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Canolbarth Cymru
Growing
Mid Wales

MID WALES GROWTH DEAL

Portfolio Business Case

Version: 1.0

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 |

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Executive Summary

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

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

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

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

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

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

Strategic Case

Strategic Context

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

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

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

Investment Objectives

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

- **Total capital investment of £280-400 million²**
- **1,100 to 1,400 net additional FTE jobs**
- **£570-700 million in net additional Gross Value Added.³**

Business Needs

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

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

Potential Scope

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

Main Benefits

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

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

Risks

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

Constraints and Dependencies

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

² Note: nominal prices, undiscounted.

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

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

Economic Case

Options Assessment

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

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

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

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

Economic Appraisal

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

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

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

⁴ Note: Values undiscounted.

Commercial Case

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

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

Financial Case

Revenue and Capital Requirements

The Mid Wales Growth Deal has an anticipated total capital expenditure of approximately **£280-400 million**,⁵ 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 |
| Total | £280 | £400 |

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.

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

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

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

Income and Expenditure

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

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

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

Management Case

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

Governance Structure

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

- Joint Committee / Growing Mid Wales Board
- Growing Mid Wales Partnership
- Regional Skills Partnership
- Private Sector Advisory Group⁶
- Senior Responsible Officers (SROs)
- Management Group
- Operations (Portfolio) Manager

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

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

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

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

Risk Management

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

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

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

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

Timeline and Milestones

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

Approvals and Assurance

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

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

Structure of Portfolio Business Case

The remainder of the document is structured as follows:

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

1 THE STRATEGIC CASE

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

It is in two parts as follows:

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

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

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

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

1.1 Strategic Context

Organisational Overview

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

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

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

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

Development Phase (pre-Final Deal Agreement)

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

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

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

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

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

Business Strategy and Aims

Growth Deal – Policy context and fit

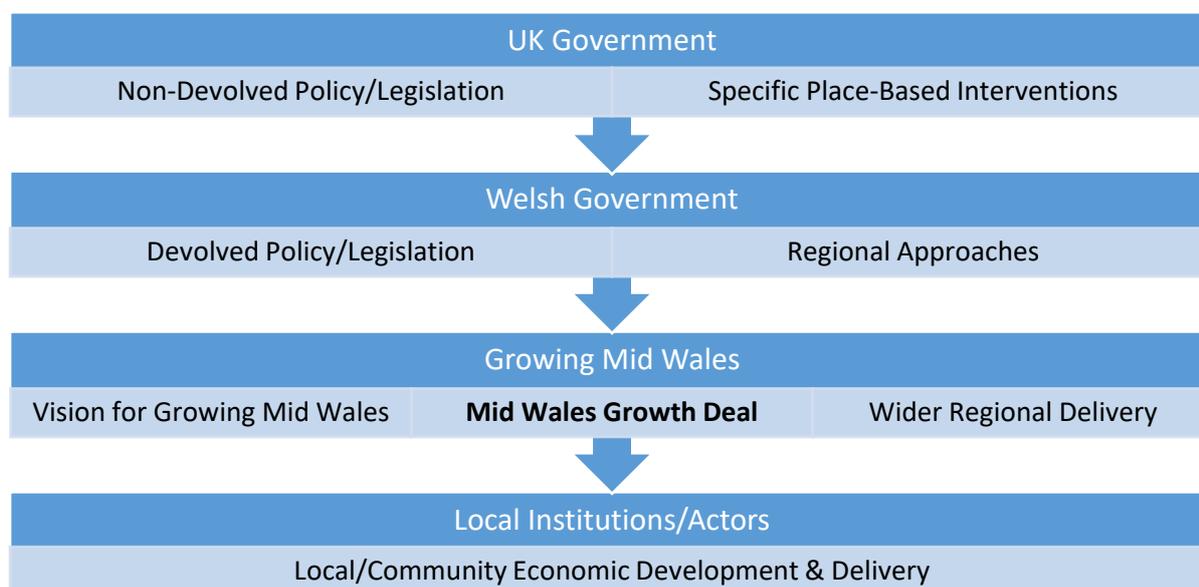
The purpose of City and Growth Deals is to support cities and regions to deliver responsive and flexible local strategies. They are now commonplace in both the UK and devolved governments, with over 36 deals in place to promote decentralisation across the country. These deals give more power and flexibility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

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

Growth Deal funding across the UK has specific key characteristics:

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

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



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

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

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

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

Strategic Context for the Portfolio

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

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



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

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

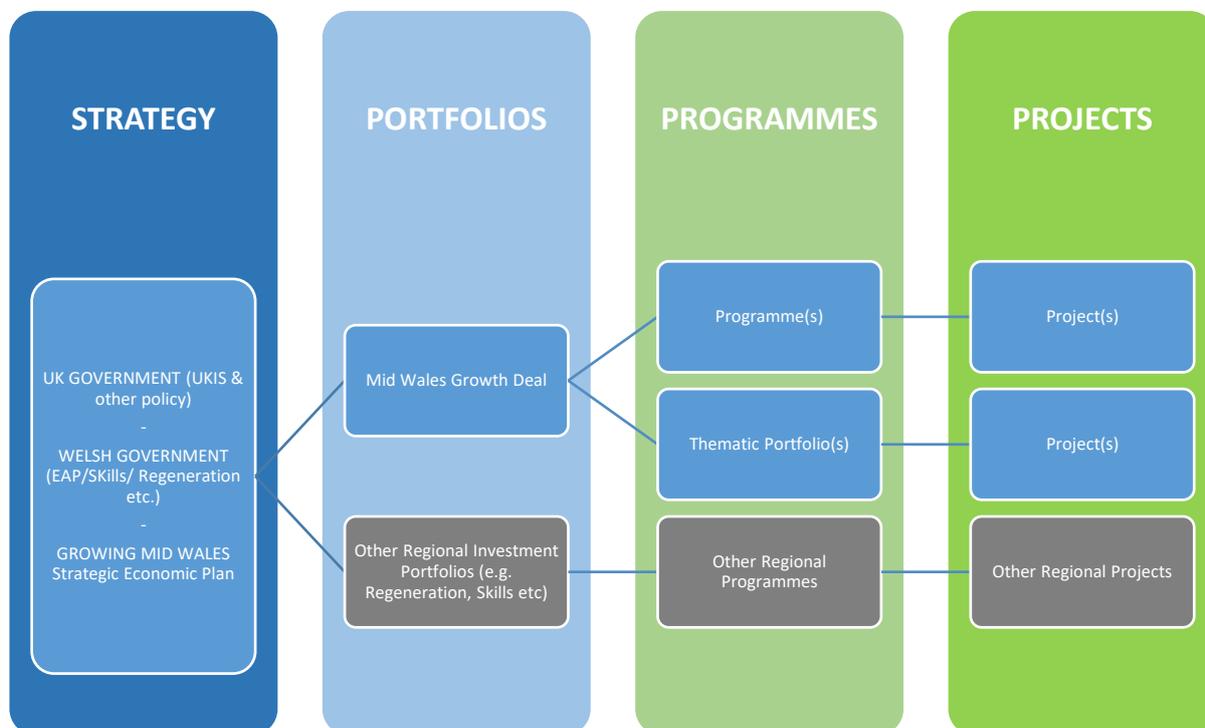
- **Agriculture, Food & Drink:** a strong and vibrant agricultural sector generating significant employment and produce to a nationally and internationally recognised standard, coupled with industrial and innovation strengths offers the opportunity to grow the economic base significantly and lead on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

