval from the GMW Board may be needed.

The programme will set in place a consistent and simple Outline Business Case (OBC) approach which will assess projects against the same Investment Objectives and CSFs as this Programme Business Case.

Too much governance can be as problematic as too little governance, and it is important that the effort committed to justifying each project will be proportionate to the project's complexity, cost and benefits. The programme will adopt a robust but flexible approach to managing GMW's Digital Infrastructure requirements; where projects are smaller in value and benefit, a lighter business justification will be applied, whereas a more detailed OBC will be applied where the cost, benefit and complexity of the project is likely to be much higher.

This allows the programme to apply the appropriate rigour, consideration and justification for the spend of public funds, and the Digital Programme Board will have a key role to play here.

In most cases, other than essential enablement projects, the projects with the highest return are those that will be prioritised by the programme. Those will typically be the projects that use Growth Deal funding as a lever to mobilise additional levels of funding from other sources. Since it is likely that the programme's scope will be limited by the financial resources available, projects will likely be commissioned on order of highest expected return, until the funding limit is reached.

In respect of the benefits calculation for individual projects, care should be taken over the assessment of GVA. The yardstick identified in the Economic Case that every £1 invested in Digital Infrastructure increases GVA by £8 over 15 years is relatively untested, and it will also be difficult to measure in practice. However, it is an important principle – the fundamental reason for improving the provision of Digital Infrastructure within Mid Wales – and so will be a consideration in project selection.

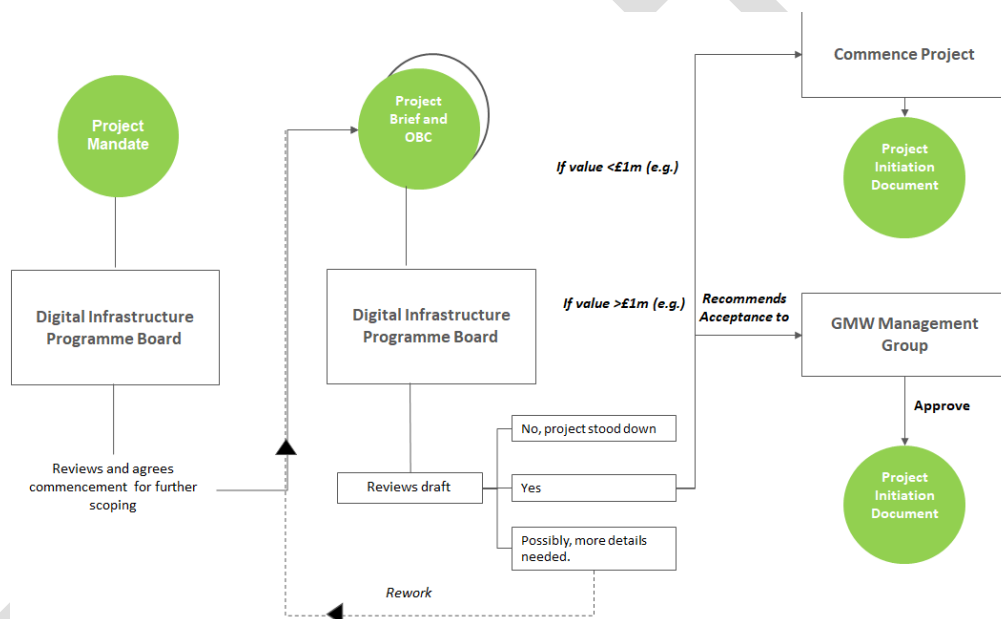
#### **7.3.4. Project Approach**

A collection of approximately 80 potential project opportunities have been identified during the completion of this Programme Business Case. Appendix A illustrates all identified projects according to type and approximate value.

These opportunities will be subject to further categorisation, grouping and prioritisation as part of the Projects Confirmation and Planning stage. Each project, where prioritised and approved, will therefore be subject to a standard scoping, initiation and delivery approach.

The approach covers a series of stages for scoping each project and the key project management deliverables that will be completed to ensure each project has a sound business case and proceeds in a structured and controlled manner. A Project Mandate, Project Brief (including Outline Business Case), and PID, including a detailed project plan, will be completed for each of the Digital Infrastructure projects.

The following diagram illustrates the process:



**Fig 13: Project Review Process**

Once agreed, the majority of projects are likely to include the following stages:

**Specification:** where appropriate, for example a technology, or build project: specifying, for example, the digital infrastructure technology or build services to be procured or delivered.

The project will determine all requirements for digital services and the associated support services, along with the key dependencies. It will structure a specification that is attractive to the market and which suppliers are capable of bidding against and delivering.

The project will engage key business stakeholders, to confirm the how and where specifically digital services will need to be deployed to achieve the outcomes and benefits set out in the Strategic Case.

At this stage the project will confirm the most appropriate procurement route to provide the service to meet the requirements and deliver best value. It will document the considerations, analysis and conclusions in the Procurement Plan.

The project will structure any procurement activity to make the contract attractive to suppliers. The detailed procurement pack will be developed and signed off ready for procurement launch.

**Procurement:** ensuring that the specified services are selected to deliver the best value for money.

The project will engage with appropriate suppliers in the market to ensure that any procurement will maximise viable competition and produce long term digital infrastructure service contracts that will offer best value.

The design and execution of any procurement will draw on lessons learned and material developed from the programme team's digital infrastructure involvement elsewhere to expedite progress and maximise our ability to deliver against our own and any grant funding stipulated timescales. In particular the team will use its knowledge of how the market has responded to similar procurements; what has worked well and not so well so that we can tweak our approach to inform and improve procurements for Mid Wales.

During each procurement, the team will test each bidder's approach and cost against a scenario. The following activities will be included in each:

- Managing supplier questions
- The evaluation of the bids
- Due diligence activity
- The definition of any Initial Order including the selection of any optional elements of the winning bid
- Contract Award

**Implementation:** delivery of the specified services.

Once each procurement has been completed and a contract awarded, the relevant project team, supported by the Digital Programme Team will oversee the implementation activity of the supplier and administer and manage the contracts in the manner required.

## Other activity

Many projects may not require any element of procurement, and instead may focus heavily upon, for example, encouraging demand stimulation or lobbying, setting in place mechanisms to support the development of digital skills in the region, or the completion of funding bids to attract more GMW funding. Where this the case, the programme and relevant project team will still follow the project approach to ensure that the project is appropriately scoped and delivered.

### 7.3.5. Risk and Issues Management

Risks and Issues will be managed via the formal programme and project controls using a Risk Register, and in line with the GMW Portfolio approach.

#### Programme Risks

Programme Risks will be scored in accordance with their probability and impact. They will be operationally managed by the Digital Programme Manager and team, and reviewed by the Digital Programme Board.

In addition to describing the risk itself, the key features of the Risk Register are:

- An assessment of its impact/ consequence should it materialise (scaled from 1 – 5)
- An assessment of the probability of the risk materialising (scaled from 1-5)
- A scoring is made for both inherent (pre-mitigation) and residual risk (post-mitigation)

The RAG status of Risks will be classified as follows:

Risk Assessment Matrix							
		Score	PROBABILITY				
			Rare	Unlikely	Possible	Likely	V Likely
			1	2	3	4	5
CONSEQUENCES	Fundamental	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Not significant	1	1	2	3	4	5

#### **Fig 14: Risk Scoring Matrix**

The register will also include

- Details of mitigating actions/ key controls
- A risk owner
- Progress update
- The date that the risk was last updated
- Whether the risk is open or closed.

The Programme Manager will review the risk register at least monthly to:

- Re-classify risks according to the latest position
- Identify any new risks
- Close risks that have been fully mitigated

Presentation of the risks will also include use of a Risk 'Dashboard' which will show status of risks by score.

Risks will be escalated according to their numerical rating. Escalation routes will vary according to the nature of each specific risk. Key strategic or high impact risks that affect or require Portfolio level input will be escalated to the GMW Management Group, and in exceptional circumstances, ultimately to the GMW Board.

Identified risks may come from a range of sources and the Digital Programme Manager will collate, record, manage and escalate risks as appropriate.

#### **Project Risks**

Project level risks will be operationally managed by the respective Project Manager, and overseen by each individual Project Board using the same approach. Any risks requiring strategic input or resolution will be escalated to the Digital Programme Manager for consideration by the Digital Programme Board.

#### **Issue Management**

Despite the implementation of established management and delivery techniques, it is inevitable that issues will arise in the delivery of the programme and its projects from time to time. It is therefore important that the programme has robust processes in place to:

- Allow issues to be escalated

- Establish the potential impact of each issue
- Enable a prompt assessment of each issue to be made
- Monitor progress as any action plans are deployed
- Record the resolution of issues.

To ensure that attention is focused on priority areas, it is essential that only genuine issues are formally raised as programme or project issues. Such issues may concern:

- An inability to meet a Milestone
- A projected cost over-run
- An inability to meet quality expectations.
- An inability to meet a strategic objectives

Issues will be raised as appropriate, discussed with the Digital Programme Manager for Programme level issues, and the relevant Project Manager for project level issues. The issue will be summarised in wither the Programme or Project issue register.

Accordingly, the Digital Programme or Project Manager will take responsibility for ensuring that project issues are addressed. Issue resolution will be progressed in consultation with the originator.

Outstanding issues will be reviewed on a fortnightly basis as a minimum, their impact re-assessed and will be re-classified in necessary. Issues will be resolved at project and Project Board level unless requiring escalation to, and intervention by, the Digital Programme Board, or GMW Management Board respectively.

Issues will only be classified as being resolved once the person raising the risk is satisfied with the response obtained. The relevant Manger will take responsibility for ensuring that issues are resolved in a timely manner.

### 7.3.6. Quality Management

The products to be delivered by this programme are highly diverse in their nature ranging from Programme Level Initiation documentation through to specifications and procurement plans for wide scale Digital Infrastructure build. To ensure that each product meets its required business need, the Digital Programme requires a structured approach to Quality Management.

The two elements of this approach are:

- The assurance of products
- The approval of products

## **Programme level assurance and approval**

The Digital Programme Board will be responsible for assurance of all Programme-level documentation, as produced by the Digital Programme Team.

The Digital Programme Board will be responsible for approval of all Programme-level documentation, as produced by the Digital Programme Team. There may be exceptions where documentation may be escalated to the GMW Management Group due to the scale, complexity or political importance of a proposed programme activity or project.

## **Project level assurance and approval**

Each project product should be assured by a group of representative stakeholders so that it can be confidently regarded as being fit for purpose prior to its formal acceptance.

Responsibility for undertaking the assurance process sits within the project team responsible for delivery of the product. Each project will be expected to plan review activities as an integral part of their project planning process. The manner in which such activities are to take place is again the responsibility of the respective project.

The conclusion of the review process for a product will be a recommendation to the relevant Project Board, (or Digital Programme Board, where, for example the scale and complexity is significant] that governs the project that the product should be formally accepted.

The Digital Programme Board will oversee the audit the effectiveness of assurance processes within the respective projects on a periodic basis.

## **Project Product Acceptance**

Key to the governance arrangements for the Programme is ensuring that the respective projects accept responsibility for the products produced under their management. Each project is therefore required to formally accept each product produced prior to any deliverable being considered as ready for implementation by the Digital Programme Board

The status of documents with respect to their formal acceptance will be monitored by the relevant Digital programme Manager and overseen by the Digital Programme Manager on an ongoing basis.

### **7.3.7. Timescales**

As the Strategic Case described, the digital landscape is highly fluid and dynamic; consumer behaviour, the market, and the activities of other bodies can all effect which projects GMW should and will initiate and when. It is therefore critical that the

programme remains flexible and responsive to these changes to ensure the best use of public funds at the right time.

The Programme Business Case and programme therefore provide a model for addressing the issues of Mid Wales' Digital Infrastructure. It is neither practical nor necessary to start all the proposed projects at the same time. Some projects are natural precursors for others, and the timing of some projects is dependent on planned initiatives from Welsh Government or Westminster. However, the programme's projects should be planned together to ensure that opportunities are not missed, and that every project is initiated at the proper time.

The projects we will undertake fall broadly into the following timescales:

- **Now, 0-12 months:** Projects with a high rate of return and with no prior dependencies, those with funding deadlines, those that lay the foundation for later projects, and those that have a long lead time for delivery will typically be prioritised. For example, delivery of fibre to hub sites are urgent because funding is typically time limited, and they improve the opportunities for vouchers. Voucher use is itself urgent because the funding stream for some voucher schemes is time limited, and because it is a long lead-time project. Hub site projects also provide the means for a propagation effect that sets in place the infrastructure which can be used by other projects.
- **Soon, 12-24 months:** Projects that are planned as a response to a forthcoming government initiative may not need to start, or be able to start immediately, respond to requirements that are expected within the next two years, for example, the DCMS Gigabit Britain programme and any changes to Superfast Cymru 2.
- **Later, 24 months and beyond:** Projects that are currently uncertain, or that depend on earlier projects should be kept in view until their scope becomes clearer. GMW will not always know exactly what will be required, but the programme's governance and operating model is designed to ensure a full pipeline of projects is maintained to address the evolving demands of the Digital Infrastructure problem.

#### 7.3.8. Outline Programme Plan

The Outline Programme Plan is shown in Annex C. It will be further developed and maintained as the Programme develops the Projects.

#### 7.4. Resources

A hybrid team of internal resources from across the two councils. Supported by specialist external support will be set in place from the outset. This combined team will provide the necessary expertise to deliver once for the region where possible, supported by local resource where it is needed.



#### 7.4.1. Resource Model - Fixed and Variable costs

The resource model consists of the fixed costs for operating the programme as a whole, and the variable additional costs that relate to each project that is taken forward.

The fixed costs are the costs of a central programme team consisting of the Digital Programme Manager and small PoMO, accompanied by specialist support providing commercial management, engagement, programme and project design, and technical elements. This team will be responsible for establishing and planning the programme. The Digital Programme Manager currently reports to the Growth and Major Developments Service Manager and is responsible for supporting the delivery of projects to meet the objectives of both the Digital pillar and of the Growth Deal Portfolio.

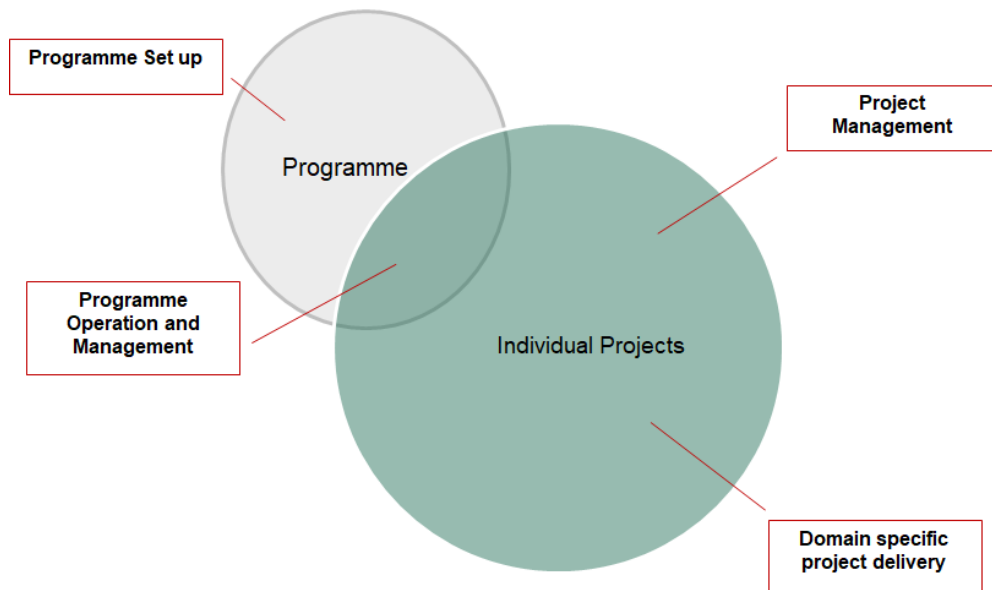
Once fully established, the team will also operate the programme. The costs for central programme level resources are largely fixed, though it is possible that it may need to grow if the number of projects becomes large.

The variable costs are the costs of the teams to support the individual projects that comprise the programme. Outline resource levels for priority projects have been identified as part of this Programme Business Case to determine high level costs. Further detailed planning for the projects to be taken forward will provide a more accurate assessment of the level, type and cost of resource for each project as its scope and requirements are developed.

GMW and its constituent councils will draw upon its internal teams to identify a pool of people with the correct economic development, planning, technology, street works, and communications skills to support the array of projects. It is highly likely that many of the same people will work across multiple projects so that knowledge can be shared and re-used across the council. Although these teams will typically provide their help as part of their current jobs, the cost of this is estimated for each project.

GMW will also appoint project managers to lead the individual Digital Infrastructure projects. External specialist support is very likely to be necessary at project level to specify, plan, procure, and deliver the requirements of the projects.

The costs for project level resources are determined as part of each project's Outline Business Case.



#### 7.4.2. Hybrid model

Public sector programmes can often fail to fully achieve their objectives because the organisation does not internally have the specialist knowledge required to scope, shape and deliver the programme. This is typically the case where the scope of the programme does not sit within the core business of local authority organisations.