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

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

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

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



Other relevant strategies

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

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

| Policy | Detail | Relevance and alignment to Growth Deal |
|---|---|---|
| | | outlined in the UK Government's plan especially salient, and there is scope for the area to lead in this regard. |
| UK Innovation Strategy, 2020 | <p>Identifies four Pillars that will underpin the vision to make the UK a global hub for innovation by 2035: Unleashing Business; People; Institutions & Places; and Mission & Technologies.</p> <p>Initial actions are set out to drive up R&D and translation activity, to ensure the UK has the pipeline of talent that it needs, to contribute to levelling up through innovation and to drive a strategic, mission-driven approach to innovation.</p> | The strategy provides clear support for the role of Place in R&D and innovation, and recognition of the opportunity for innovation to help the levelling up agenda. The Applied Research and Innovation strand of the Growth Deal will make targeted investments in R&D and innovation facilities, capitalising on the region's innovation assets and focusing on the areas of strategic opportunity for the future. |
| <i>Wales Policy</i> | | |
| Programme for Government – Wales National Strategy, 2021 | <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"> • 3 – Tourism (the Programme for Government sets out the action plan for supporting Welsh tourism as well as Welsh nature, culture and language); • 4 – Energy (the Programme explicitly states decarbonisation as an economic goal); and • 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- |

| Policy | Detail | Relevance and alignment to Growth Deal |
|--|---|---|
| | | operative and embrace digital innovations and support local supply chains). |
| Our Economic Resilience & Reconstruction Mission | <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 & Innovation and strategic Priority 8 – Skills & Employment.</p> |
| Prosperity for All: economic action plan, Welsh Government 2019 | <p>The Welsh Government's long-term aim is to build a Wales that is prosperous and secure, healthy and active, ambitious and learning, and united and connected. It recognises four key themes as part of Prosperity for All: Prosperous and Secure; Healthy and Active; Ambitious and Learning; and United and Connected.</p> <p>The economic action plan also outlines a new Economic Contract between Government and businesses; Calls to Action; Support for Thematic Sectors and the Foundational Economy, alongside a new approach to supporting regional economic development.</p> | <p>Highlights the ambition of the Welsh Government to deliver economic growth and reduced inequality – two outcomes that the Growth Deal also aims to deliver.</p> <p>Covers a number of 'Calls to Action' as well as a focus on Thematic and Foundational sectors which directly overlap with this Growth Deal's strategic priorities, notably: Call to decarbonise (relates most strongly with strategic priority 4 – Energy); Call for innovation and entrepreneurship (relates most strongly with strategic priority 5 – Supporting Enterprise) in addition to a focus on the sectors of tourism and food, which also form their own strategic priorities in this Growth Deal.</p> <p>Details the need for integration and collaboration between services to enable early intervention and prevention to deliver better outcomes for the long-term. Also includes Low Carbon Wales economic vision that embraces decarbonisation and a low carbon economy, tying in directly with the aims of</p> |

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

Alignment to Existing Initiatives

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

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

SLC Rail – Marches, Mid Wales and Cheshire Connectivity

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

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

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

Business Wales

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

Farming Connect

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

Transforming Towns

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

Superfast Cymru

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

UK F20 Programme

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

Skills

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

Other Local Priorities

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

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

The Case for Change

This section summarises:

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

1.2 Investment Objectives

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

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

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

INVESTMENT OBJECTIVES - PORTFOLIO:

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

INVESTMENT OBJECTIVES – STRATEGIC GROWTH PRIORITIES

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

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.

^{vii} 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^{Error! Bookmark not defined.} – 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.

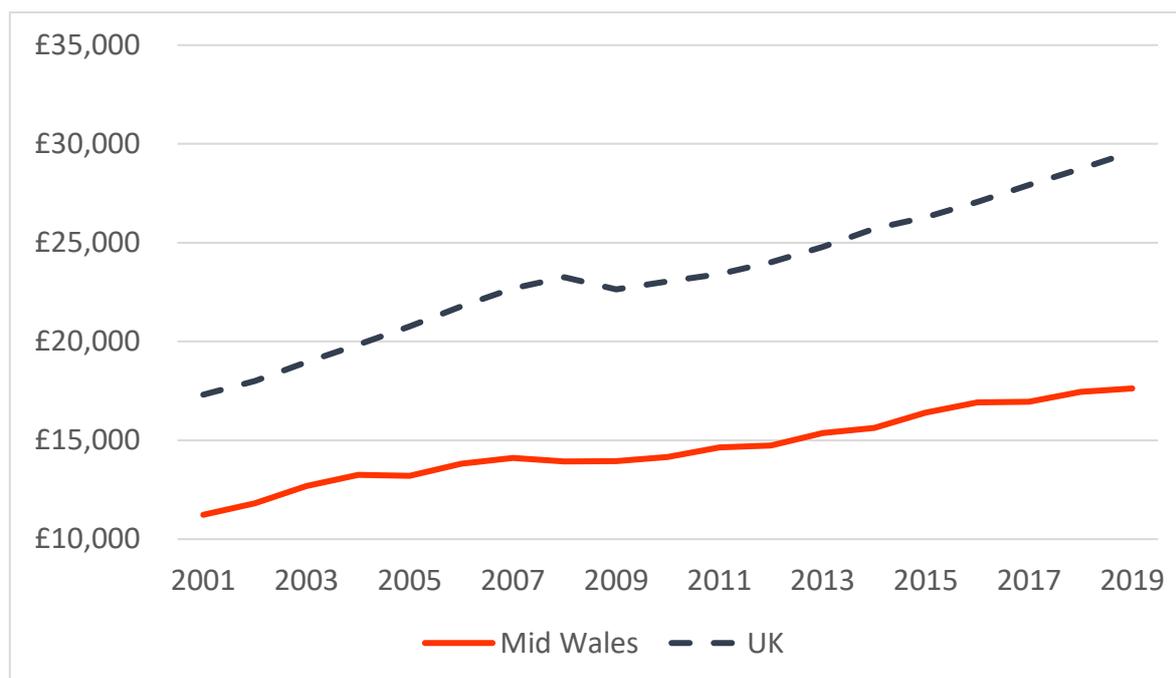
The Economy & Society

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).^{viii}

GVA Per Head



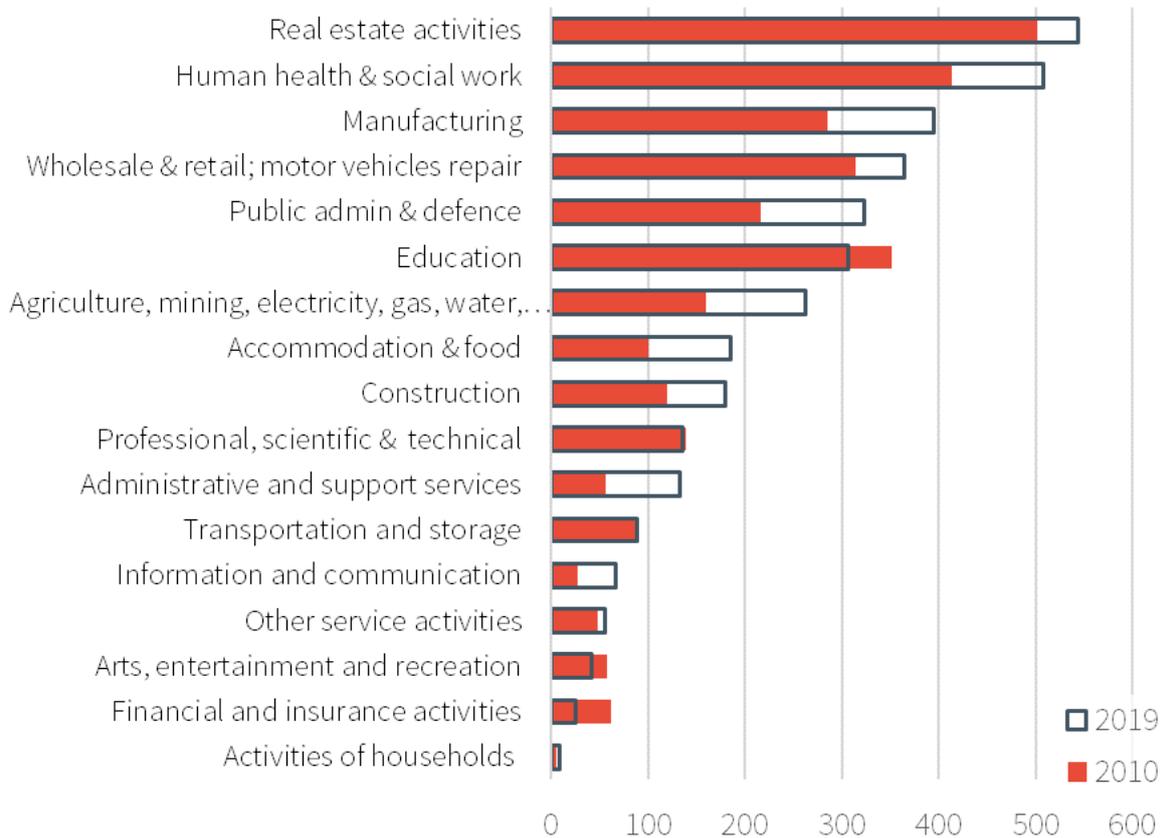
Source: ONS, *Regional GVA* and ONS, *Mid-year population estimates*

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).

^{viii} 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

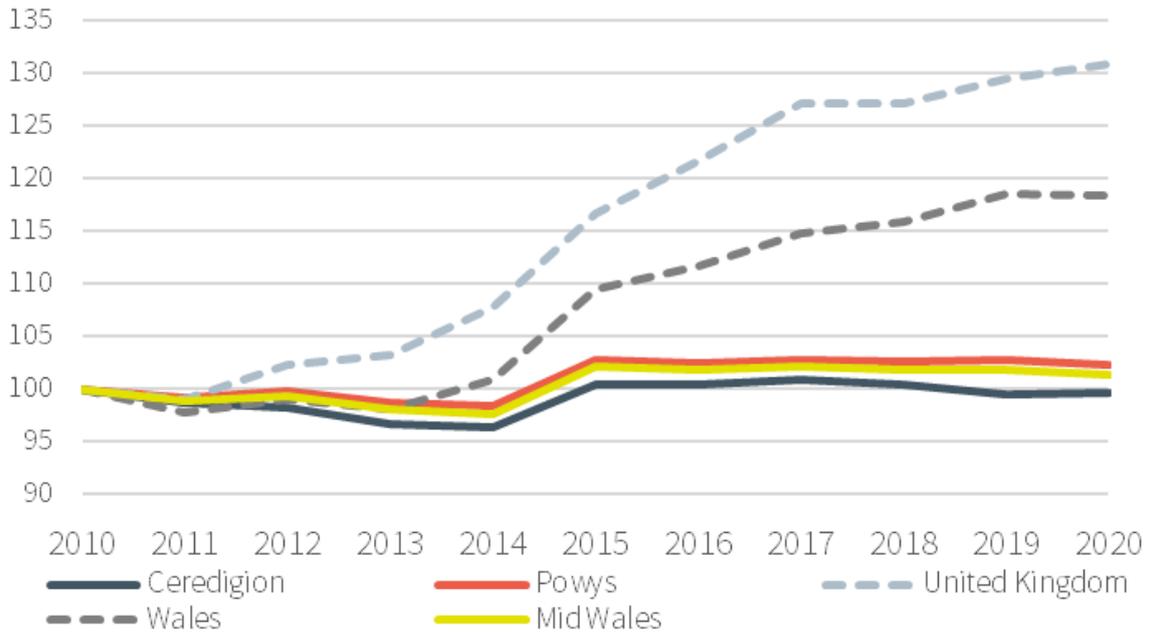


Source: ONS, Regional gross value added (balanced) by industry

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^{ix}.