Additionally, programmes can fail because they lack sufficient focus to really drive progress from the outset and maintain momentum. The participating councils have many competing operational demands, particularly given recent circumstances, which may draw attention and effort away despite the importance of the delivery of the strategy.

To address both risks, the programme will be managed internally, and delivered by a hybrid team of employees and where necessary, consultants with specialisms in the field to provide advice and support. This provides the programme with the one-time specialist skills that are needed. External support from resources whose sole responsibility is to provide the energy and drive needed to propel a programme forward will also be an advantage.

The hybrid model is broadly based on the Skills Framework for the Information Age (SFIA) levels. SFIA levels 1-4 are largely provided by employee resources, with some exceptions and the specialist activities of levels 5-7 are heavily supported or largely provided by the consultancy resources, again with some exceptions. These typically involve scoping, business case and specification, commercial and market engagement, technical, community engagement, and programme planning skills. There will clearly be

exceptions where GMW has individuals who possess the relevant experience and in-depth knowledge to deliver more specialist activity.

There may be times when GMW will use contractor resources to increase resource capacity, for example in project management and engagement. The model provides a mechanism for short term resource for activities that are uncertain, urgent, or temporary, where it is less cost effective to appoint a full-time member of staff, or where there is not time to do so.

The model therefore provides the capability, capacity and flexibility required for successful delivery, and has been shown to work well in the planning and delivery of many public sector Digital Infrastructure programmes.

### 7.4.3. Programme and Project Teams

Several roles have been identified for the Programme and supporting projects. These are summarised below:

#### **Senior Responsible Officer**

The Senior Responsible Owner (SRO) is a key role and must be filled by a senior individual, rather than multiple individuals. The appointed SROs will need to be appropriately trained and have undertaken the Better Business Cases Foundation training to ensure alignment with processes. The programme SRO will be accountable for each intervention and for ensuring that it meets its objectives and delivers the expected benefits.

The SRO will lead and champion the programme and will be empowered to take decisions within a limit of authority; for example, whether to delay or stop any part of the projects.

#### **Deputy Senior Responsible Officer**

The Deputy SRO will provide support to the SRO in all areas of responsibility. The Deputy will represent the views and actions of the SRO when unavailable or when deputising at governance meetings.

#### **Digital Infrastructure Programme Manager**

The Digital Programme Manager will be accountable to the Senior Responsible Owner for establishing the governance and management framework and for the day-to-day management of a programme/project, to deliver the outputs and desired outcomes, and realise the required benefits. The Digital Programme Manager has already been appointed and is now actively involved in the scoping and set up of the programme. The Digital Programme Manager will have set limits of financial authority.

## **Programme Management Office**

A PMO for the full Growth Deal Portfolio has been appointed and the Digital Programme Manager will work with the PoMO to confirm the resources and support specifically required for the Digital programme.

## **Digital Infrastructure Project Managers**

The Programme team will also be supported by Digital Project Managers, responsible for leading delivery of individual projects within the programme. The costs for project level resources are determined as part of each project's Outline Business Case. The number of Digital Project Managers is likely to be proportionate to the number of projects in progress, and will flex over time. Project Managers are likely to oversee more than one project, helping to capitalise on expertise and ensure projects are well aligned given the high level of dependency that may exist between some types of project.

## **Additional Subject Matter Expertise**

The Programme team will also require input from a range of additional subject matter experts. GMW draws on other Growth Deal and council subject matter experts at the appropriate stages of the programme or individual projects.

GMW and each Council will draw upon its internal teams to identify relevant personnel with the correct include legal, procurement, technical, economic development, marketing etc., planning, street works, and communications etc. skills to support the array of projects. It is highly likely that many of the same people will work across multiple projects so that knowledge can be shared and re-used across the council. Although these teams will typically provide their help as part of their current jobs, the cost of this will be estimated for each project.]

Other project specific resources are being identified as projects undergo further scoping. The presence of external support as an integral part of the resourcing model means that skills and knowledge gaps can be plugged whilst GMW resources are sought, and more effective transfer of knowledge can take place once roles are filled.

## **External Support**

As stated earlier, where necessary, consultants with specialisms in the field will be used to provide both programme and project level advice and specialist support. This provides the programme with the one-time specialist skills that are needed to specify, plan, procure, and deliver the requirements of the projects. External support from resources whose sole responsibility is to provide the energy and drive needed to propel a programme forward will also be an advantage.

#### 7.4.4. Recruiting and developing the team

The Digital Programme Manager has already been appointed and is now actively involved in the scoping and set up of the programme. A PMO for the full Growth Deal Portfolio has been appointed and the PM will work with the PMO to confirm the resources and support specifically required for the Digital Infrastructure programme.

Other project specific resources are being identified as projects undergo further scoping. The presence of external support as an integral part of the resourcing model means that skills and knowledge gaps can be plugged whilst GMW resources are sought, and more effective transfer of knowledge can take place once roles are filled.

The programme is likely to last at least 10 years. The level of effort required and the type of interventions is likely to change significantly over time. The most intense period of effort is expected to be in the first 5 years.

Key PM and PMO roles are expected to be required for 4 years to ensure the programme achieves and maintains a level of momentum and impetus required to drive digital infrastructure initiatives forward quickly and accelerate provision and benefits.

#### 7.5. Engagement

GMW and its Digital Programme will need the support of a range of internal and external individuals and bodies to make the right investment decisions that bring the most value, and to deliver projects across the region. Many of our stakeholders have representation within the governance model described earlier, but there are other key groups where engagement will be critical or highly beneficial to the success of the programme and individual projects. Amongst those stakeholder groups are:

- **Elected Members:** Digital Infrastructure plans already have strong political support within GMWs elected representatives. It is important that the programme builds on this support and that Elected Members continue to see the benefits that investment in Digital Infrastructure will bring to the communities they represent across Mid Wales. The Programme will maintain a two-way conversation about priorities and updates and will use the established Partnership governance forums as the vehicle for these conversations.
- **Business Owners and Citizens:** A key feature of the Programme Business Case and of many of the proposed projects is the need to stimulate demand amongst users to ensure take up and deliver economic benefit. It represents an important area of innovation for the Programme. Through community engagement initiatives the Programme will continue to raise awareness of both the activities that GMW is undertaking to deliver Digital Infrastructure on their behalf, and ensure that people know which services are available, and are well positioned to use them.

- **Other GMW Regional and Ceredigion and Powys Initiatives:** The Digital Infrastructure programme is an enabler initiative. The connectivity it delivers must meet the needs of and be aligned with other GMW initiatives. Estates portfolio reviews, economic regeneration – places and people, environment and sustainability, and agile working are all examples of initiatives that the Programme will support. The Programme team must ensure a joined-up approach through GMW’s broader governance to make sure that priorities are understood and responded to in Digital Infrastructure plans.
- **Brecon Beacons National Park**
- **Other Public and 3<sup>rd</sup> Sector Bodies:** Although GMW has a lead role in driving Digital Infrastructure for Mid Wales, other public and 3<sup>rd</sup> sector bodies have a vital part to play in delivering better Digital Infrastructure. In many ways their drivers that are similar to GMW’s own; they have efficiency and effectiveness opportunities to capture from their own connectivity, they need citizens to have the connectivity to support new service delivery models, and they have connectivity budgets that can be spent differently to deliver better results.
- **Welsh Government:** Welsh Government is clearly a key complementary strategic and delivery body, and ally for the GMW Partnership. It is important that we increasingly take a joined-up approach to the provision of Digital Infrastructure more generally across Wales.

GMW has already established good working relationships with Welsh Government facilitated programmes, including the Local Broadband Fund and the Broadband Delivery Task Force. WG is represented on the GMW Digital Steering Group.

- GMW and programme representatives will continue to participate in and contribute to the discussion at national level, through for example, the Welsh Government Digital Infrastructure Strategy Group, so that we can influence and shape national policy to the benefit of the citizens and businesses of Mid Wales.
- **PSBA:** The Welsh government-managed contract PSBA is a strategic platform that delivers competitively priced network connectivity to the public sector. GMW intends to make use of the contract for network services. It is assumed that the infrastructure that GMW drives for public sector sites will be consumed through PSBA. PSBA also offers a route to engage with other public sector partners.
- **Regional Initiatives:** GMW will play an active role in leading and facilitating Digital Infrastructure initiatives in Mid Wales. Through our Digital Infrastructure programme, we will continue to build a more coherent picture of how these many different initiatives work together to deliver widespread Digital Infrastructure coverage. We will work closely with our neighbouring Growth Deals in the North and in South Wales, and with councils across the border in England to ensure

that broader opportunities can be leveraged, and lessons learned from the programme can be quickly built upon in other parts of Wales.

- The Council will work closely with its neighbours through Welsh Government groups to optimise the use of voucher schemes to deploy full fibre in the County.
- **DCMS:** Much of GMW's investment in Mid Wales will be supplemented by other sources of digital infrastructure related grant funding. Government funds obtained through DCMS will be invested in line with DCMS requirements, and where appropriate, DCMS best practice guidance. DCMS is a strong supporter and enabler of local activity and investment, so GMW will optimise this relationship by communicating a clear strategy and plan of action and involve DCMS where it adds most value.
- **Suppliers:** GMW must maintain a strong relationships with the market; Mobile Network Operators (MNOs), Civils providers, utility companies will all play a role in the planning, build, and management of digital infrastructure, and in the removal of the current barriers to delivery. It is crucial that the programmes plans and times GMW initiatives to make sure activity is attractive to those who will supply services, and that suppliers have the capacity and capability available at the right time. The team will use existing Growth Deal, Welsh Government, and DCMS forums to continue to engage, but supplement this with regular Supplier events to share plans and garner input and support.

## 7.6. Business Change

The Strategic Case asserted that our programme is an enabler programme to provide the digital infrastructure that together with other factors will help deliver several public sector and economic development benefits.

Benefits will only be delivered if the public sector and local organisations make best use of the infrastructure, which will involve a degree of local business change.

Through community based campaign projects we will actively encourage the uptake of the service, and raise awareness of the potential of digital infrastructure at community events across the Mid Wales region. Our Digital Infrastructure SRO and Programme Board members, Programme Manager, supporting Digital Project Officers, and Digital Programme and Project teams will play key roles in engaging the wider community to create an effective change network to engage the community and drive support and action.

## 7.7. Programme Evaluation

The Digital Programme roadmap, and plan will be reviewed annually to evaluate progress and ensure that the objectives, the approach, and the proposed projects remain relevant, realistic, and achievable.

The Programme will:

- Review and refresh the roadmap every year.
- Set in place a benefits framework to track and measure the key outcomes.
- Monitor the strategic environment for the programme and adapt the programme roadmap to reflect changes, for example in new initiatives from other public sector and commercial bodies.

The Programme Plan will be reviewed regularly to evaluate progress and ensure that the objectives, the approach, and the proposed projects remain relevant, realistic and achievable.

New GMW, Welsh Government and DCMS initiatives can change the shape or objectives of the Programme's individual projects. Initiatives intended to plug a perceived gap may overlap with initiatives that GMW has already set in place locally. Some initiatives may make it easier to deliver future projects and so change the scale or nature of GMW's involvement. Other initiatives may conflict with existing GMW delivery plans or even render a planned GMW project redundant. Welsh Government strategy and plans may act impact in the same way.

Major changes in the supplier market may also have a significant impact on the projects the Programme delivers and the approach taken, for example:

- New market entrants may bring more competition, widening the opportunities for engagement.
- New market entrants may bring new solutions, potentially changing the shape of, or even the need for action by the Programme.
- A surplus of demand from across the public sector, or wider customer bases, may cause variations in infrastructure and civils market capacity and availability, which in turn affects GMW's delivery timescales.

Given these dependencies, the Programme will also review both the Programme plan and individual projects regularly to ensure activity remains current in the light of changes in regional or national Welsh and UK government economic and digital related strategy and policy, or in the activity and plans of either the supplier market, or those of other Welsh Growth Deals, or neighbouring Welsh and English councils.



## 7.8. Benefits Management

The Digital Infrastructure Programme will support and align with the broader benefits management mechanisms set up at GMW Growth Deal Portfolio level.

The programme team will help to establish the framework at programme level to provide a mechanism for tracking and measuring the outcomes and benefits that the programme has been set in place to achieve, and for supporting the exchange of Programme level data to demonstrate the contribution to the achievement of Portfolio strategic objectives overall.

The Programme will record and communicate its successes so that stakeholders have visible evidence of the improvements that the Programme delivers and the return on our investment.

Many of the primary outcomes that the Programme will deliver, especially GVA are very difficult to measure and attribute directly to digital infrastructure investment. There may be a lag before the Programme's effect is detectable, and improvements may be attributable to other initiatives of the Growth Deal, and other bodies

The main focus will likely be on the projects' outputs, in the form of the level of Digital Infrastructure provision that is delivered. These will be simpler to analyse, more immediate, and more directly relatable by stakeholders.

Each project will have specific targets, measurable with recognised industry data sources such as Ofcom's annual report and interim updates, and crowd sources such as those provided by thinkbroadband.com.

Linking this measurement with the ultimate outcomes and Growth Deal objectives will help to test and confirm the return of investment from each project, and will shape and inform decisions about future projects and levels of intervention.

Case study and questionnaire analysis will also be used to supplement the output analysis and to estimate the eventual benefits of the Programme.

The Programme will contribute to the body of knowledge around Digital Infrastructure benefits by sharing its findings with Welsh Government, other Welsh Growth Deals and councils, DCMS and other interested parties.

## 7.9. Management Case Summary

A central tenet of the Management Case is a structured but flexible model to allow GMW to adapt to changes over time without being constrained by a fixed and rigid plan and timeline. It is supported by a clear programme remit and scope that can flex in response to changes in our external environment or our requirements.

The Management Case also describes a strong governance model to provide the strategic direction, oversight, assurance, and informed challenge required to ensure the programme delivers against its strategic objectives, meets the digital needs of the region and offers value for money for the public purse. The governance model will be accompanied by robust and disciplined programme and project controls that ensure all aspects of planning and delivery are managed effectively according to best practice and Growth Deal Portfolio expectations.

The programme will apply a flexible resource model that draws on the expertise and experience of subject matter experts from a range of sources, ensuring that those skills needed for the longer term are resourced and built internally, with one time or digital infrastructure specialisms being provided by external subject matter experts where appropriate. In building an in-house capability GMW will also maximise the opportunity for re-use of internal resource across multiple projects making the resource model even more cost effective.

Effective stakeholder engagement will be an ongoing activity throughout the planning and delivery of the programme; ensuring that the needs of the constituent councils, the Growth Deal itself, partners and of course, the ultimate users of digital infrastructure are understood and represented. This will help to focus digital infrastructure deployment where it is needed most across our region.

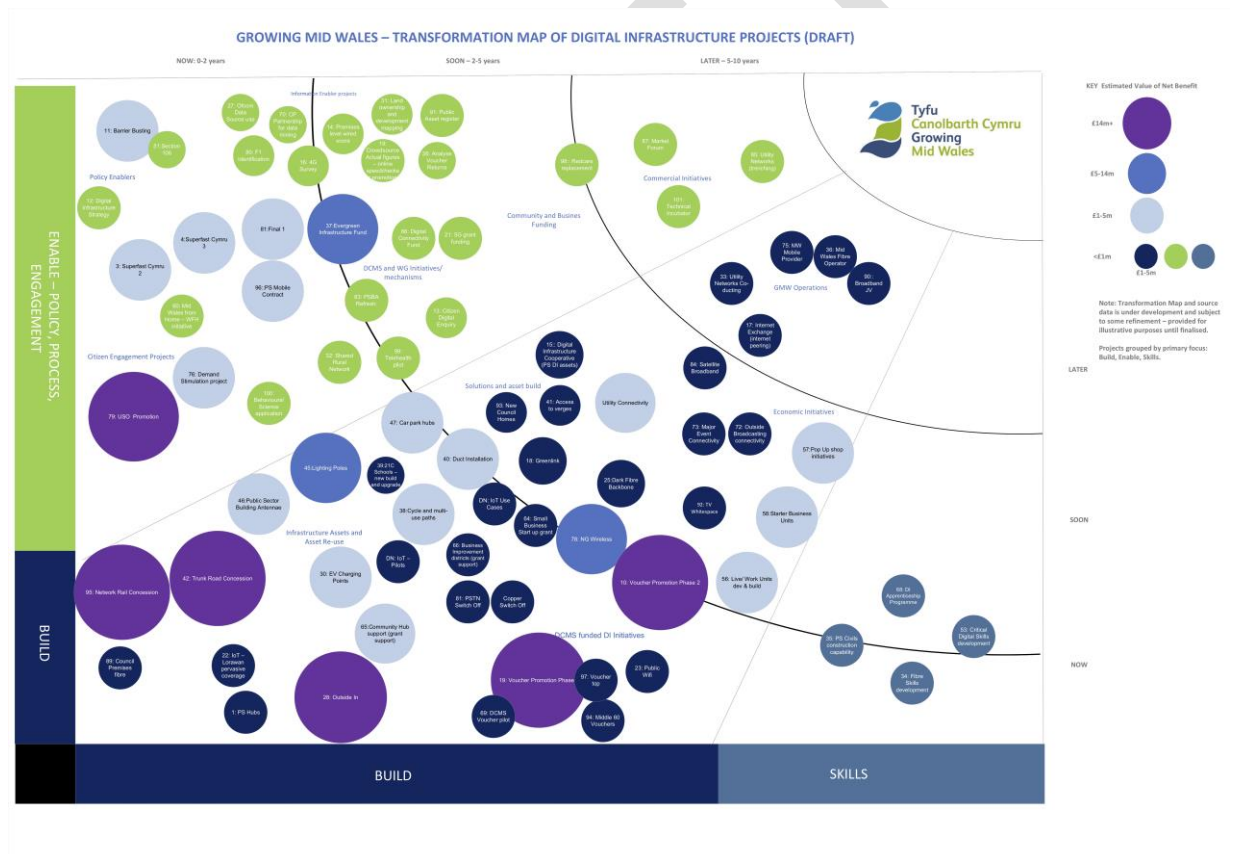
The Digital Programme Board and team will perform regular evaluation activity to ensure that the activities of the programme continue to meet our strategic objectives and expectations, and through regular benefits tracking, will be able to demonstrate that that the expected targets for digital coverage are achieved and levels RoI are realised.