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.

^{ix} Growing Mid Wales Baseline Report, AECOM, 2019

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

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

Labour Market

There are some 95,400 people in employment in Mid Wales, with economic activity rates in line with Welsh and UK averages, driven by high levels of self-employment. Levels of unemployment in the region are comparatively low at 2.6% in January 2020^x, 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^{xi}.

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

Learning & Skills

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

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

Existing Arrangements - Strategic Growth Priorities

Applied Research and Innovation

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

^x StatsWales, January 2020

^{xi} 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%)^{xii} 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^{xiii}.
- 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.

^{xii} ONS Business Register and Employment Survey 2017; ONS UK Business Counts

^{xiii} AECOM (2019) Evidence Based Programme of Interventions Baseline Report

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

Energy

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

Digital

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

Supporting Enterprise

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

Transport

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

Skills & Employment

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

1.4 Business Needs

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

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

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

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

The Vision for Mid Wales by 2035 is:

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

With the role of the Growth Deal clearly identified to:

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

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

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

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

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

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

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

1.5 Potential Scope: Mid Wales Growth Deal

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

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

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

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

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

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

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

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

Applied Research and Innovation

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

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

Agriculture, Food and Drink

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

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

Strengthened Tourism Offer

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

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

Energy

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

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

Digital

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

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

Supporting Enterprise

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

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

Transport

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

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

Skills & Employment

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

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

1.6 Main benefits

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

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

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

| Mid Wales Growth Deal – Strategic Change Indicators ^{xiv} | | | | | | | |
|---|--------|---------|---------|---------|---------|---------|---|
| Indicator | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Change |
| Regional Productivity Growth | | | | | | | |
| 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 |  |
| Increased Employment and Skills | | | | | | | |
| 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% |  |
| Income | | | | | | | |
| 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

^{xiv} 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:

| | |
|---|--|
| Resources | 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. |
| Delivery | Delays in the delivery of any of the projects could have an impact on the overall Growth Deal portfolio. |
| Cost | 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 |
| COVID-19 | 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. |
| Brexit | 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. |
| Private Sector Investment | 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. |
| Delivery Capacity and Capability | 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. |
| Public Sector Investment | 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. |
| Limited end user company involvement | 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. |
| Political Change | 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. |

| | |
|--|--|
| Statutory Consents and Planning | 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. |
| Climate Change | 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. |
| Communication | Communicating the objectives, intentions and opportunities of the Growth Deal is a key risk for the Board and the PoMO to manage. To secure investor confidence and match funding from public/private sector, to ensure the Deal's potential is realised, and to catalyse further opportunities – it is imperative there is clear and consistent communication as part of an agreed communications strategy/protocol – with dedicated resource. |

1.8 Constraints

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

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

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

1.9 Dependencies

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

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

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

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

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

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

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

2 THE ECONOMIC CASE

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

2.1 Critical Success Factors (CSF)

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

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

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

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

| CSF | Details |
|--|---|
| Optimises social welfare (cost benefit) | <ul style="list-style-type: none"> • Attract and unlock private sector investment (leverage potential). • 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. |
| Potential Supply side capacity and capability | <p>In terms of:</p> <ul style="list-style-type: none"> • What is available within the region – volumes and skills post pandemic. • What could be attracted by way of inward investment from other parts of Wales and the UK. |
| Potential Affordability | <p>In terms of:</p> <ul style="list-style-type: none"> • Available capital from WG and UK Government. • Ability to match fund from the private sector. • Funding horizon – 10-15 years. • Organisation's ability to meet ongoing operational whole life costs. |
| Potential Achievability | <p>In terms of governance:</p> <ul style="list-style-type: none"> • Growing Mid Wales Board (Joint Committee) • Private Sector Advisory Group¹⁶ • Growing Mid Wales Partnership • Mid Wales Management Group • Programme/Thematic and Project Boards <p>Resources (competence and capabilities):</p> <ul style="list-style-type: none"> • Regional PoMO • Programme/Project Sponsors • Use of best practice (able to develop in accordance with HM Treasury & WG guidance on Better Business Cases) |

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

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

2.2 Options Assessment

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

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

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

Long List

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

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

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

Short List

Approach to the shortlisting

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

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

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

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

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

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

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

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

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

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

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

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

Material Available to Inform the Options Assessment

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

Options Assessment Approach: Tranche 1

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

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

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

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

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

1. Strategic Growth Priority Level Assessment

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

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

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

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

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

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

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

**Whilst Black Mountain College Further and Higher Education Institution was short-listed within Tranche 1 based on the assessment criteria undertaken to inform the workshop held on 30th 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.*

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.

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

| 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 align="center">10-year appraisal period post construction used</p> <p align="center">All infrastructure assets will have a residual value at this point</p> | | | | |

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.¹⁷

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

¹⁷ 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

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)¹⁸.

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).

¹⁸ 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

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

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.

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

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**.

| 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) | | |
|---|--------------------|----------------------------|
| Strategic Growth Priority | GVA (£m) | Jobs Created (FTEs) |
| Applied Research & Innovation | £55 – 65 | 185 – 255 |
| Agriculture, Food & Drink | £40 – 50 | 35 – 45 |
| Strengthened Tourism Offer | £120 – 145 | 200 – 245 |
| Digital | £95 – 115 | 370 – 450 |
| Supporting Enterprise | £85 – 105 | 340 – 415 |
| Total | £395 - £480 | 1,100 - 1,400 |

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

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

Benefit Cost Ratio

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

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

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

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

2.4 Risk and Sensitivity Assessment

Risk

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

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

Sensitivity Analysis

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

The following sensitivity tests have been undertaken:

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

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

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

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

2.5 Wider Benefits

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

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

3 THE COMMERCIAL CASE

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

3.1 Commercial Strategy

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

The Workshop considered:

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

The UK Government Commercial Operating Standards

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

1. Plans/Blueprints and resources

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

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

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

2. Pipeline and Planning

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

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

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

3. Senior Responsible Owners and Expertise

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

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

4. Early cross-functional analysis of options

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

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

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

5. Maximising competition

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

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

6. Contracting

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

The PoMO will:

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

7. Contract management

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

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

8. Supplier relationships

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

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

3.2 Procurement Strategy

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

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

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

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

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

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

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

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



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

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

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

- work with the Public Service Boards (PSB) and directly support the local wellbeing plans and evolving community resilience plans for the region to recover and build back fairer and better
- promote and champion the delivery of social value and community benefits through procurement activity align with and test key policies such as the socio-economic duty and the social partnerships bill
- Engage in two-way exchange with partners, contractors and communities and ensure local and regional needs and priorities are part of the social value clauses;
- Focus on innovative targeted recruitment and training working with our partners to ensure we support people to retrain, develop new skills through volunteering or contribute to education/apprenticeships; and
- Target opportunities and engage with existing mechanisms to support this and target specific groups such as young people or those in areas of deprivation to engage in education and learning/development.
- Work with evolving projects and programmes to support contractors to engage and deliver learning and skills development for young people; and
- Support engagement and connections with schools to offer opportunities to all support the new Curriculum 2022 in Wales, with a focus on digital inclusion.
- Work directly with the PSB to include community resilience and wealth building developing assets in our communities to include supporting positive mental health in workforces, supply chain and in communities;
- Support and engage with the third sector in a valued based approach that support resilience in the third sector to work with and support contractors and the supply chain.
- Ensure we have environmental considerations in contract opportunities, minimising our impact on the environment and supporting new technologies, approaches and innovation with contractors and the supply chain, with a focus on the circular economy; and
- Seek to minimise the carbon footprint of projects and support low carbon economy, focused on the commitment by Welsh Government to achieve a carbon neutral public sector by 2030, reducing greenhouse gases, improving our natural environment and protecting our biodiversity.

3.3 Contractual Relationships

Key Partnerships

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

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

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

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

Stakeholder Relationships

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

Each programme or project will make use of the established regional forums, such as the Private Sector Advisory Group¹⁹, 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

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

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

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

3.7 Subsidy Control

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

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

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

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

3.8 Managing Conflicts of Interest

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

3.9 Personnel Implications

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

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

4 THE FINANCIAL CASE

4.1 Capital Requirements

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

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

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

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

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.

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

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

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

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

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

4.3 Income and Expenditure Summary

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

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

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

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

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

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

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

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

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

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

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

4.4 Private Sector Funding

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

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

4.5 Monitoring and Evaluation

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

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

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

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

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

4.6 Financial Risk Management and Audit Arrangements

Financial Risks

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

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

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

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

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

Internal and External Audit Arrangements

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

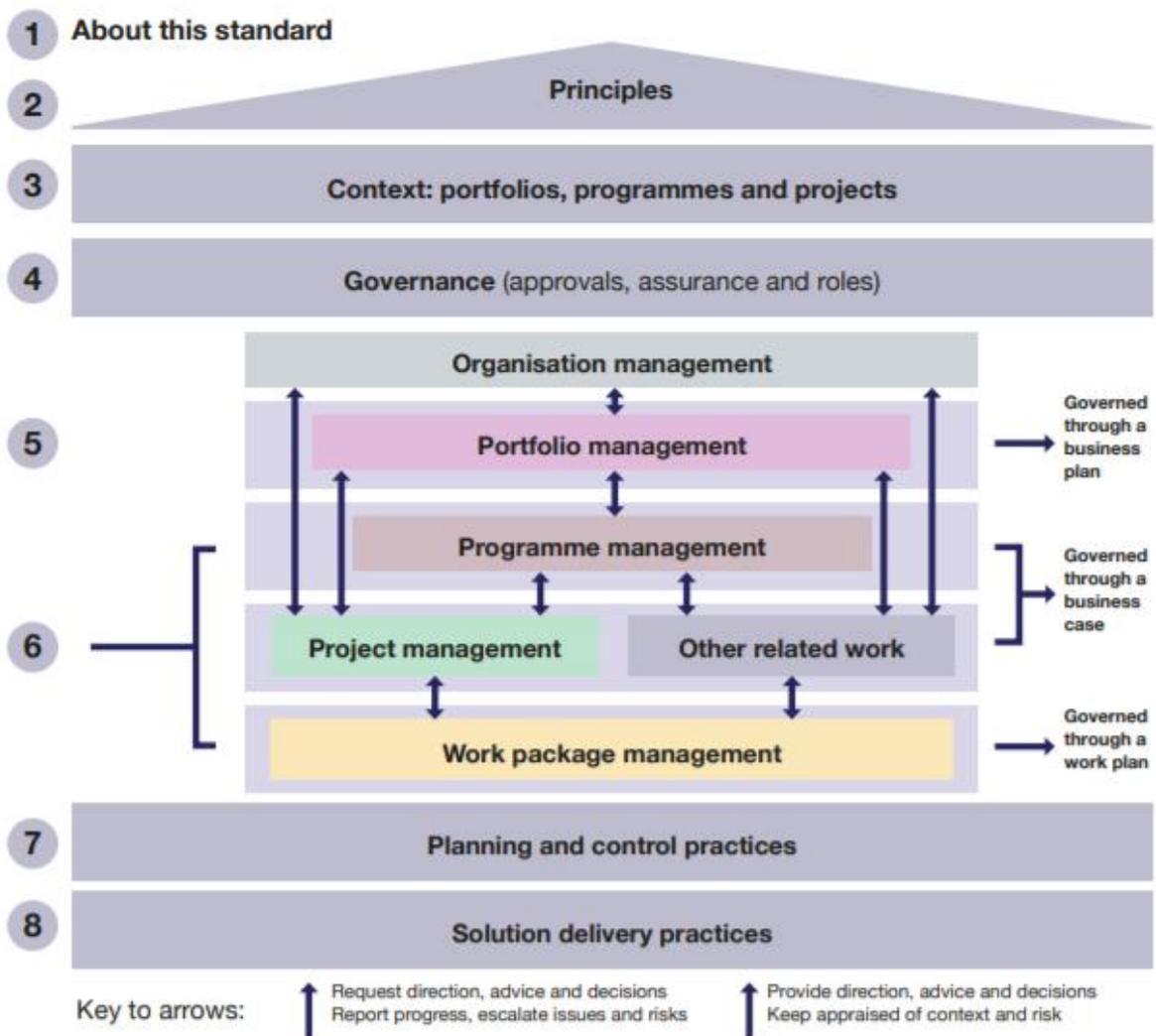
External Audit services are provided through the Wales Audit Office who will review and comment the financial aspects of Corporate Governance which include the legality of financial transactions, financial standing, systems of Internal Financial Control and standards of financial conduct and fraud and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