# Annex A: Draft Project Opportunities List

The Draft Projects List is shown in the attached file "GMW Projects Report v1.0"

# Annex B: Project Opportunities TMAP

The Transformation Map showing potential Projects by type and by estimated timetable and net benefits is shown below. A large format copy is provided as a separate file.

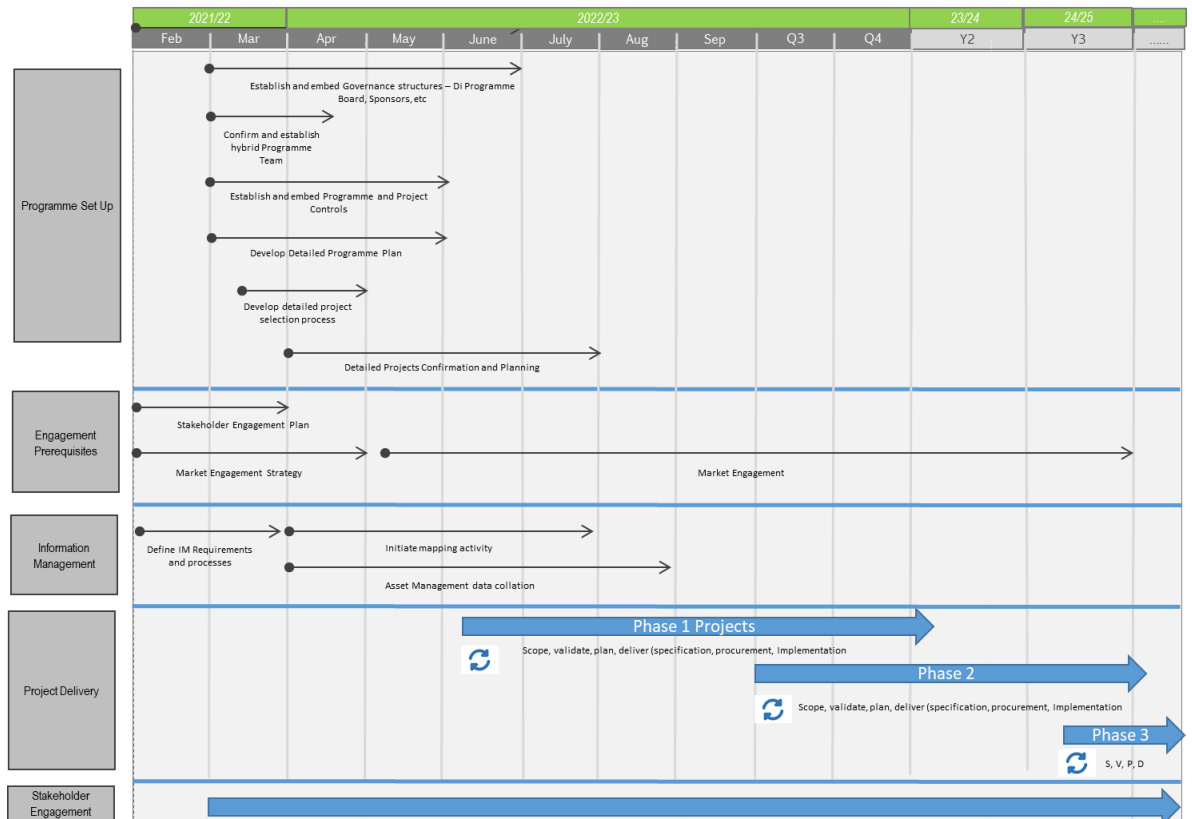


# Annex C: Outline Programme Plan

The Outline Programme Plan is shown below. A large format copy is provided as a separate file.



## Digital Infrastructure Programme – Early-Stage Plan (Draft)



## Annex D: Stakeholders Consulted

Name	Organisation
<ul style="list-style-type: none"> <li>• Carwyn Jones-Evans</li> <li>• Claire Miles</li> <li>• Reece Simmons</li> <li>• David Owen</li> <li>• Gareth Jones</li> <li>• Peter Williams</li> </ul>	Growing Mid Wales Digital Steering Group
<ul style="list-style-type: none"> <li>• Richard Sewell</li> <li>• Adam Butcher</li> <li>• Matthew Perryman</li> <li>• Peter Williams</li> </ul>	Welsh Government
<ul style="list-style-type: none"> <li>• Gareth Ashman</li> <li>• Susan Corcoran</li> </ul>	Wales Office
<ul style="list-style-type: none"> <li>• Gareth Jones</li> </ul>	Swansea Bay City Deal
<ul style="list-style-type: none"> <li>• Cllr Clive Davies</li> </ul>	Ceredigion County Council
<ul style="list-style-type: none"> <li>• Billy McClean</li> </ul>	DCMS
<ul style="list-style-type: none"> <li>• Nick Speed</li> <li>• Gareth Callen</li> <li>• Menvier Varn</li> </ul>	BT
<ul style="list-style-type: none"> <li>• Dominic Kearns</li> </ul>	Fibrus
<ul style="list-style-type: none"> <li>• Giles Phelps</li> <li>• Matt Chilcott</li> <li>• Justin Leese</li> </ul>	Spectrum Internet (now Ogi)
<ul style="list-style-type: none"> <li>• Claire Phelps</li> </ul>	Simwood
<ul style="list-style-type: none"> <li>• Ann Elias</li> <li>• Aled Huxtable</li> <li>• Jamie Potter</li> </ul>	Network Rail

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



## **DIGITAL PROGRAMME BOARD TERMS OF REFERENCE**

### **1. Background**

- 1.1 Growing Mid Wales is a regional partnership and engagement arrangement between the private and public sectors which seeks to represent the region's interests and priorities for improvements to the local economy.
- 1.2 In May 2020 the Partnership published the 'Vision for Growing Mid Wales' a strategic economic plan which sets out clear regionally-agreed priorities to establish the strategic context for future investment, based on detailed evidence and understanding of the needs of our businesses and residents.
- 1.3 In January 2022 a Final Deal Agreement was signed which committed UK and Welsh Governments to a Growth Deal for Mid Wales with a combined investment of £110m on the basis of a Portfolio Business Case developed by the Region.
- 1.4 The Portfolio comprises Programmes and Projects which aim to address the needs of the 'Vision' based on eight Strategic Growth Priority Areas, of which one is Digital.

### **2. Purpose of the Digital Programme Board**

- 2.1 The Digital Programme Board is responsible for oversight and development of the Digital Programme of the Mid Wales Growth Deal Portfolio ensuring alignment with the Growing Mid Wales Vision.
- 2.2 The Programme Board will guide the Digital programme to ensure its deliverables and objectives, reporting regularly to the Management group and to the Growing Mid Wales Board.
- 2.3 The Programme Board has the following specific roles and responsibilities:-

#### **Strategic**

- Oversee the development and subsequent reviews of the Programme Business Case;
- Oversee the development of project business cases within the Programme;
- Prepare recommendations to the Growing Mid Wales Management Board and the Growing Mid Wales Board relating to the programme and its projects;
- Oversee the performance and delivery of the programme and its projects, reporting to the Group Management Board and the Growing Mid Wales Board;
- Responsible for risk and issue management within the Programme (including those escalated from project level), escalating when necessary to the Group Management Board and the Growing Mid Wales Board;
- Provide advice to the Growing Mid Wales on matters relating to strategic direction of the programme and the Growing Mid Wales Vision.

### **Programme and Project Management**

- Oversee the development, co-ordination and delivery of the Digital Programme and Projects within the Mid Wales Growth Deal in order to deliver the Growing Mid Wales Vision and ambitions.

### **Performance Management**

- To oversee the management and reporting of performance for the programme and the projects within the Digital Programme.
- To oversee performance management and risk management reporting systems

### **Administration and Communications**

- To support the Growing Mid Wales governance structure and ensure its efficient operation;
- To contribute to the communications strategy that will be co-ordinated by the Portfolio Management Office.

## **3. Membership**

### **Core Membership**

- Digital Programme Senior Responsible Owner
- Deputy Senior Responsible Officer
- Programme Manager (Digital)
- Operations Manager of the Portfolio Management Office (& relevant team members)
- Nominated Senior Economy Officers from the Local Authorities (Councils)
- Nominated Senior ICT Officers from the Local Authorities (Councils)
- Nominated Digital Leads from UKG and WG Digital Officials (as funders)
- Nominated Partner Representatives

### **Non-Core Membership**

- Lead Finance and Legal Officers (or their representatives) from the lead authority
- GMW Communications & Engagement Officer

## **4. Meeting schedule and Proceedings**

- 4.1 Meetings will be held monthly in advance of Management Group Meetings. The frequency of meetings will be reviewed as the programme develops.
- 4.2 However, extraordinary meetings will be convened where deemed necessary and the availability of Board members allows.
- 4.3 The Programme Board shall be chaired by the Senior Responsible Owner (SRO). In their absence the Programme Board shall be chaired by the Deputy SRO or Programme Manager.
- 4.4 Agendas and papers for Programme Board meetings shall be circulated at least five working days before the meeting.



- 4.5 Records of each Programme Board shall be taken including any action points and will be approved at the next meeting. This role will be undertaken by the Programme Management Office.
- 4.6 For the Programme Board to agree and submit recommendations, at least 50% of the core membership including the SRO (or nominated Deputy) shall be present. It is not envisioned that the Programme Board will require voting arrangements, with agreement being reached by consensus. Where alternative views and opinions are expressed, these will be recorded and included in any reporting process.

## 5. Secretariat

- 5.1 Secretariat for the Group will be provided by the Portfolio Management Office.

## 6. Reporting

- 6.1 The Programme Board shall produce monthly progress and performance reports which will be submitted to the Portfolio Management Office. Each quarter these reports will be submitted to the Growing Mid Wales Management Group (Portfolio Board) and the Growing Mid Wales Board. Where necessary the Programme Manager will escalate issues to the Growing Mid Wales Management Group (Portfolio Board) and Growing Mid Wales Board outside the normal reporting cycle.
- 6.2 All reports to the Growing Mid Wales Board will be submitted as draft to the Growing Mid Wales Management Group (Portfolio Board) to consider.

## 7. Accountability

- 7.1 The Programme Manager is accountable to the Growing Mid Wales Board for the delivery of the Digital Programme. The Programme Manager is supported in this role by the Programme SRO, the Programme Board and the Portfolio Management Office.

## 8. Programme Board Support

- 8.1 Additional Support will be provided by the Portfolio Management Office.

## 9. Review

- 9.1 A review of the Terms of Reference will take place at least annually, however may be instigated at any point by the Senior Responsible Owner or the Portfolio Management Office.

**Appendix A** - Governance and Report Structure

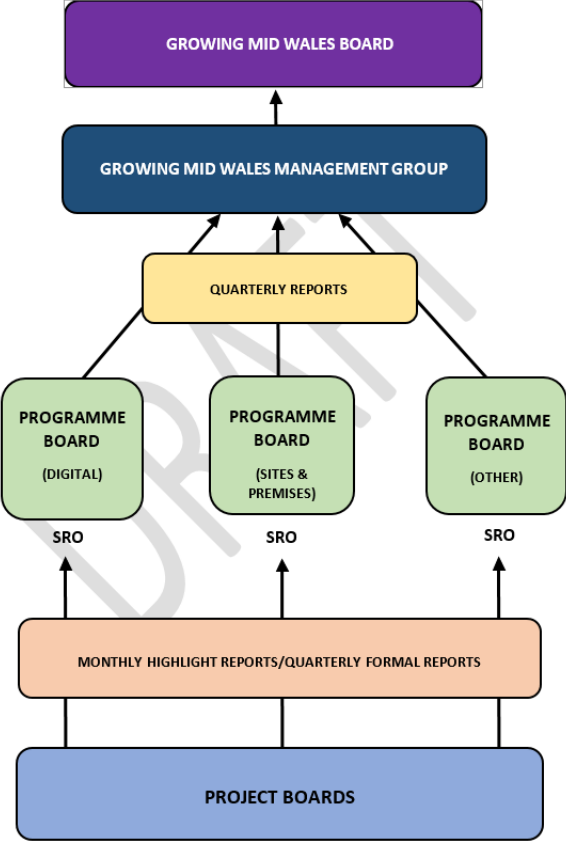
**Appendix B** - Roles and responsibilities of Programme Board Members

**Appendix C** - Agenda Template

**Appendix D** - Proposed Members of the Digital Programme Board

Appendix A – Governance and Report Structure

The Digital Programme Board is a key part of the Digital Programme within the Mid Wales Growth Deal delivery structure as shown below. It will be an Officer led governance group.



## Appendix B - Roles and Responsibilities of Programme Board Members

Role	Responsibility
<b>Programme Board Member (Collective Responsibility)</b>	<ul style="list-style-type: none"> <li>• Act in the best interests of the Mid Wales Growth Deal;</li> <li>• Ensure the Programme Board delivers on its responsibilities as set out in the Terms of Reference;</li> <li>• Prepare for meetings, contribute to discussion items and support/challenge where necessary;</li> <li>• Work collaboratively as part of the Programme Board to solve programme issues, overcome obstacles, maximise impact and ensure benefits realisation;</li> <li>• Act as advocates for the Programme.</li> </ul>
<b>Programme Senior Responsible Owner (SRO)</b>	<ul style="list-style-type: none"> <li>• Chair and provide strategic leadership to the Programme Board – agree agendas and forward work programme with the Programme Manager;</li> <li>• Ensure the Programme Board remains focused on delivering the benefits and outcomes set out in the Programme Business Case;</li> <li>• Advocate for the programme, ensuring the vision and outcomes are clearly understood by the Programme Board.</li> <li>• Ensure strategic fit of projects within programme;</li> <li>• Provide support to the Programme Manager to manage risks and resolve issues;</li> <li>• Act as a link between the Programme Board and the Management Group.</li> </ul>
<b>Deputy SRO</b>	<ul style="list-style-type: none"> <li>• To be appointed by the SRO.</li> <li>• Deputise for the Senior Responsible Owner in their absence.</li> <li>• Support the SRO to deliver on their responsibilities.</li> </ul>
<b>Programme Manager</b>	<ul style="list-style-type: none"> <li>• Plan the programme, making recommendations to the Programme Board;</li> <li>• Manage and monitor a Programme Plan for the Programme Board to track, control and deliver the programme outcomes and benefits;</li> <li>• Prepare monthly performance reports;</li> <li>• Be responsible for programme and project assurance, including external assurance (e.g. Gateway Reviews);</li> <li>• Manage the dependencies and interfaces between projects.</li> <li>• Maintain Programme Risks and Issues Registers and manage the risks and issues to successful outcomes;</li> <li>• Initiate extra actions where deficits in the programme are identified;</li> <li>• Ensure that projects are delivered to the relevant standards as set out in the Programme Business Case.</li> </ul>
<b>Operations Manager</b>	<ul style="list-style-type: none"> <li>• Overall responsibility and accountability for the delivery of the programme and its projects;</li> <li>• Ensure strategic fit of programme objectives and benefits with relevant strategies and wider Growth Vision;</li> <li>• Ensure the programme and projects are subject to review and assurance processes at appropriate stages;</li> <li>• Manage the resources of the Programme Office to support delivery.</li> <li>• Act as a link between the Programme Board, Management Group and Growing Mid Wales Board</li> </ul>

<b>Other Core members/ Partner Representatives</b>	<ul style="list-style-type: none"><li>• Represent their partner organisation and act as a link between the partner organisation and the Digital Programme Board;</li><li>• Provide relevant or technical expertise/knowledge;</li><li>• Provide a clear focus on benefits realisation;</li><li>• Undertake any actions as agreed at the Programme Board.</li></ul>
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## Appendix C - Standard Agenda Template