5 THE MANAGEMENT CASE

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

5.1 Management, Governance and Co-Ordination

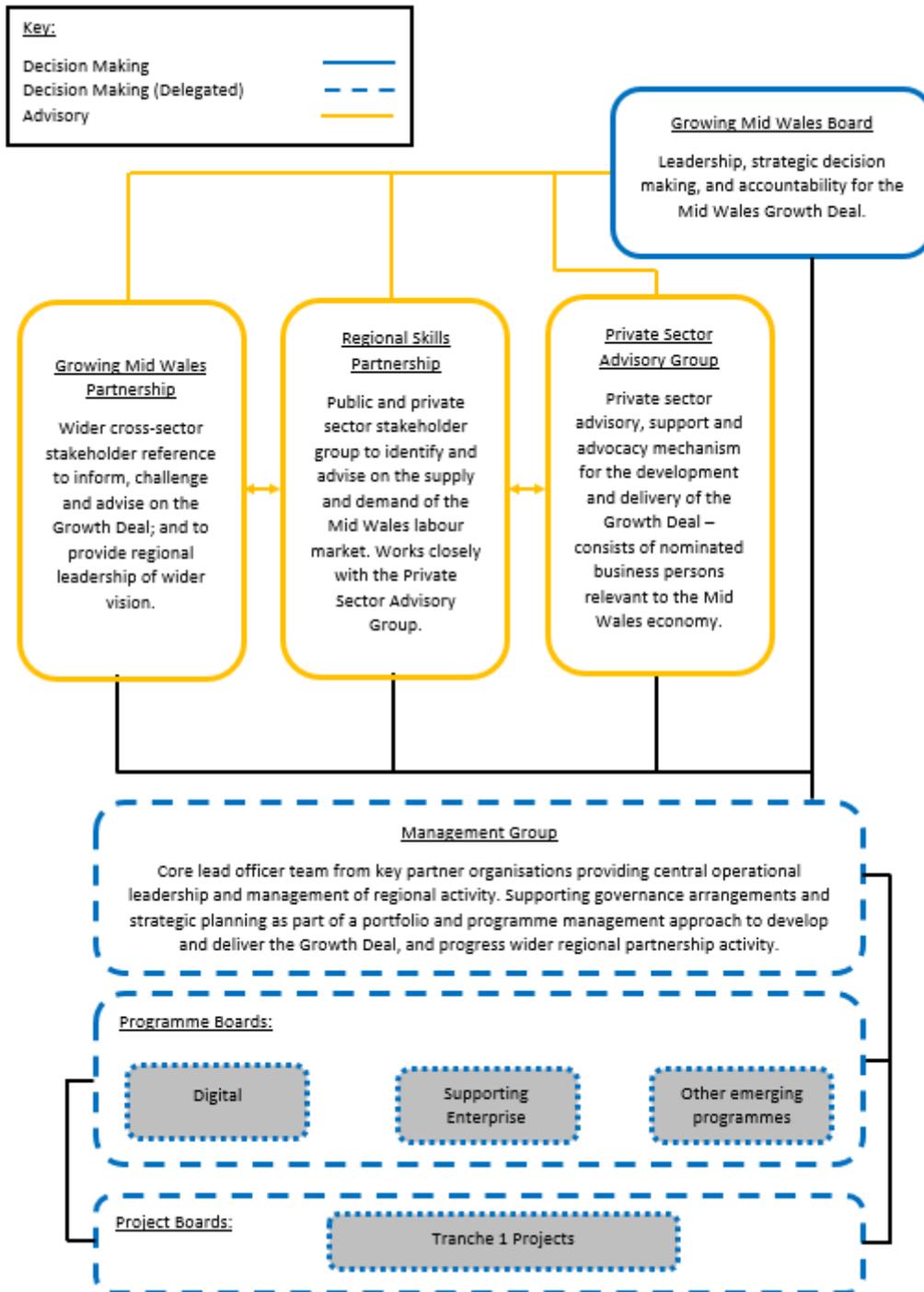
The Growing Mid Wales Board has adopted a delivery model based on a best practice approach to portfolio, programme and project management as set out in ‘*Government Functional Standard GovS 002: Project Delivery*’. Portfolio, programme and project management is an integrated way of meeting an organisation’s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



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

Mid Wales Growth Deal Governance Structure

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



Strategic and Portfolio Level

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

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

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

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

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

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

Programme and Project Level

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

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

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

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

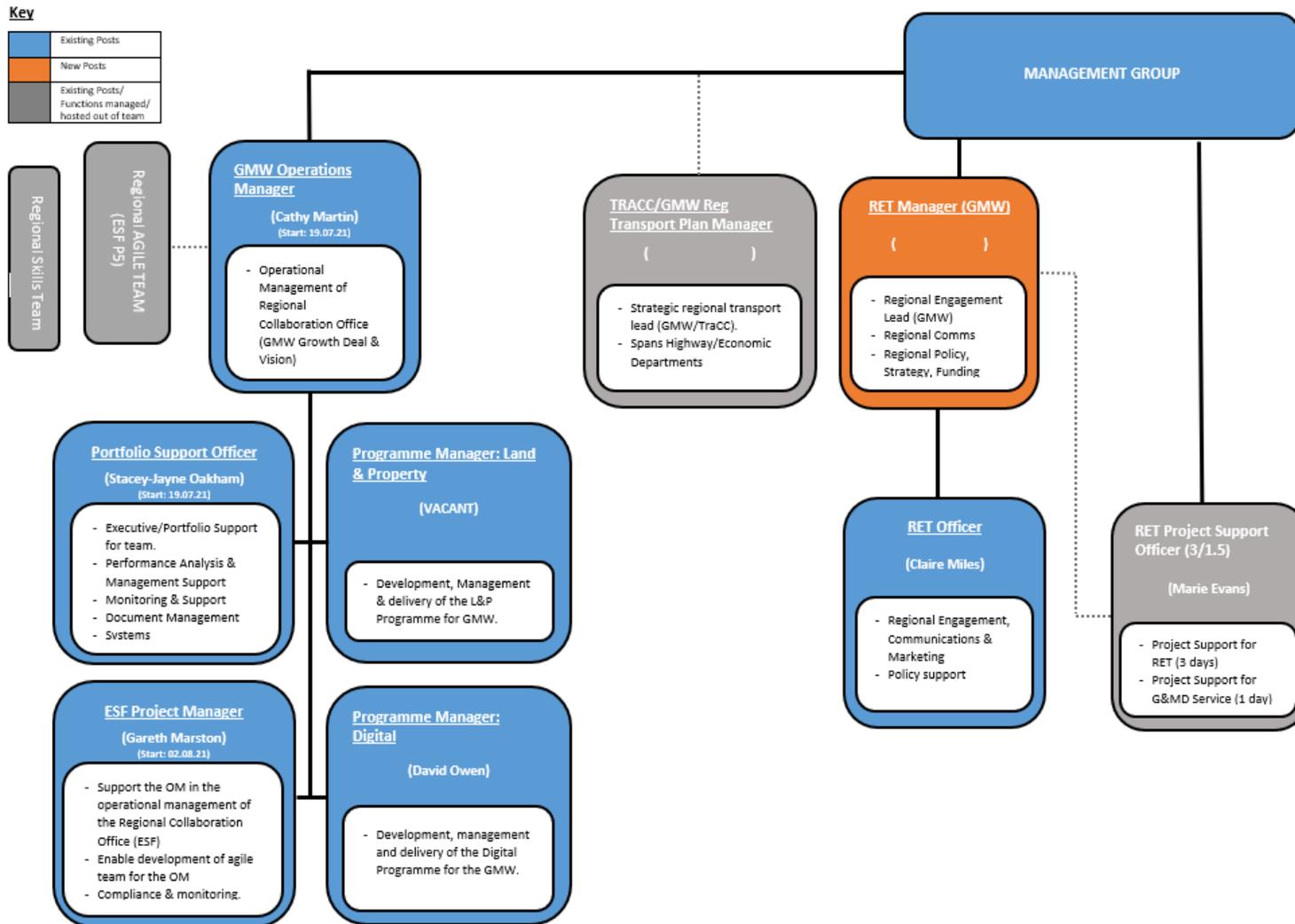
Whilst we were unable to appoint to the Programme Manager (Land and Property); the PoMO are taking the opportunity to review this role and are considering the staffing structure pertaining to the emerging needs of the Portfolio. Funding for the core team is from a mix of ESF grant, match funding from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

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

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

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

GMW Organisation Chart



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

- **Project Boards** – All projects within the Growth Deal will be managed via a Project Board with appointed SROs and project managers in place to ensure delivery. Project Boards will comply with the methodology set out in PRINCE2. These boards will be focused on the development and delivery of the agreed business case, with a focus on the delivery of specified outputs. Projects and Project Boards will be the responsibility of the Project Sponsor and clear arrangements for the delivery of projects in line with best practice will be set out in each business case. Projects will report through to the relevant Programme/Thematic Board. Where a project does not naturally sit within a Growth Deal Programme, the Management Group will look to establish thematic-level boards that will provide a mechanism to report back to the PoMO.
- Terms of Reference for Programme and Project Boards will be agreed with Project Sponsors and SROs to ensure the appropriate links and reporting arrangements understood by both parties.

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

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

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

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

Programme and Project Business Cases

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

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

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

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

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

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

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

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

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

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

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

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

Delivery Experience

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

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

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

Risk Management

Risk Mitigation

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

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

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

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

Risk Management Framework

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

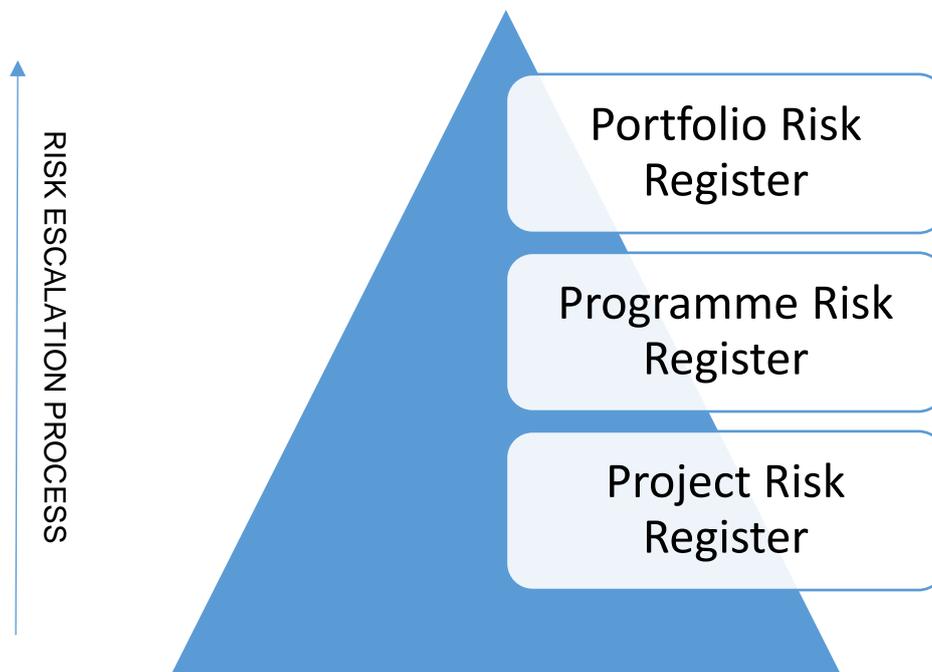
The Portfolio's approach to risk management will be considered in a Growth Deal Risk Management Strategy and User Guide. This document will define and articulate the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that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

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

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

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

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



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

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

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

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

Portfolio Risk Register

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

| 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 Portfolio Business Case, after detailed |