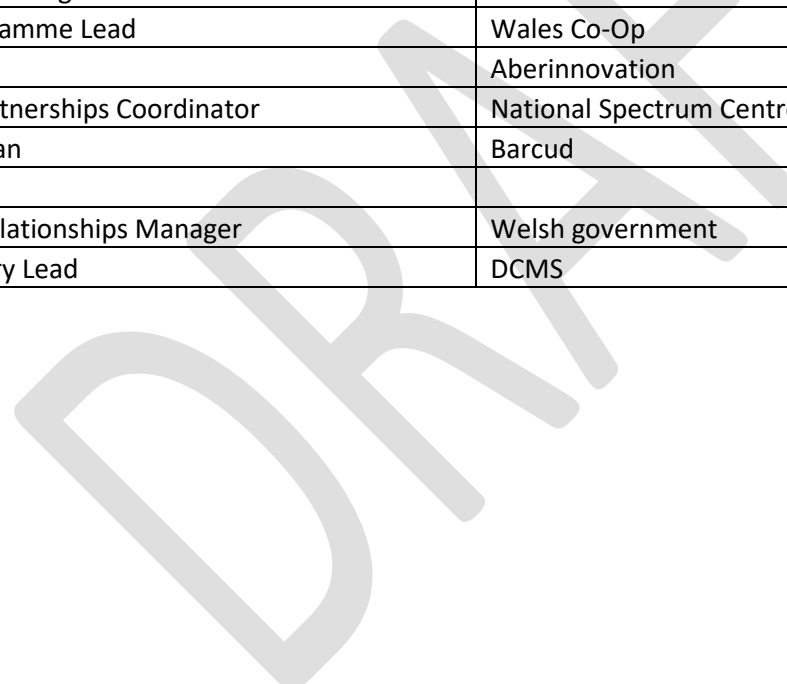
**Digital Programme Board  
Agenda  
[Insert Date]**

	<b>Item</b>	<b>Owner</b>	<b>Timeslot</b>
1	Apologies	SRO	0 – 5 mins
2	Actions from previous meeting	SRO	5 – 15 mins
3	Programme update	Programme Manager	15 – 30 mins
4	Risks and Issues	Programme Manager	30 – 40 mins
5	Report 1	Report Author	40 - 55 mins
6	Report 2	Report Author	55 - 70 mins
7	Report 3	Report Author	70 – 85 mins
8	Forward Plan	Programme Manager	85 - 100 mins
9	AOB	SRO	100 - 115 mins

Appendix D - Proposed Members of the Digital Programme Board

Name	Position	Organisation	Member level	Role
Diane Reynolds	Digital Lead	Powys County Council	Core Membership	Senior Responsible Officer
TBC			Core Membership	Deputy Responsible Officer
Carwyn Jones-Evans	Growth and Major Developments Service Manager	Ceredigion CC - Regen	Core Membership	
Gareth Jones	Professional Lead Regeneration	Powys CC - Regen	Core Membership	
Arwyn Morris	CLO Customer Contact	Ceredigion CC - ICT	Core Membership	
Emma Palmer	ICT Lead	Powys CC - ICT	Core Membership	
Cathy Martin	Operations Manager	GMW PoMO	Core Membership	
Marc Davies	Digital Programme Lead	Wales Co-Op	Core Membership	Stakeholder Representative
Dr Rhian Hayward	CEO	Aberinnovation	Core Membership	Stakeholder Representative
Dr Marie Neal	Business Partnerships Coordinator	National Spectrum Centre	Core Membership	Stakeholder Representative
Dean Marsh	ICT Technician	Barcud	Core Membership	Stakeholder Representative
EAG Representative	EAG REP		Core Membership	Stakeholder Representative
Peter Williams	Technical Relationships Manager	Welsh government	Core Membership	
Paul Wilson	Local Delivery Lead	DCMS	Core Membership	

Location 294





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

Digital Strategic Growth Priority:  
Implementation Plan

**February 2022**

**V 0.5 Draft**

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

## Document Control

Version	Changes	Date
V0.1	<i>Outline Document Structure for agreement</i>	Nov 2021
V0.2	<i>Restructured to include additional sections</i>	Dec 2021
V0.3	<i>Updates to reflect Steering Group input</i>	Jan 2022
V0.4	<i>Updates to reflect GMW Management Group input</i>	Feb 2022
V0.5	<i>Updates to reflect completion of draft Programme Business Case</i>	Feb 2022

## Sign Off

Version	Sign off Required By	Sign off Obtained	Date



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# 1. Introduction

## 1.1. GMW Growth Deal Background

In May 2020 the Vision for Growing Mid Wales<sup>1</sup> was published; a strategy document outlining ambitious plans for economic recovery and growth across the Mid Wales region, which comprises the local authority areas of Ceredigion and Powys. The Vision document sets out the context and roadmap to the Mid Wales Growth Deal which will see an investment of £110m from UK and Welsh Government into the region.

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”***

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:



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

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<sup>1</sup>[http://growingmidwales.co.uk/media/11185/A-vision-for-growing-mid-Wales/pdf/Vision for Growing Mid Wales FINAL ENGpdf.pdf?m=1612436327177](http://growingmidwales.co.uk/media/11185/A-vision-for-growing-mid-Wales/pdf/Vision%20for%20Growing%20Mid%20Wales%20FINAL%20ENGpdf.pdf?m=1612436327177)

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.

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.”***

## 1.2. Progress to date

A Heads of Terms was signed in December 2020 agreeing the contribution over a 10-15 year period, and in September 2021 the Growing Mid Wales Board approved an initial version of the Portfolio Business Case for submission to Government in October 2021. This was a key milestone in the development of a Final Deal Agreement for the Growth Deal funding signed on 13<sup>th</sup> January 2022.

The Portfolio comprises several individual business cases, each set in place to support each of the Growth Deal Pillars. A number of Programmes are in the process of being established to support delivery of the objectives of each Business Case.

The Digital Programme Business Case, developed to support the Digital theme has now been drafted, whilst the establishment of the foundations for the supporting Digital Programme already underway.

## 1.3. Purpose

The purpose of this document is to set out the arrangements for the implementation of the Digital Programme within the Mid Wales Growth Deal portfolio, in accordance with the requirements of the UK and Welsh Governments, and aligned with best practice approaches.

It describes the scope of the programme, and how it will be structured, organised, governed to ensure the programme delivers against the objectives set out in the Digital Programme Business Case (DPBC).

In doing so, the Implementation Plan also describes the role of the Digital Programme Board in supporting the Growth Mid Wales Board together with supporting structures including programme governance, communications stakeholder engagement, project definition and implementation and monitoring and evaluation.

The Implementation Plan is intended to be an operational document which supports the Digital Programme Business Case (DPBC) and aligns with the approaches and parameters set by the Portfolio Implementation Plan. ***It is not intended to replicate/duplicate*** the information contained within the DPBC or Portfolio Implementation Plan, but rather supplement and draw out relevant detail contained

therein. Where applicable, the document at times references other supporting documents where background information is provided rather than re-presenting the same information.

The Digital Programme Board will review the Implementation Plan annually.

#### **1.4. Implementation Plan Principles**

There are a number of principles that underpin the approach set out in this document. These include:

- Ensuring that the implementation of the Digital Programme remains flexible and can respond to changes in the environment. Digital infrastructure is a rapidly changing market and activities that may be useful now may become redundant should, for example. As market provider announce new plans, or public sector priorities or policies change.
- Aligning with the “Governance and Assurance Framework for Welsh City and Growth Deals”, managed on behalf of both Governments by the Welsh Cities and Growth Deals Implementation Board (WCGIB) which governs the Mid Wales Growth Deal, and which is described in more detail in the Portfolio Implementation Plan.
- Basing the management framework on other established techniques (e.g. MSP, PRINCE2) and practical experience of applying such techniques.
- Scoping all activities such that they can be incorporated into the Digital Programme or project team structure, whilst critically also aligning with the Portfolio Implementation Plan. This will allow the progress, and contribution to the objectives of the GMW Growth Deal Portfolio that the Programme and its constituent projects make can be clearly measured.
- Initiating a standardised approach to programme and project management/governance that minimises bureaucracy whilst providing effective, structured, and consistent support for delivery activities.
- Retaining a degree of autonomy at Digital Programme Board level, within defined levels so that where appropriate, projects can be scoped and initiated without escalation to the GMW Board, thus helping to expedite progress and deliver benefits to the region more quickly. This principle also recognises the critical importance and value of the digital expert knowledge and skills that the Digital Programme Board members have.
- Ensuring the existence of robust feedback mechanisms that enable effective two-way communication between those governing and those delivering elements of the programme; again aligning with the Portfolio approach.

## 2. Business Case

### 2.1. Overview

The strategic Case of the Programme Business Case concludes that 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 it's 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.

The Business Case for the Programme works on a distributed model. The Programme is comprised of a collection of flexible levels of intervention and illustrative projects. Each project will require a sound business case before proceeding. The Programme Business Case is to some extent the aggregation of the range of interventions that could be implemented.

The costs of managing the programme have to a degree been distributed across the individual example projects, on the basis that the scale of the programme costs is assumed to be directly proportional to the scale of the programme. Thus, if the size and number of projects changes, the programme costs will change proportionately.

The overall business case projects that the estimated £11m initial investment will return an estimated £120m in net benefits to the economy of the region. The initial estimates have been identified to enable the programme to proceed so that the necessary work of scoping and specification for some projects can begin, which in itself will start to identify the specific costs and benefits of each individual project.

## 2.2. Business Case Scope

To address these issues, the Programme Case, the Economic Case set out a range of options.

The preferred option was that of Collaborative Active Intervention which assumes GMW applies different levels of effort and involvement in a range of projects from across three different types of Digital Infrastructure scope described below. Each mode of intervention provides different tools to address the different types of problems and obstacle that the Strategic case identified.

- **Solutions and Physical Infrastructure:** including the solutions that are installed such as fixed and mobile connectivity, public Wi-Fi, 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, and so be covered by this Implementation Plan.

### 3. Programme Scope, Structure and Controls

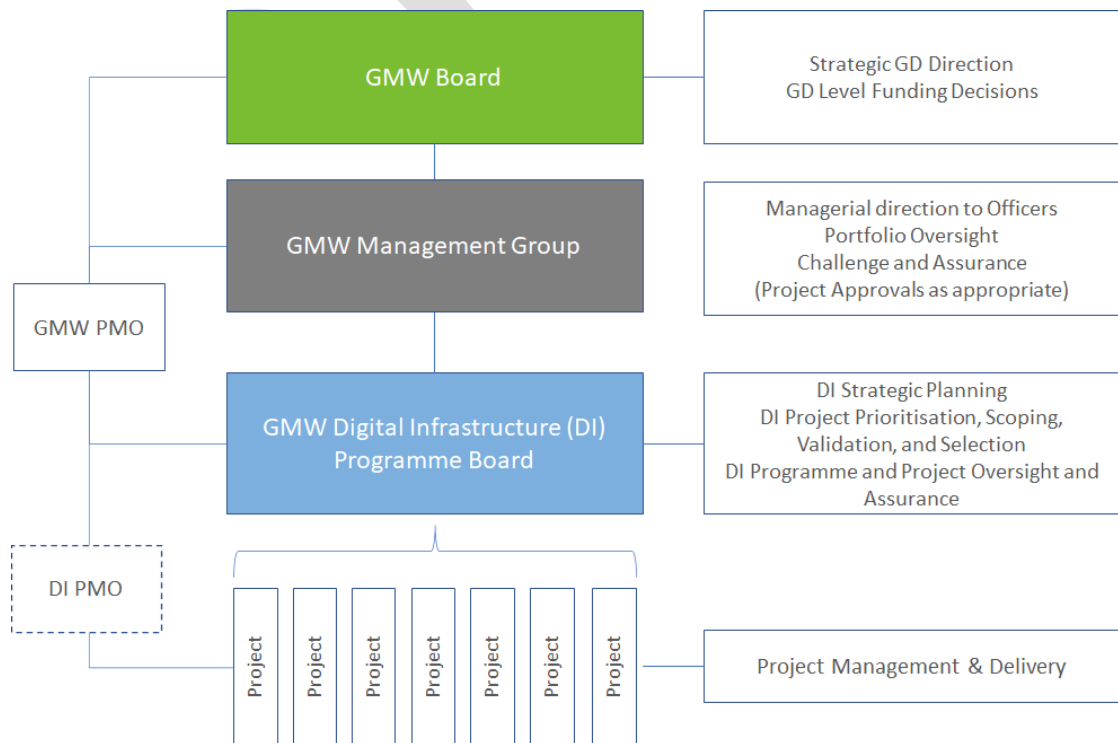
#### 3.1. Objectives

The programme is intended to make interventions and investments that support the delivery of the following objectives:

- 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)

#### 3.2. Outline Programme Structure

The Programme is expected to look like -



### 3.3. Programme Stages

Set up and delivery of the programme will follow a series of structured stages which began with the appointment of the Programme Manager and Portfolio Management Office (PoMO) and will continue with confirmation of the remainder of the central hybrid team.

The team will develop the detailed programme approach, together with the programme delivery and resource plan, and begin more detailed project scoping activity for individual priority projects which will include market assessment and engagement. The programme stages are subject to development but are expected to be structured as follows.



### 3.4. Project Selection

The Programme Business Case establishes the strong need for a programme to deliver Digital Infrastructure so that GMW can confidently mobilise a Digital Infrastructure planning and delivery function.

This Preferred Option is predicated on the case for a mode of intervention rather than individual projects. In so doing, it sets out the broad investment parameters and ambition for the Digital Infrastructure programme, and sets out a broad range of potential projects whose delivery will contribute to the acceleration of digital



infrastructure across our region. This allows us to estimate potential cost and benefits and secure appropriate funding.

It does not however provide a detailed justification for the initiation of any of the individual proposed projects. The selection of actual projects will itself be done as part of the programme activity i.e. each project will be assessed on its own merits before it is initiated.

Individual projects will only be initiated when the Programme team has established a clear and detailed justification and that a Mandate is approved by the Digital Programme Board. This ensures that the objectives, costs, benefits and risks associated with the project are understood before committing investment.

The majority of digital projects will be agreed at Programme Board level, but there may be exceptions where the scale of some projects, or their level of interdependency with other GMW programmes means that additional approval from the GMW Board will be required.

The programme will set in place a consistent and simple Outline Business Case (OBC) approach which will assess projects against the same Investment Objectives and Critical Success Factors (CSFs) as the GMW Portfolio.

Too much governance can be as problematic as too little governance, and it is important that the effort committed to justifying each project will be proportionate to the project's complexity, cost and benefits. The programme will adopt a robust but flexible approach to managing GMW's Digital Infrastructure requirements; where projects are smaller in value and benefit, a lighter business justification will be applied, whereas a more detailed OBC will be applied where the cost, benefit and complexity of the project is likely to be much higher.

This allows the programme to apply the appropriate rigour, consideration and justification for the spend of public funds.

In most cases, other than essential enablement projects, the projects with the highest return are those that will be prioritised by the programme. Those will typically be the projects that use Growth Deal funding as a lever to mobilise additional levels of funding from other sources. Since it is likely that the programme's scope will be limited by the financial resources available, projects will likely be commissioned on order of highest expected return, until the funding limit is reached.

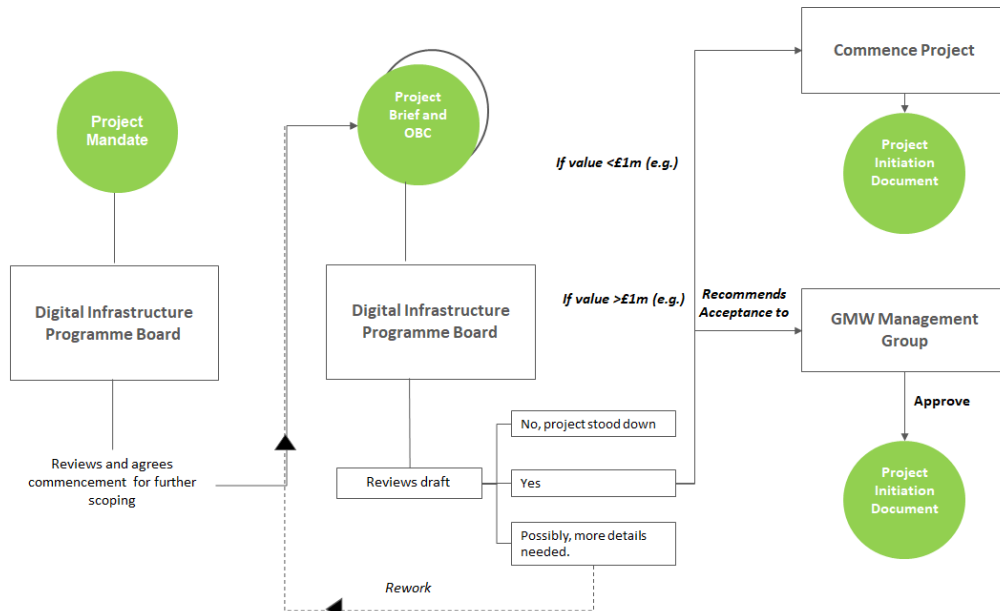
### **3.5. Project Approach**

Each project will be subject to a standard scoping, initiation and delivery approach, with a collection of approximately 80 pipeline projects having been identified, and a prioritisation process carried out to draw up a short list of projects following consideration and assessment through the use of Critical Success Factors.

The approach covers a series of stages for scoping each project and the key project management deliverables that will be completed to ensure each project has a sound

business case and proceeds in a structured and controlled manner. A Project Mandate, Brief (including Outline Business Case), and PID, included a detailed project plan, will be completed for each of the Digital Infrastructure projects.

The following diagram illustrates the process:



Once agreed, many projects likely to also include:

- Specification (where appropriate, for example a technology, or build project): specifying exactly what is to be procured or delivered.
- Procurement (where appropriate): ensuring that the specified services are selected to deliver the best value for money.
- Implementation: delivery of the specified services.

### 3.6. Programme Timescales

The digital infrastructure landscape is highly fluid and dynamic; consumer behaviour, the market, and the activities of other bodies can all effect which projects GMW should and will initiate and when. It is therefore critical that the programme remains flexible and responsive to these changes to ensure the best use of public funds at the right time.

The Programme Business Case therefore provide a model for addressing the issues of Mid Wales' Digital Infrastructure. It is neither practical nor necessary to start all the proposed projects at the same time. Some projects are natural precursors for others, and the timing of some projects will be dependent on planned initiatives from UK and Welsh Government. However, the Programme's projects should be planned together to

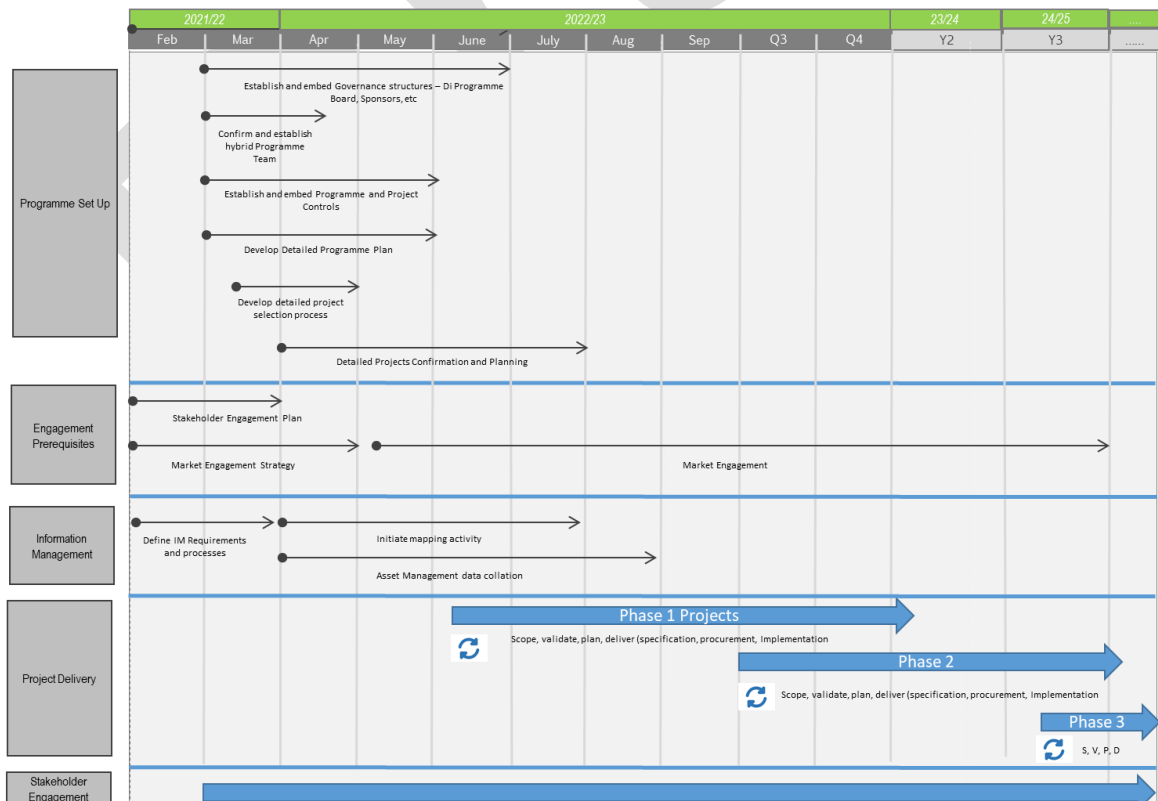
ensure that opportunities are not missed, and that every project is initiated at the most effective time.

The projects we will undertake fall broadly into the following timescales:

- Now, 0-12 months:** Projects with a high rate of return and with no prior dependencies, those with funding deadlines, those that lay the foundation for later projects, and those that have a long lead time for delivery will typically be prioritised. For example, delivery of fibre to hub sites are urgent because funding is typically time limited, and they improve the opportunities for vouchers. Voucher use is itself urgent because the funding stream is time limited, and because it is a long lead-time project. Hub site projects also provide the means for a propagation effect that sets in place the infrastructure which can be used by other projects.
- Soon, 12-24 months:** Projects that are planned as a response to a forthcoming government initiative may not need to start, or be able to start immediately. Respond to requirements that are expected within the next two years, for example, the DCMS Gigabit Britain programme and any changes to Superfast Cymru 2.
- Later, 24 months and beyond:** Projects that are currently uncertain, or that depend on earlier projects should be kept in view until their scope becomes clearer. GMW will not always know exactly what will be required, but the Programme’s governance and operating model is designed to ensure a full pipeline of projects is maintained to address the evolving demands of the Digital Infrastructure problem.



### Digital Infrastructure Programme – Early-Stage Plan (Draft)



### 3.7. Programme Monitoring

A detailed Programme Plan will be developed for the Growth Deal in line with the Implementation Plan. This will be developed by the Digital Programme Manager and by the Operations Manager and Digital Programme Board before presenting to the GMW Board.

The Operations Manager will have day to day responsibility for managing the monitoring and evaluation processes for projects. Monitoring and evaluation information will be presented to the GMW Board on a quarterly basis by the Operations Manager. This will be in the form of a suite of specified monitoring information submitted on a retrospective basis.

The GMW Board will continually assess the monitoring and evaluation information collected and use it to inform the Vision and future investment proposals and to identify opportunities to achieve enhanced outcomes and impacts.

A dashboard will be used across the Governance Structure to monitor progress across all aspects of the Growth Deal. A RAG (Red, Amber, Green) scale is assigned to programmes and projects by the Operations Manager, acting on advice from the Programme and Project Boards.

This table shows the guidelines used when determining the RAG status, and the action required:

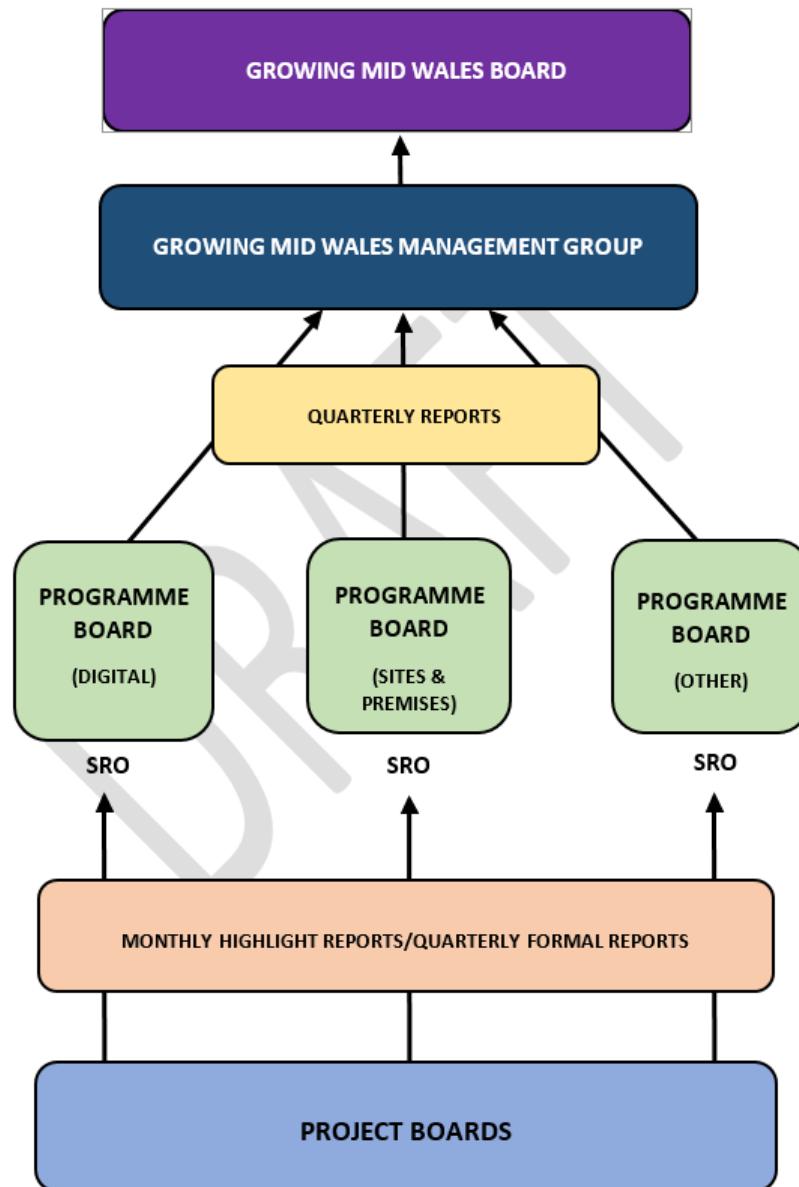
<b>RAG Status</b>	<b>Projects/Programme Status</b>	<b>Action Required</b>
Green	On track for completion within desired timescales	No management action required
Amber	Project may be at risk to meet deadlines if issues are not addressed	Management action is in place by the PoMO and/or senior management to address issues
Red	Project is at risk to miss a schedules completion date	Immediate action is required by senior management and relevant Boards as appropriate to address issues

The GMW Management Group will consider the RAG Dashboard, and advise the Operations Manager which concerns should be escalated to the GMW Board.

The Digital Programme Manager will be responsible for collecting and submitting their monitoring data to the Operations Manager in accordance with a series of pre-agreed timescales, most probably on a quarterly basis.

To assess how the Growth Deal is aligning towards the Vision and the strategic outcomes for the region, the Operations Manager will produce an Annual Report on all Growth Deal activity. The template for the Annual Report will be agreed with both Governments.

All programme level reporting in relation to the Growth Deal and its associated projects will follow a clear process as set out in the following model.



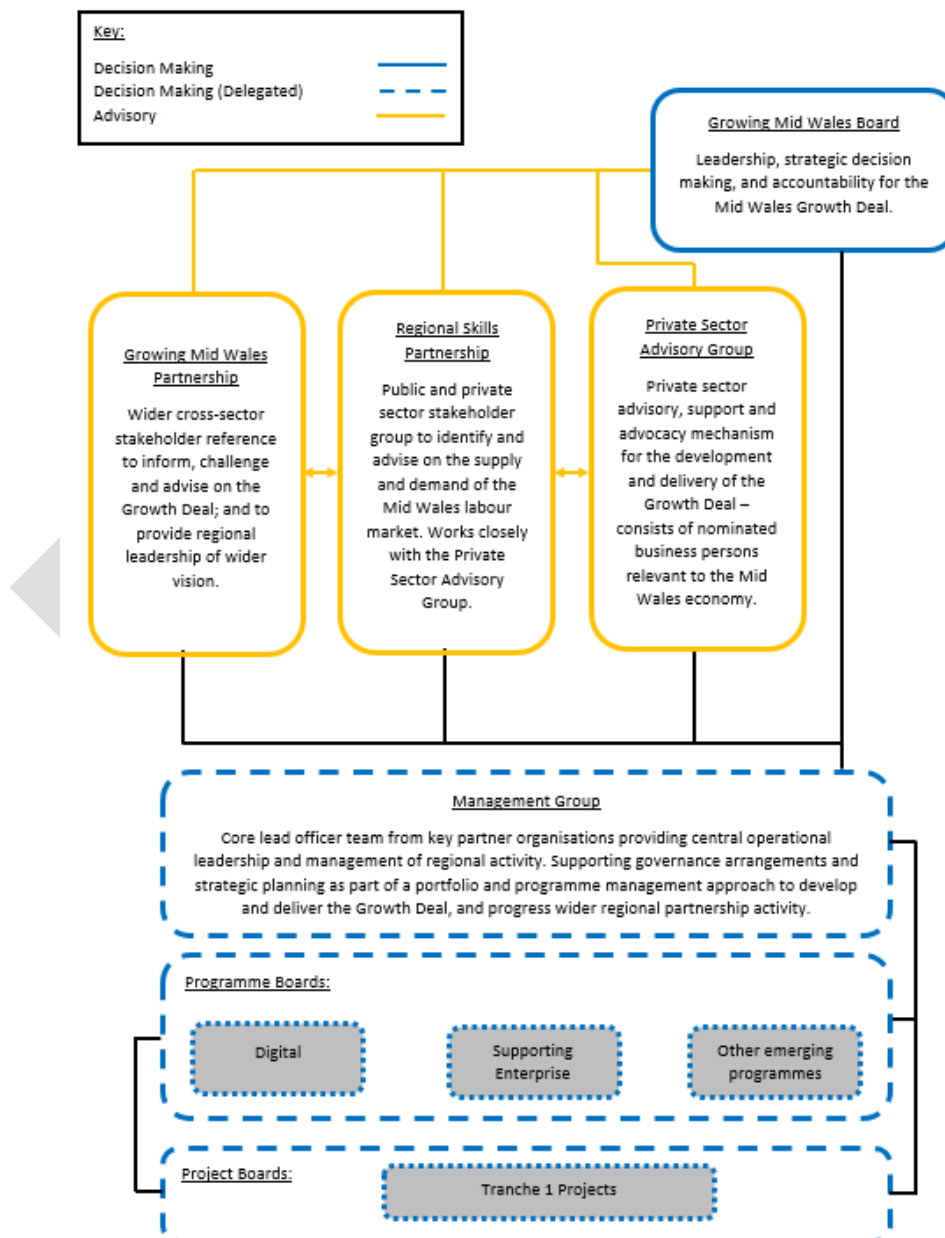
## 4. Governance Structure

### 4.1. Overview of the Governance

The Growth Deal is being developed and delivered as a Portfolio; a 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.

Managing the Growth Deal in this manner 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.

The diagram below sets out the Governance structure for the Mid Wales Growth Deal (as set out in the Portfolio Business Case):



## 4.2. Programme Level Governance

The Digital Programme is one of the Growth deal pillars and an economic development initiative. The Growing Mid Wales Board will provide strategic direction and principles to guide prioritisation, planning and delivery at Programme level, whilst the digital programme will be responsible for defining, agreeing, and enacting its response to those principles.

As highlighted above it may be required for the Digital Programme to retain a degree of autonomy at Digital Programme Board level, within defined levels so that where appropriate, projects can be scoped and initiated without escalation to the GMW Board, thus helping to expedite progress and deliver benefits to the region more quickly. This principle also recognises the critical importance and value of the digital I expert knowledge and skills that the Digital Programme Board members have.

Such a structure will allow prioritisation and agreement of projects to be conducted by specific economy and digital professionals, taking into account the dependencies and relative strengths of and between each project, as well as ensuring that investment is targeted in the correct areas, in the correct order. The GMW Board will play a valuable role in challenging decisions and the proposed rationale.

The Digital Programme will draw on the expertise of the Digital Programme Board members to determine which projects should be progressed and developed to meet the Digital Programmes Investment Objectives and contribute to the achievement of the portfolio Investment Objectives. The priority and sequence of projects, together with the scoping and validation of individual projects will be determined by the Digital Programme Board following the completion of the Programme Business Case.

At programme level we will look across all projects and:

- Report
- Oversee
- Evaluate
- Decide

### 4.2.1. The Digital Programme Board

The Digital Programme will have a formal Digital Programme Board and an appointed Senior Responsible Owner (SRO). The board will 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. The Digital Programme Board will report to the Management Group and escalate to the GMW Board via the Operations Manager.

<b>Digital Programme Board</b>	
<b>Core Membership</b>	
<b>Role</b>	<b>Function</b>
Senior Responsible Owner	<ul style="list-style-type: none"> <li>• Appointed by the GMW Management Group.</li> <li>• Ensure the Programme Board remains focused on delivering the benefits and outcomes set out in the Programme Business Case</li> </ul>
Deputy Senior Responsible Officer	<ul style="list-style-type: none"> <li>• Appointed by the GMW Management Group.</li> <li>• Deputise for the Senior Responsible Owner in their absence.</li> </ul>
Lead Member Councillor	<ul style="list-style-type: none"> <li>• Represent the Mid Wales Growth Deal;</li> <li>• Act as a link between the Digital Programme Board and the Growing Mid Wales Board.</li> </ul>
Digital Programme Manager	<ul style="list-style-type: none"> <li>• Plan the programme, making recommendations to the Programme Board.</li> <li>• Manage and monitor a Programme Plan for the Programme Board to track, control and deliver the programme outcomes and benefits.</li> </ul>
PoMO Operations Manager	<ul style="list-style-type: none"> <li>• Overall responsibility and accountability for the delivery of the programme and its projects.</li> <li>• Ensure strategic fit of programme objectives and benefits with relevant strategies and wider Growth Vision.</li> </ul>
Senior Economy Officers from the Local Authorities	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge;</li> <li>• Provide a clear focus on benefits realisation;</li> <li>• Undertake any actions as agreed at the Programme Board.</li> </ul>
Senior ICT Officers from the Local Authorities	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge.</li> <li>• Provide a clear focus on benefits realisation.</li> <li>• Undertake any actions as agreed at the Programme Board.</li> </ul>
Digital Leads from UKG and WG Digital Officials	<ul style="list-style-type: none"> <li>• Represent their partner organisation and act as link between partner organisation and Board.</li> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
Partner Representatives	<ul style="list-style-type: none"> <li>• Represent their partner organisation and act as link between partner organisation and Board.</li> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
<b>Non-Core Members (Attendance as required)</b>	
Corporate Services	<ul style="list-style-type: none"> <li>• Provide relevant or technical expertise/knowledge.</li> </ul>
GMW Communications & Engagement Officer	<ul style="list-style-type: none"> <li>• Ensure that benefits and outcomes are communicated as appropriate with relevant partners and stakeholders.</li> </ul>

The Programme Board will also consist of 'core' and 'non-core' members. Core members will consist of Economy and Regeneration Officers from both Councils who will provide advice and expertise to ensure outcomes and benefits are focused open.



Representation from both ICT teams will also be included as core members to provide balanced views and technical support.

In addition to Council Officers, it is recommended that representatives from appropriate public bodies will also form the core membership of the programme board, to act as users of the infrastructure and to provide feedback upon proposed project suitability and usability.

Non-core members of the group will consist of Council Corporate services to provide expertise upon topics such as procurement, legal and finance. It will not be required for these Officers to attend each Digital Programme Board meeting but to be invited when expertise is required, i.e. upon the development of Business Cases where input from Corporate Services will be required to ensure progress.

#### **4.3. Project Level Governance**

All projects within the Digital Programme will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. Membership will be determined by the Digital Programme Board in line with Growth Deal requirements and the requirement of the individual project.

Digital Project 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 Digital Programme Manager and the appointed Project Manager and clear arrangements for the delivery of projects in line with best practice will be set out in each business case.

#### **4.4. Limits of Authority**

In order to effectively respond to the ever changing and evolving environment that digital infrastructure operates in, it will be required for both the Digital Programme Board and the Programme Manager to operate within Limits of Authority.

It has been highlighted in the Digital Programme Business Case that the programme will need to remain flexible and to be highly adaptable in order to respond to consumer behaviour, the market and both existing and planned Government and supplier initiatives.

It is anticipated that opportunities may become available that will not allow for the required planning and timing to present a potential project at the GMW Board and that it will be required for members of the Digital Programme Board to be given the authority to make decisions and approve funding to a level that will allow the programme to effectively respond to potential funding opportunities and initiatives quickly. This will ensure that the programme is able to manage its response and initiate projects without the possibility of constraining our actions and that objectives are achieved.

The purpose of this limit of authority is to provide a framework for:-

- a) expenditure approvals, and
- b) the approval of documents (e.g. contracts, applications, etc.) and who is authorised to sign those documents

Orders for purchases costing up to **£TBC on approval (exclusive of VAT)** per individual item or group of related items can be approved by the Senior Responsible Officer of the Digital Programme Board. Items greater than **£TBC on approval (exclusive of VAT)** are to be presented and approved by GMW Board.

Within pre-determined conditions project change requests can be approved via The Digital Programme Board. All decisions undertaken under this delegated authority are reported to the Growing Mid Wales Board and Management Group.

#### **4.5. Monitoring and Reporting**

The Digital Programme Board and all Project Boards will meet, as a minimum, on a monthly basis. The Digital Programme Manager within the PoMO will attend each Programme and Project Board meeting to ensure awareness of progress and developments

A standard report template will be created for projects so that the information provided is consistent, comparable and in a consistent format. This will be used to report into the Digital Programme Board and project boards and will be completed by the Project Manager. These reports will form the basis of discussions upon the development/performance of the Programmes/Projects including issues/risks.

Subsequently summary reports will be provided to the Growing Mid Wales Management Group and presented by the SROs for further discussion/input and recommendations for actions. Further details on timescales are yet to be finalised but potential the Growth Deal papers will be presented bi-monthly with other regional matters tabled at alternative bi-monthly meetings of the Group.

Reports on the Growth Deal will be presented to the Growing Mid Wales Board at its quarterly meeting providing regular updates and progress reports, presenting any issues for decision.

To aid with reporting requirements the PoMO will:

- Develop, maintain and monitor a comprehensive performance management system and evaluation framework that will operate at both the corporate level and the project level;
- Ensure that “due diligence” is undertaken on each Growth Deal project;
- Be responsible for the management and co-ordination of the Growth Deal Programme, gateway reviews, and the annual Business Plans, including performance and financial management of the delivery programme;

- Provide executive support of new entities created as part of the implementation of the Growth Deal, including the Programme/Project Boards;
- Provide research and analysis on impact and wider benefit realisation, as well as market trends.

Draft

## **5. Resourcing**

### **5.1. Overview**

A hybrid team of internal resources from across the two councils, supported by specialist external support will be set in place from the outset. This combined team will provide the necessary expertise to deliver the Programmes and its projects. There may be a need to grow the team should the number of concurrent projects becomes large. Specialist external support will come in the form of commercial management, engagement, programme and project design, and technical elements.

Outline resource levels for priority projects were identified as part of the Programme Business Case to determine high level costs. Further detailed planning for the projects to be taken forward will provide a more accurate assessment of the level, type and cost of resource for each project as its scope and requirements are developed.

Other project specific resources are being identified as projects undergo further scoping. The presence of external support as an integral part of the resourcing model means that skills and knowledge gaps can be plugged whilst GMW resources are sought, and more effective transfer of knowledge can take place once roles are filled.

### **5.2. Digital Programme Board**

The Programme Board is drawn from representatives from across Ceredigion and Powys Councils, as well as external stakeholders who will advise as 'users' of the proposed interventions. This ensures that there is a representative spread of skills, expertise and local area knowledge to support effective scoping, management and delivery. The structure of the Programme team is illustrated below:

#### **5.2.1. Senior Responsible Owner (SROs)**

The Senior Responsible Owner (SRO) is a key role and must be filled by a senior individual, rather than multiple individuals. The appointed SROs will need to be appropriately trained and have undertaken the Better Business Cases Foundation training to ensure alignment with processes. The programme SRO will be accountable for each intervention and for ensuring that it meets its objectives and delivers the expected benefits.

The SRO will lead and champion the programme and will be empowered to take decisions within a limit of authority; for example, whether to delay or stop any part of the projects.

The SRO is: Diane Reynolds, Digital Lead, Powys County Council

### **5.2.2. Deputy Senior Responsible Office**

The Deputy Responsible Owner (SRO), is also a key role and must be filled by a senior individual, rather than multiple individuals. They must be able to deputise for the Senior Responsible Owner in their absence and appropriately Support the SRO to deliver on their responsibilities.

The Deputy SRO is: To be entered once confirmed

### **5.2.3. Digital Programme Manager**

The Programme is accountable to the Senior Responsible Owner for establishing the governance and management framework and for the day-to-day management of a programme/project, to deliver the outputs and desired outcomes, and realise the required benefits. The Digital Programme Manager has already been appointed and is now actively involved in the scoping and set up of the programme. The Digital PM will have the limits of financial authority set out earlier in Section [DN 5.4]

*The Digital Programme Manager is: David Owen, GMW Portfolio Management Office*

### **5.2.4. Digital Project Managers**

It is recognised that there will be a need to appoint Project Managers to oversee the development of individual projects as they are agreed. The costs for project level resources will be determined as part of each project's Outline Business Case.

Project Managers are likely to oversee more than one project, helping to capitalise on expertise and ensure projects are well aligned given the high level of dependency that may exist between some types of project.

### **5.2.5. Additional Subject Matter Expertise**

The programme team will also require input from a range of additional subject matter experts. GMW will draw on other Growth Deal and council subject matter experts at the appropriate stages of the programme or individual projects.

GMW and each Council will draw upon its internal teams to identify relevant personnel with the correct include legal, procurement, technical, economic development, marketing etc., planning, street works, and communications etc. skills to support the array of projects. It is highly likely that many of the same people will work across multiple projects so that knowledge can be shared and re-used across the council. Although these teams will typically provide their help as part of their current jobs, the cost of this will be estimated for each project.

Other project specific resources are being identified as projects undergo further scoping. The presence of external support as an integral part of the resourcing model means that skills and knowledge gaps can be plugged whilst GMW resources are sought, and more effective transfer of knowledge can take place once roles are filled.

## 6. Funding Implications

The total cost of the programme will be a function of the projects that are ultimately selected to take forward, and of the market pricing for services that are procured.

In the proposed Programme Model, the Programme will set a budget for its activities, and will manage to remain within this level, adapting volumes ordered to adjust for unexpectedly higher prices. It is assumed that the very great majority of costs will be incurred within the first 4 years of the Programme. No projects are currently envisaged that have a long term operating cost that would be met from the GMW budget itself.

The total value of potential projects identified through the options assessment totals £38m. However, this figure includes projects that have a relatively low probability of success and will change as the options are narrowed. The Programme will make extensive use of other public sector funding for digital infrastructure intervention, including DCMS schemes, Local Broadband Fund, Broadband Upgrade Fund, Local Government Digital Transformation Fund, and others.

Councils and other public sector bodies are also likely to make their own direct investments in infrastructure, alongside the GMW Programme's investment.

## 7. Benefits Management

Benefits management and supporting benefits realisation is a key component in ensuring the successful delivery of the Mid Wales Growth Deal, and a key role for the Digital Programme Manager. It is important to recognise that in many circumstances digital Infrastructure will not directly deliver economic benefits but will act as an enabler to do so. The difficulty in directly attributing socio-economic benefits to improved digital infrastructure provision is well recognised, though are reasonable to expect, and possible to infer. The Digital Programme will support and align with the broader benefits management mechanisms set up at GMW Growth Deal Portfolio level.

The programme team will help to establish the framework at programme level to provide a mechanism for tracking and measuring the outcomes and benefits that the programme has been set in place to achieve, and for supporting the exchange of Programme level data to demonstrate the contribution to the achievement of Portfolio strategic objectives overall.

The Programme will record and communicate its successes so that stakeholders have visible evidence of the improvements that the Programme delivers.

Many of the primary outcomes that the Programme will deliver, especially GVA are very difficult to measure and attribute directly to infrastructure investment. There may be a lag before the Programme's effect is detectable, and improvements may be attributable to other initiatives of the Growth Deal, and other bodies

The main focus will likely be on the projects' outputs, in the form of the level of digital infrastructure provision that is delivered. These will be simpler to analyse, more immediate, and more directly relatable by stakeholders.

Each project will have specific targets, measurable with recognised industry data sources such as Ofcom's annual report and interim updates, and crowd sources such as those provided by thinkbroadband.com.

Linking this measurement with the ultimate outcomes and Growth Deal objectives will help to test and confirm the return of investment from each project, and will shape and inform decisions about future projects and levels of intervention.

Each project will be responsible for tracking benefits through a Benefits Realisation Plan. Robust information on the proposed benefits will be required and tested as projects are developed. Each project will report benefits to the Digital Programme Board via the Digital Programme Manager. This information will be presented and reported to both the GMW Management Group and the GMW Board as felt appropriate via the Digital Programme Manager.

Case study and questionnaire analysis will also be used to supplement the output analysis and to estimate the eventual benefits of the Programme.

The Programme will contribute to the body of knowledge around Digital Infrastructure benefits by sharing its findings with Welsh Government, other Welsh Growth Deals and councils, DCMS and other interested parties.

Draft



## 8. Quality Management

### 8.1. Overview

The products and interventions to be delivered by the Digital programme are highly diverse in their nature, ranging from Programme Level Initiation documentation through to specifications and procurement plans for wide scale Digital Infrastructure Build. To ensure that each product meets its required business need, the Programme requires a structured approach to Quality Management.

The two elements of this approach are:

- The assurance of products
- The approval of products

### 8.2. Programme level assurance and approval

The Digital Programme Board will be responsible for assurance of all Programme level documentation, as produced by the Digital Programme Team with the Digital Programme Manager being responsible for the completion of such documentation.

The Digital Programme Board will be responsible for approval of all Programme-level documentation, as produced by the Digital Programme Team.

Depending on the size and importance of such documentation there will be a requirement to present at GMW Management Group for approval of drafts prior to reporting and presenting to the GMW Board.

### 8.3. Project level assurance and approval

Each project product or should be assured by a group of representative stakeholders so that it can be confidently regarded as being fit for purpose prior to its formal acceptance.

Responsibility for undertaking the assurance process sits within the project team responsible for delivery of the product. Each project will be expected to plan review activities as an integral part of their project planning process. The manner in which such activities are to take place is again the responsibility of the respective project.

The conclusion of the review process for a project and intervention will be a recommendation to the Digital Programme Board that the product should be formally accepted.

The Digital Programme Board will oversee the audit the effectiveness of assurance processes within the respective projects on a periodic basis.

#### **8.4. Project Product Acceptance**

Key to the governance arrangements for the Programme is ensuring that the respective projects accept responsibility for the products produced under their management. Each project is therefore required to formally accept each product produced prior to any deliverable being considered as ready for implementation by the Digital Programme Board.

The status of documents with respect to their formal acceptance will be monitored by the relevant Digital programme Manager and overseen by the Digital Programme Manager on an ongoing basis.

#### **8.5. External Review**

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.

A detailed IAAPs will be developed for the Digital Programme and the projects within it. 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. Programme assurance reviews will take place periodically at agreed intervals unless requested sooner by the Mid Wales Growth Deal Board, UK or Welsh Government whilst project assurance reviews will take place throughout the life of the project at pre-agreed stages.

## 9. Risk Management and Issue Resolution

Risks and Issues will be managed via the formal programme and project controls using a Risk Register, and in line with the GMW Portfolio approach.

### 9.1 Programme Risks

Programme Risks will be scored in accordance with their probability and impact. They will be operationally managed by the Digital Programme Manager and team, and reviewed by the Digital Programme Board.

In addition to describing the risk itself, the key features of the Risk Register are:

- An assessment of its impact/ consequence should it materialise (scaled from 1 – 5)
- An assessment of the probability of the risk materialising (scaled from 1-5)
- A scoring is made for both inherent (pre-mitigation) and residual risk (post-mitigation)

The RAG status of Risks will be classified as follows:

Risk Assessment Matrix							
		Score	PROBABILITY				
			Rare	Unlikely	Possible	Likely	V Likely
			1	2	3	4	5
CONSEQUENCES	Fundamental	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Not significant	1	1	2	3	4	5

Fig x [DN] Risk Scoring Matrix

The register will also include

- Details of mitigating actions/ key controls
- A risk owner
- Progress update
- The date that the risk was last updated
- Whether the risk is open or closed.

The Programme Manager will review the risk register at least monthly to:

- Re-classify risks according to the latest position
- Identify any new risks
- Close risks that have been fully mitigated

Presentation of the risks will also include use of a Risk 'Dashboard' which will show status of risks by score.

Risks will be escalated according to their numerical rating. Escalation routes will vary according to the nature of each specific risk. Key strategic or high impact risks that affect or require Portfolio level input will be escalated to the GMW Board.

Identified risks may come from a range of sources and the Digital Programme Manager will collate, record, manage and escalate risks as appropriate.

## **9.2 Project Risks**

Project level risks will be operationally managed by the respective Project Manager, and overseen by each individual Project Board using the same approach. Any risks requiring strategic input or resolution will be escalated to the Digital Programme Manager for consideration by the Digital Programme Board.

## **9.3 Issue Management**

Despite the implementation of established management and delivery techniques, it is inevitable that issues will arise in the delivery of the programme and its projects from time to time. It is therefore important that the programme has robust processes in place to:

- Allow issues to be escalated
- Establish the potential impact of each issue
- Enable a prompt assessment of each issue to be made
- Monitor progress as any action plans are deployed
- Record the resolution of issues.

To ensure that attention is focused on priority areas, it is essential that only genuine issues are formally raised as programme or project issues. Such issues may concern:

- An inability to meet a Milestone
- A projected cost over-run
- An inability to meet quality expectations.

- An inability to meet a strategic objectives

Issues will be raised as appropriate, discussed with the Digital Programme Manager for Programme level issues, and the relevant Project Manager for project level issues. The issue will be summarised in wither the Programme or Project issue register.

Accordingly, the Digital Programme or Project Manager will take responsibility for ensuring that project issues are addressed. Issue resolution will be progressed in consultation with the originator.

Outstanding issues will be reviewed on a fortnightly basis as a minimum, their impact re-assessed and will be re-classified in necessary. Issues will be resolved at project and Project Board level unless requiring escalation to, and intervention by, the Digital Programme Board, or GMW Board respectively.

Issues will only be classified as being resolved once the person raising the risk is satisfied with the response obtained. The relevant Manger will take responsibility for ensuring that issues are resolved in a timely manner.

## **10. Engagement and Communications Management**

### **10.1. Strategic Communications Objectives**

The Mid Wales Growth Deal is supported by a dedicated Portfolio Management Office (PoMO), spanning both Powys and Ceredigion Councils. The PoMO works closely with and alongside other regional functions under the Growing Mid Wales agenda.

A Strategic Communications Framework has been developed which provides an overarching framework to govern and direct all strategic communications activity relating to the work of Growing Mid Wales and achieving the ambitions outlined in the Vision for Growing Mid Wales. This strategic framework will apply to the wider regional functions of the Regional Engagement Team and Regional Skills Partnership as well as the Growth Deal.

The Strategic Communications Framework encompasses the following elements:

- Communications Strategy
- Communications Protocol
- Stakeholder Map
- Activity Schedule

### **10.2. Engagement mechanisms**

In addition a GMW Communications Sub-group has been established to lead on this framework, discuss upcoming events and activity in order to plan communication activity and agree areas of possible joint working across the respective regional teams. A website for Growing Mid Wales was established in Autumn 2020, this website will develop and be added to in a phased approach as required.

Underneath the strategic framework the individual regional functions will produce their own respective communication plans. The PoMO will be responsible for managing communications regarding the Growth Deal and will communicate as appropriate with relevant partners and stakeholders. The PoMO will be the primary point of contact for the Welsh Government and UK Government in regards to the Growth Deal and will ensure that both Governments are consulted regarding any public facing documents or communications and that this is appropriately branded. The Welsh and English language will be represented equally in all digital and written publications.

## 11. Management Framework Implementation

The management framework outlined in this Implementation Plan needs to be implemented at the earliest opportunity so that effective management of the programme's delivery is in place.

To ensure that arrangements are clear, workable and aligned with wider portfolio activities, a short review and consultation exercise is proposed. This exercise will:

- Ensure that identified relevant stakeholders, prior to Digital Programme Board commencement, are in agreement about the proposed governance processes and interfaces.
- Ensure that relevant programme staff are fully aware of future management arrangements.
- Provide those affected with an opportunity to suggest improvements or raise concerns with the practicalities of the proposed arrangements.

The proposed timeline for achieving the implementation of this framework is:

- A draft version of this Implementation Plan to be shared with key stakeholders, for review, input and feedback, week commencing 31<sup>st</sup> January 2022.
- Input and agreement from PoMO and GMW Management Group will take place at the GMW Management Group meeting on 4<sup>h</sup> February 2022.
- The final version of the Implementation Plan is scheduled for approval week at the GMW Board Meeting on 11<sup>th</sup> March 2022.
- The first Digital Programme Board week beginning 4<sup>th</sup> April 2022.
- Specific arrangements relating to resourcing, governance and communications to be discussed during review and at the inaugural Digital Programme Board meeting.

## 12. Arrangements Post Award

As the programme and its projects develop, a better understanding of the timescales for delivery and potential spend profiles will be gained. It is currently anticipated that expenditure will not be incurred until late 2022 by which time the PoMO will have developed processes and monitoring requirements, this will include:

- Growth Deal Funding Agreements for successful projects, detailing the terms and conditions of the funding including clawback clauses, will be prepared on the basis of the information contained in the Full Business Case to include outputs, milestones, timescales and funding amounts.
- Monitoring and claim forms will be developed by the PoMO for completion by projects on a quarterly basis once funding agreements are in place and these will inform reports to the various boards/management group.

Within four weeks of the Funding Agreement being issued the Programme Manager will hold inception meetings to go through the claim and monitoring process, evidence required for claims/outputs etc., and address any queries regarding terms and conditions.

For financial claims the supporting information will be checked to ensure that claims are made against the appropriate costs and that the funds have been defrayed. Spend forecasts will be provided on a quarterly basis to enable cash flow managements.



### 13. Digital Programme Evaluation

The Digital Programme objectives, roadmap and Implementation Plan will be reviewed annually to evaluate progress and ensure that the objectives, the approach, and the proposed projects remain relevant, realistic, and achievable.

The Programme will:

- Review and refresh the roadmap every year.
- Set in place the benefits framework to track and measure the key outcomes.
- Monitor the strategic environment for the programme and adapt the programme roadmap to reflect changes, for example in new initiatives from other public sector and commercial bodies.

The Programme Plan will be reviewed regularly to evaluate progress and ensure that the objectives, the approach, and the proposed projects remain relevant, realistic and achievable.

New GMW, Welsh Government and DCMS initiatives can change the shape or objectives of the Programme's individual projects. Initiatives may overlap with initiatives that GMW has already set in place locally. Some initiatives may make it easier to deliver future projects and so change the scale or nature of GMW's involvement. Other initiatives may conflict with existing GMW delivery plans or even render a planned GMW project redundant. Welsh Government strategy and plans may act impact in the same way.

Major changes in the supplier market may also have a significant impact on the projects the Programme delivers and the approach taken, for example:

- New market entrants may bring more competition, widening the opportunities for engagement.
- New market entrants may bring new solutions, potentially changing the shape of, or even the need for action by the Programme.
- A surplus of demand from across the public sector, or wider customer bases, may cause variations in infrastructure and civils market capacity and availability, which in turn affects GMW's delivery timescales.

Given these dependencies, the Programme will also review both the Programme plan and individual projects regularly to ensure activity remains current in the light of changes in regional or national Welsh and UK government economic and digital related strategy and policy, or in the activity and plans of either the supplier market, or those of other Welsh Growth Deals, or neighbouring Welsh and English councils.

## 14. Related Documentation

- Portfolio Business Case
- Portfolio Implementation Plan
- Digital Programme Business Case
- Digital Programme Board Governance Terms of Reference

Draft

# GROWING MID WALES – TRANSFORMATION MAP OF DIGITAL INFRASTRUCTURE PROJECTS (DRAFT)

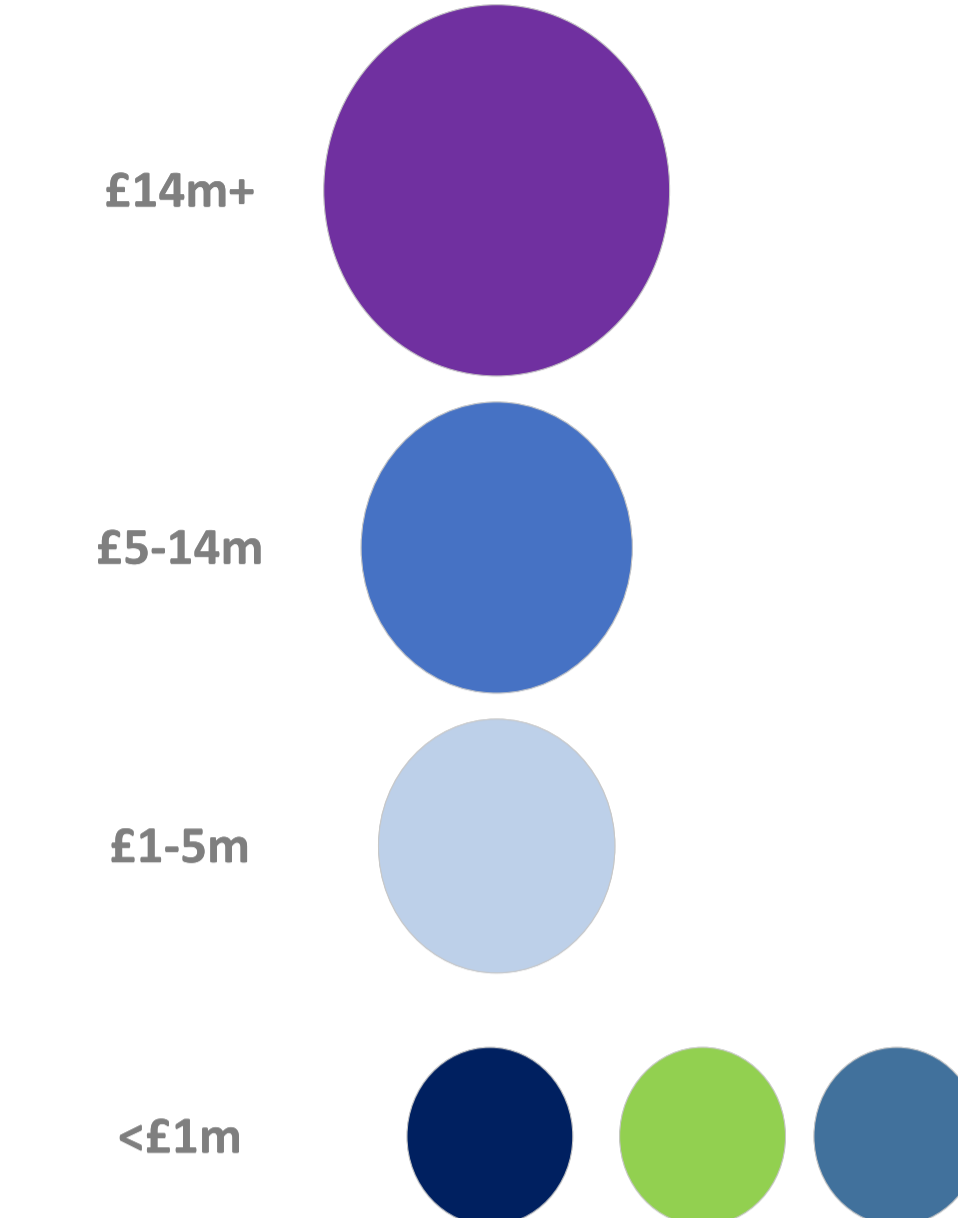
NOW: 0-2 years

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

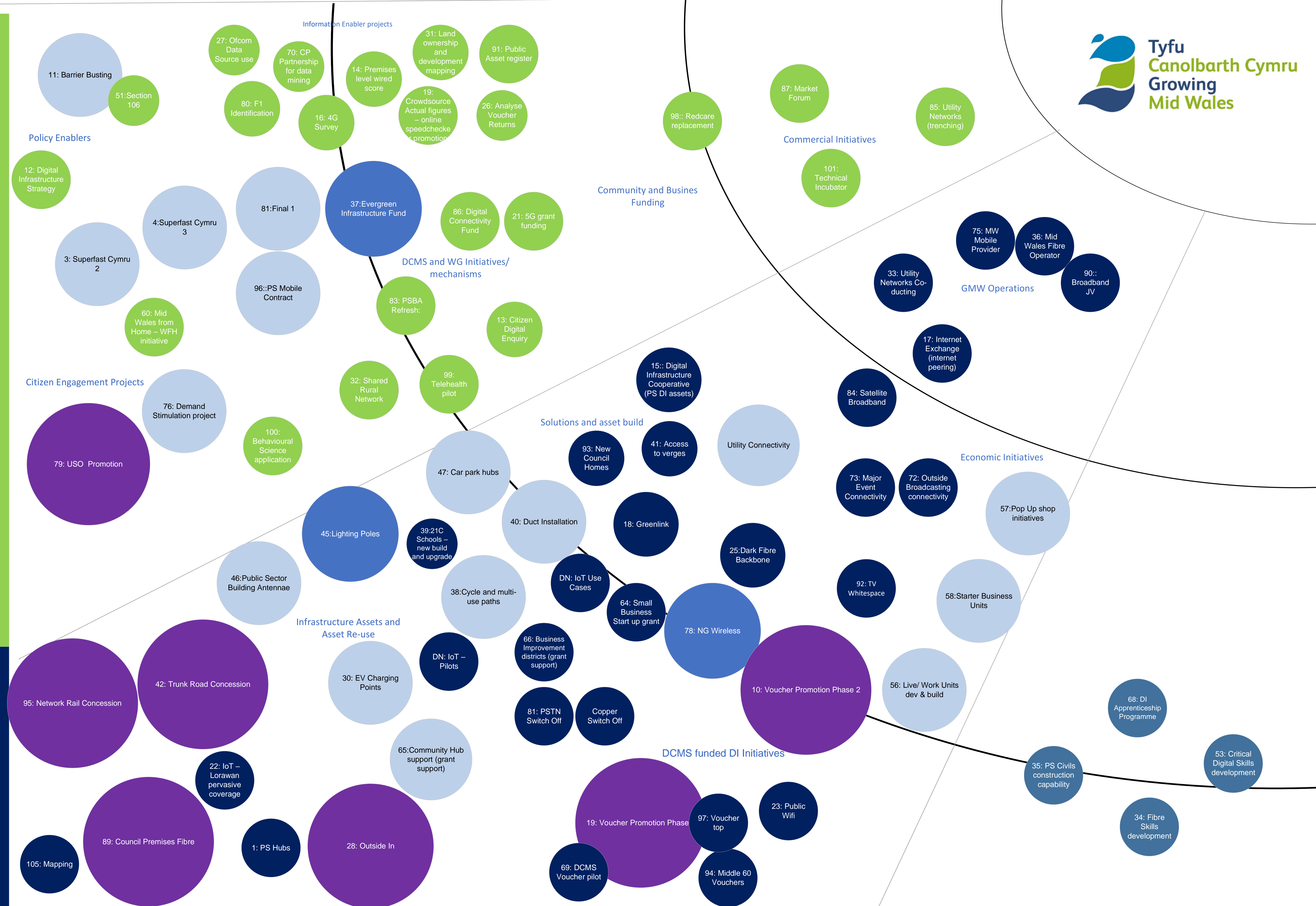
ENABLE – POLICY, PROCESS, ENGAGEMENT

Tudalen 331

BUILD

BUILD

SKILLS



Maer' dudualeen hon wedii' gadaal yin waag yin kwadadi



## ADRODDIAD I FWRDD TYFU CANOLBARTH CYMRU

11 Mawrth 2022

TEITL:	Partneriaeth Sgiliau Rhanbarthol Canolbarth Cymru – Diweddariad cynnydd
AWDUR:	Aggie Caesar-Homden, Rheolwr y Bartneriaeth. Aggie.caesar-homden@powys.gov.uk

### 1. Diben yr Adroddiad

- 1.1. Rhoi diweddariad i Aelodau Bwrdd Tyfu Canolbarth Cymru am gynnydd Partneriaeth Sgiliau Rhanbarthol y Canolbarth (y Bartneriaeth).

### 2. Cyflwyniad

- 2.1. Ers yr adroddiad diwethaf, mae'r Bartneriaeth yn parhau i wneud cynnydd da o ran gweithio gydag arweinwyr busnes a rhanddeiliaid ar draws y rhanbarth i ddeall y ddarpariaeth sgiliau ac anghenion y farchnad lafur, er mwyn sbarduno buddsoddiad sy'n bodloni gofynion cyflogwyr a'r gweithlu.
- 2.2. Mae Bwrdd y Bartneriaeth wedi canolbwyntio ar y meysydd gwaith allweddol sydd eu hangen, er mwyn darparu rhaglen waith glir i'w dilyn, gan gynnwys meysydd allweddol strwythur, adnabod anghenion, adeiladu partneriaethau a chynllunio yn y dyfodol. Mae Rheolwr y Bartneriaeth yn parhau i weithio'n agos gyda'n Prif Swyddogion Rhanbarthol a rhanddeiliaid rhanbarthol i gefnogi Fframweithiau Economaidd Rhanbarthol, blaenoriaethau Llywodraeth Cymru a pharhau i feithrin ymwybyddiaeth o faterion trawsffiniol.

### 3. Recriwtio

- 3.1. Yn dilyn ymgyrch recriwtio lwyddiannus, penodwyd Swyddog Ymgysylltu â Chyflogwyr y Bartneriaeth a dechreuodd yn ei swydd ar 6 Rhagfyr 2021.

### 4. Sefydlu sylfeini Arsyllfa Sgiliau Rhanbarthol i sicrhau bod gwybodaeth gadarn am y farchnad lafur yn cael ei darparu, sy'n cyd-fynd â gwybodaeth economaidd a gwybodaeth am gyflogwyr.

- 4.1. Mae Rheolwr y Bartneriaeth wedi bod yn gweithio gyda Data Cymru i sefydlu Arsyllfa Sgiliau'r Canolbarth a darparu cymorth dadansoddi data.
- 4.2. Mae Data Cymru wedi darparu trwyddedau Pecyn Cymorth Dadansoddwyr EMSI i dîm y Bartneriaeth i ategu Gwybodaeth am y Farchnad Lafur leol a chenedlaethol. Mae EMSI wedi darparu hyfforddiant i dimau'r Bartneriaeth.
- 4.3. Mae Rheolwr y Bartneriaeth yn parhau i weithio gyda Data Cymru i ddatblygu gwefan y Bartneriaeth. Bydd hyn yn dwyn ynghyd wybodaeth am waith a blaenoriaethau'r Bartneriaeth, gwybodaeth y Bwrdd, cysylltiadau data am sgiliau a dogfennau polisi mewn system rheoli cynnwys fodern.



4.4. Mae Data Cymru yn parhau i ddarparu cymorth ychwanegol ar ffurf dadansoddi data gan ddefnyddio gwybodaeth am y farchnad lafur i nodi tueddiadau economaidd a deall bylchau a phrinder sgiliau ar draws y rhanbarth yn ogystal â chefnogi'r Bartneriaeth i ddatblygu adroddiadau Covid-19 i'w cyflwyno i Lywodraeth Cymru.

## **5. Adroddiad Sgiliau Gwyrdd.**

5.1. Yn ogystal â'r uchod, mae Data Cymru yn gweithio gyda phedwar Rheolwr y Bartneriaeth i ddatblygu Adroddiad Sgiliau Gwyrdd i'w rannu â Llywodraeth Cymru. Mae rhai diwygiadau pellach yn cael eu gwneud a rhagwelir y bydd hyn yn cael ei gymeradwyo ym mis Chwefror. Mae'n bwysig bod yr adroddiad yn gadarn oherwydd bydd Llywodraeth Cymru yn ei ddefnyddio fel sail ar gyfer Cynllun Gweithredu Sgiliau Sero Net a gyhoeddir yn y gwanwyn.

## **6. Adrodd am Covid - 19.**

6.1. Cyflwynwyd yr adroddiad chwarterol i Lywodraeth Cymru ddiwedd mis Hydref. Mae Llywodraeth Cymru yn cymryd canfyddiadau allweddol pob un o'r adroddiadau ac yn briffio Gweinidogion.

6.2. Wrth symud ymlaen, mae Llywodraeth Cymru wedi gofyn am adroddiad terfynol ar Covid 19 a ddylai fod yn grynodeb o'r canfyddiadau dros y pandemig a dylai daflu goleuni ar sut mae maes cyflogaeth a sgiliau'r rhanbarth wedi'u newid gan y pandemig. Cyflwynir yr adroddiad hwn ym mis Mawrth/Ebrill 2022.

## **7. Cyflwyniad Adroddiad Dyfarnu Grant y Bartneriaeth.**

7.1. Cyflwynodd y Bartneriaeth yr Adroddiad Gweithgarwch Dyfarnu Grant chwarterol i Lywodraeth Cymru ac mae wedi'i gymeradwyo.

## **8. Cynllun Sgiliau a Chyflogadwyedd a Chynllun Gweithredu.**

8.1. Mae'r Bartneriaeth yn parhau i ddarparu persbectif rhanbarthol er mwyn llywio strategaethau sgiliau sector ar lefel genedlaethol ac ar lefel y DU ac er mwyn darparu data sylfaenol ar gyfer cynllunio Addysg Bellach, gan ddefnyddio gwybodaeth a arweinir gan gyflogwyr a data Gwybodaeth am y Farchnad Lafur.

8.2. Mae pedwar Rheolwr y Bartneriaeth yn disgwyl am arweiniad pellach gan Lywodraeth Cymru ar ofynion y Cynllun Sgiliau a'r Cynllun Gweithredu newydd a fydd yn nodi blaenoriaethau ar gyfer buddsoddi rhanbarthol sy'n cefnogi swyddi a thwf yn rhanbarth y Canolbarth.

## **9. Gwarant i Bobl Ifanc.**

9.1. Mae'r Rhaglen Lywodraethu yn nodi ymrwymiad uchelgeisiol i ddarparu Gwarant i Bobl Ifanc, sy'n cynnig cymorth i bawb dan 25 oed i fyd gwaith, addysg, hyfforddiant neu hunangyflogaeth.

9.2. Cafodd y warant ei phennu er mwyn sicrhau nad ydym yn colli cenhedlaeth gyfan ledled Cymru yn sgil y dirywiad economaidd a ragfyneir a'r cynnydd enfawr mewn diweithdra yn sgil Covid a Brexit.

9.3. Ers cyhoeddi'r Rhaglen Lywodraethu, mae'r farchnad swyddi wedi gwella'n llawer cynt na'r disgwyl ac yn ymddangos yn fywiog gyda rhai ardaloedd yn profi mwy o alw na'r cyflenwad. Fodd bynnag, mae gan y Warant rôl bwysig i'w chwarae o hyd o ran helpu Llywodraeth Cymru i gyrraedd ei nod polisi o greu cenedl decach, wyrddach a mwy ffyniannus. Hefyd, mae angen i'r Warant barhau i ganolbwyntio ar:

- Helpu pobl ifanc i gael swyddi mwy cynaliadwy;
- Sicrhau camau datblygu i'r bobl ifanc yn y swyddi hyn ac a ydym ni bellach yn wynebu cenhedlaeth o dangyflogaeth;
- Cynllunio ar gyfer ail don bosibl o ddiweithdra dros y misoedd nesaf; a
- Diffyg sgiliau neu sgiliau sy'n anghymarus â'r farchnad lafur.

9.4. Crynodeb o'r canlyniadau a'r mesurau:

- Cyflwyno un adroddiad bwrdd gwaith fesul rhanbarth erbyn Gwanwyn 2022 i Lywodraeth Cymru.
- Dau ddogwyddiad fesul rhanbarth sy'n cynnwys rhaglenni a phrosiectau lonawr 2022 - Gwanwyn 2022.
- Gweithio gyda Cymru'n Gweithio a darparu adroddiad diweddar i sicrhau bod yr holl wybodaeth yn cael ei hychwanegu at y cyfeiriadur canfod cymorth a'r un lleol.
- Cynhyrchu cyfeiriadur a phecyn canllaw canfod cymorth lleol ar gyfer cynghorwyr lleol i sicrhau bod gwybodaeth ac ymwybyddiaeth o brosiectau a rhaglenni ar gael.
- Cyflwyno cynllun gweithredu mewn perthynas ag unrhyw rwystrau strategol a nodwyd yn ystod eich gwaith i Lywodraeth Cymru erbyn diwedd mis Mawrth 2022.

9.5. Rydym yn cydnabod bod hwn yn ddarn mawr o waith gyda therfyn amser tynn. Mae Rheolwr y Bartneriaeth yn gweithio gydag uwch-arweinwyr a chydweithwyr ar draws y ddau Awdurdod Lleol i ystyried opsiynau adnoddau i gwblhau'r gwaith hwn.

## **10. Aelodaeth y Bwrdd a Sefydlu Grwpiau Clwstwr.**

10.1. Fel y cytunwyd eisoes gan Fwrdd Tyfu Canolbarth Cymru, mae Cadeirydd y Bartneriaeth a Rheolwr y Bartneriaeth yn adolygu aelodaeth bresennol Bwrdd y Bartneriaeth a sefydlu nifer o grwpiau clwstwr.

10.2. Cafwyd trafodaethau manwl gydag aelodau Bwrdd y Bartneriaeth lle ystyriwyd sylwadau, safbwyntiau a barn yr aelodau ar y grwpiau clwstwr. Cytunwyd bod yn rhaid cael angen a ffocws clir ar gyfer unrhyw grŵp clwstwr posibl.

10.3. Mae Rheolwr y Bartneriaeth wedi cwrdd â Rheolwyr Partneriaethau Sgiliau Rhanbarthol eraill i ddeall y grwpiau penodol a ddewiswyd ganddynt, y diben a pha mor dda maen nhw'n gweithio. Mae rhai o'r grwpiau clwstwr ar gyfer grwpiau'r Partneriaethau eraill yn cyfarfod yn fisol, eraill yn cyfarfod bob tri mis neu bob 6 wythnos yn dibynnu ar ofynion penodol.

10.4. Yn dilyn yr adolygiad hwn, bydd grwpiau clwstwr cychwynnol yn cael eu sefydlu gyda'r cyfarfodydd cyntaf i'w cynnal ym mis Mawrth:

- Darparwyr hyfforddiant
- Busnesau
- Gwasanaethau cyhoeddus

10.5. Yn ogystal â'r grwpiau clwstwr hyn, bydd Grwpiau Gorchwyl a Gorffen Polisi hefyd yn cael eu sefydlu ar gyfer meysydd penodol o waith Polisi Llywodraeth Cymru.

## 11. Rhwydwaith Cyflogadwyedd Strategol Canolbarth Cymru

- 11.1. Ffrwyth ymdrech ar y cyd rhwng Partneriaeth Sgiliau Rhanbarthol Canolbarth Cymru a Thîm Ymgysylltu Rhanbarthol Canolbarth Cymru yw Rhwydwaith Cyflogadwyedd Strategol y Canolbarth. Bydd yn cael ei hwyluso gan y Tîm Ymgysylltu Rhanbarthol ar ran y rhanbarth.
- 11.2. Prif nod y rhwydwaith yw dwyn ynghyd rhanddeiliaid perthnasol yn y rhanbarth sy'n gweithio gyda buddiolwyr 14 oed a throsodd i geisio cymorth cyflogadwyedd 'caled' a 'meddal.
- 11.3. Bydd y rhwydwaith;
  - yn bwynt ffocws rhanbarthol ar gyfer gweithgarwch cyflogadwyedd a newyddion e.e. lledaenu mentrau polisi newydd gan Lywodraeth Cymru a Llywodraeth y DU;
  - yn rhannu gwybodaeth ranbarthol am fentrau cyflogadwyedd cyfredol er mwyn osgoi dyblygu gwaith a nodi cyfleoedd i gydweithio;
  - yn casglu tystiolaeth ranbarthol gan gynnwys mapio'r ddarpariaeth bresennol yn erbyn sefydliadau ac effeithiolrwydd presennol y ddarpariaeth gyflogadwyedd yn y Canolbarth ac yn nodi cyfleoedd i 'wneud pethau'n wahanol';
  - yn darparu barn ranbarthol ar flaenoriaethau a rennir ar gyfer darpariaeth cyflogadwyedd a sgiliau yn y Canolbarth gyda'r nod o ddatblygu perthnasoedd cydweithio pellach a sicrhau bod y rhanbarth yn y sefyllfa orau ar gyfer cyfleoedd ariannu yn y dyfodol;
  - yn rhoi barn ranbarthol ar brosiectau cyflogadwyedd a sgiliau sy'n dod i'r amlwg er mwyn sicrhau bod gweithgarwch yn cyd-fynd â blaenoriaethau rhanbarthol. Bydd hyn yn cynnwys ystyried perthnasedd rhanbarthol prosiectau cyflogadwyedd Cymru gyfan.

## 12. Goblygiadau cyfreithiol

- 12.1. Does dim unrhyw oblygiadau cyfreithiol yn deillio o'r adroddiad hwn.

## 13. Goblygiadau Adnoddau Dynol

- 13.1. Does dim unrhyw oblygiadau AD yn deillio o'r adroddiad hwn.

## 14. Goblygiadau ariannol

- 14.1. Does dim unrhyw oblygiadau ariannol yn deillio o'r adroddiad hwn.

## 15. Atodiadau

- 15.1. Dim



<b>Adroddiad</b>	Partneriaeth Sgiliau Rhanbarthol Canolbarth Cymru – Diweddariad cynnydd
<b>Awdur</b>	Aggie Caesar-Homden, Rheolwr y Bartneriaeth Aggie.caesar-homden@powys.gov.uk
<b>Dyddiad</b>	18 Chwefror 2022

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



## REPORT TO THE GROWING MID WALES BOARD

11<sup>th</sup> March 2022

TITLE:	Mid Wales Regional Skills Partnership – Progress Update
AUTHOR:	Aggie Caesar-Homden, RSP Manager. Aggie.caesar-homden@powys.gov.uk

### 1. Purpose of the Report

- 1.1. To provide Members of the Growing Mid Wales Board with an update on progress of the Mid Wales Regional Skills Partnership.

### 2. Introduction

- 2.1. Since the last report, the Regional Skills Partnership continues to make good progress working with business leaders and stakeholders across the region to understand the skills provision and labour market needs, in order to drive investment that meets the requirements of both employers and workforce.
- 2.2. The RSP Board has been focused on the key areas of work required, in order to provide a clear programme of work to pursue, including the key areas of structure, needs identification, partnership building and future planning. The RSP Manager continues to work closely with our respective Chief Regional Officers and regional stakeholders to support Regional Economic Frameworks, WG priorities and continue to build awareness of cross-border issues.

### 3. Recruitment.

- 3.1. Following a successful recruitment campaign, the RSP Employer Engagement Officer has been appointed and commenced in role on 6<sup>th</sup> December 2021.

### 4. Establish the foundations of a Regional Skills Observatory to ensure provision of robust LMI, aligned to economic and employer intelligence.

- 4.1. The RSP Partnership Manager has been working with Data Cymru to set up the Mid Wales Skills Observatory and to provide data analysis support.
- 4.2. Data Cymru has provided the RSP team with EMSI Analyst Toolkit licences to supplement national and local Labour Market Intelligence. EMSI have provided training for RSP teams.
- 4.3. The RSP Manager continues to work with Data Cymru to develop the RSP website. This will bring together information on the RSPs work and priorities, Board information, skills data links and policy documents in a modern content management system.
- 4.4. Data Cymru continues to provide additional support in the form of data analysis using labour market intelligence to identify economic trends and understand skills gaps and shortages across the region as well as supporting the RSP in developing the Covid-19 reports to submit to WG.

## **5. Green Skills Report.**

- 5.1. In addition to the above, Data Cymru are working with the four RSP Managers to develop a Green Skills Report that will be shared with WG. Some further amendments are being made and it is anticipated this will be signed off in February. It is important that the report is robust as it will be used by WG to form the basis if the Net Zero Skills Action Plan which they plan to publish in the spring.

## **6. Covid – 19 Reporting.**

- 6.1. The quarterly report was submitted to WG at the end of October. Welsh Government are taking the key findings from each of the reports and briefing Ministers.
- 6.2. Moving forward, WG have requested a final Covid 19 report that should act as a summary of findings over the pandemic and shed light on how the employment and skills landscape of the region has been changed by the pandemic. This report will be submitted in March/April 2022.

## **7. RSP Grant Award Report Submission.**

- 7.1. The RSP submitted the quarterly Grant Award Activity Report to WG which has been approved.

## **8. Employability and Skills Plan and Action Plan.**

- 8.1. The RSP continues to provide a regional perspective to inform national and UK sector skills strategies and to provide baseline data for FE planning, using employer led intelligence and LMI data.
- 8.2. The four RSP Managers are awaiting further guidance from WG on the requirements for the new Skills Plan and Action Plan which will identify priorities for regional investment that supports jobs and growth in the Mid Wales region.

## **9. Young Persons Guarantee.**

- 9.1. The Programme for Government (PfG) sets out an ambitious commitment to deliver the Young Persons Guarantee, giving everyone under 25 the offer of support into work, education, training, or self-employment.
- 9.2. The guarantee was set to ensure no lost generation across Wales due to the predicted economic downturn and the huge rise in unemployment as a result of Covid and Brexit.
- 9.3. Since the PfG was published, the job market has recovered far more rapidly than predicted and seems to be buoyant with demand in some areas outweighing supply. However, the YPG still has an important role to play in supporting Welsh Government reach its policy goal of becoming a fairer, greener, and more successful Wales. The YPG also needs to continue to focus on:
- Assisting young people into more sustainable job roles;
  - Progression for young people within these jobs and whether we now face a generation of under-employment;
  - Planning for a possible second wave of unemployment over the next few months; and

- The lack of skills or skills mismatch within the labour market.

9.4. Summary of the outcomes and measures:

- One desktop report per region by Spring 2022 submitted to Welsh Government.
- Two events per region involving programmes and projects Jan 2022 - Spring 2022.
- Work with Working Wales and provide an update report to ensure that all the information is added to the support finder and local support finder.
- Local support finder directory and guidance pack produced for advisors locally to ensure that information and awareness of projects and programmes are available.
- An action plan in relation to any strategic barriers identified during your research work, submitted to Welsh Government by the end of March 2022.

9.5. It is recognised that this is a large piece of work with a tight deadline. The RSP Manger is working with senior leaders and colleagues across both Local Authorities to consider resourcing options to complete this work.

## **10. Board Membership and Establishment of Cluster Groups.**

10.1. As previously agreed by the GMW Board, the RSP Chair and RSP Manager are reviewing current RSP Board membership and the establishment of a number of cluster groups.

10.2. There have been in depth discussions with RSP Board members where members comments, views, and opinions on the cluster groups were considered. It was agreed the there has to be a clear need and focus for any potential cluster group.

10.3. The RSP Manager has met with the other RSP Managers to understand the specific groups they have chosen, the purpose and how well they are working. Some of the cluster groups for the other RSP groups meet monthly, while some meet every three months or every 6 weeks depending on specific requirements.

10.4. Following this review, initial cluster groups will be established with the first meetings held in March:

- Training Providers
- Businesses
- Public Services

10.5. In addition to these cluster groups Policy Task and Finish Groups will also be established for specific areas of WG Policy work.

## **11. Mid Wales Strategic Employability Network.**

11.1. The Mid Wales Strategic Employability Network is a joint endeavour between the Mid Wales Regional Skills Partnership and the Mid Wales Regional Engagement Team. It will be facilitated by the RET on behalf of the region.

11.2. The primary aim of the network is to bring together relevant stakeholders in the region that work with beneficiaries aged 14 plus seeking both 'hard' and 'soft' employability support.

11.3. The network will;

- Act as a regional focus point for employability activity and news e.g. dissemination of new policy initiatives from WG and UK Gov;

- Share regional intelligence regarding current employability initiatives to avoid duplication and identify opportunities for collaboration;
- Collate regional evidence including mapping of existing delivery against organisations and current effectiveness of employability provision in Mid Wales, and identify opportunities to ‘do things differently’;
- Provide a regional view on shared priorities for employability and skills provision in Mid Wales, with a view to further developing collaborative working relationships and ensuring the region is best placed for future funding opportunities;
- Provide a regional view on emerging employability and skills projects to ensure activity aligns with regional priorities. This will include taking a view on the regional relevance of pan-Wales employability projects.

## **12. Legal Implications**

12.1. There are no legal implications arising from this report.

## **13. Human Resources Implications**

13.1. There are no HR implications arising from this report.

## **14. Financial Implications**

14.1. There are no financial implications arising from this report.

## **15. Appendices**

15.1. None

<b>Report</b>	Mid Wales Regional Skills Partnership – Progress Update
<b>Author</b>	Aggie Caesar-Homden, RSP Manager. <a href="mailto:Aggie.caesar-homden@powys.gov.uk">Aggie.caesar-homden@powys.gov.uk</a>
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