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

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

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

Change Management

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

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

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

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

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

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

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

Partnership and Stakeholder Engagement

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

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

Provision of Training

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

Specialist Advisors

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

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

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

Timeline and Milestones

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

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

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

Programme/Project Maturity Index

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

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

Marketing

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

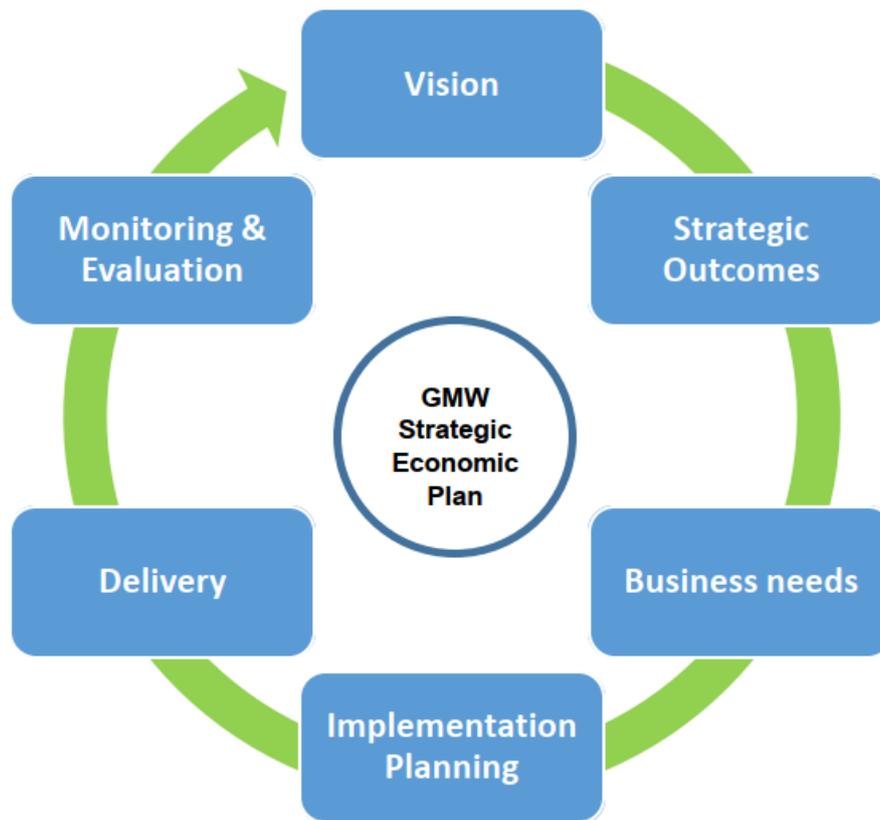
At the project level, each Project Sponsor will be responsible for engaging with stakeholders and community groups to highlight and market the offer. The specific approach for each project will be set out in the project business cases.

Performance Management, Monitoring and Evaluation

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

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

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



Benefits Realisation

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

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

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

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

Approvals and Assurance

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

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

Approvals

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

Assurance

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

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

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

Appendix A – PROJECT / PROGRAMME PROFORMA



Mid Wales Growth Deal – Individual Project Proforma

| | | |
|---|--|--------------------------|
| Project Name: | | |
| Growth Deal Strategic Theme: | | |
| Workstream Lead and contact details: | | |
| Officer Lead and contact details: | | |
| Lead delivery organisation: | | |
| 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): | | |
| | | |
| Financial Summary | | |
| Total Project Capital Cost: | £ | |
| Total Funding Request from MWGD: | £ | % of total project costs |
| Total Match Funding (capital): | £ | % of total project costs |
| Source and status of Match Funding: | Public/Private (please state) Confirmed / Pending | |
| 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): | | |
| <ul style="list-style-type: none"> • • • • • | | |
| Key Risks (maximum of 5): | | |
| <ul style="list-style-type: none"> • • • • • | | |

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

Key Dependencies (Use the bullets):

-
-
-
-
-

Key Constraints (Use the bullets):

-
-
-
-
-

Appendix B – SUMMARY OF OPTIONS APPRAISAL WORKSHOP

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

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

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

Appendix C – SUMMARY OF PORTFOLIO BUSINESS CASE WORKSHOPS

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

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

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

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

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

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

When: 24/25th September + 8/9th October 2020

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

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

Workshop: Workshop 2 (Appraising the long list)

When: 16th December 2020

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

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

Workshop: Workshop 3 (Appraising the short list)

When: 31st July 2021

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

Output: Revised Economic Case.

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

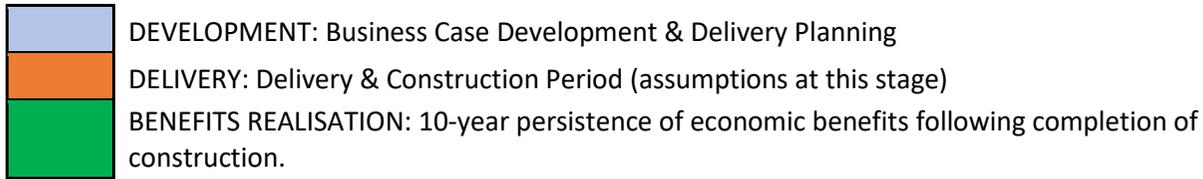
When: 1st September 2021

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

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

Appendix D – INDICATIVE GROWTH DEAL PROJECT / PROGRAMME DELIVERY PROFILE

| | 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.

Appendix E – INDICATIVE ECONOMIC APPRAISAL: KEY PRINCIPLES & ASSUMPTIONS

| Summary of Key Principles & Assumptions | | | |
|---|---|---|--|
| Strategic Growth Priority | Estimating and Valuing Gross Benefits | Estimating Additionality | Sensitivity Testing |
| <p>Applied Research & Innovation</p> | <p>Innovation Park:</p> <ul style="list-style-type: none"> - 100 Direct FTE Jobs taken from Project Proforma / SOC. - £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. - 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>. <p>National Spectrum Centre:</p> <ul style="list-style-type: none"> - 50 Direct FTE Jobs taken from Project Proforma / SOC. - £39,385 (Ceredigion) in GVA per FTE job taken from <i>ONS Nominal (smoothed) GVA (B) per filled job (£); Local</i> | <p>Deadweight:</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>Displacement:</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>Test 1: 20% Lower Job Creation</p> <p>Test 2: Additionality Factors 20% Higher</p> <p>Test 3: 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"> - 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>. <p>Mid Wales Advanced Manufacturing Campus:</p> <ul style="list-style-type: none"> - 60 Direct FTE Jobs based on average Direct FTE Jobs per £ of Capital Costs for other Applied Research & Innovation projects. - £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> - Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment | <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>Leakage:</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"> - 25 Direct FTE Jobs taken from Project Proforma / SOC. - £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. - 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>. <p>Canolfan Tir Glas / University of Gastronomy:</p> <ul style="list-style-type: none"> - 25 Direct FTE Jobs taken from Project Proforma / SOC. - £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> | <p>Deadweight:</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>Displacement:</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>Leakage:</p> | <p>Test 1: 20% Lower Job Creation</p> <p>Test 2: Additionality Factors 20% Higher</p> <p>Test 3: 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"> - Indirect jobs estimated using information provide in Project Proforma. | <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> | |
| Strengthened Tourism Offer | <p>Dwr Cymru Elan Valley:</p> <ul style="list-style-type: none"> - 80 Direct FTE Jobs taken from Project Proforma / SOC. - GVA per annum from direct and indirect employment taken from Project Proforma / SOC, <p>Ceredigion Harbours:</p> <ul style="list-style-type: none"> - 67 Direct FTE Jobs based on average Direct FTE Jobs per £ of Capital Costs for other Strengthened Tourism Offer projects. - £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 | <p>Deadweight:</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>Test 1: 20% Lower Job Creation</p> <p>Test 2: Additionality Factors 20% Higher</p> <p>Test 3: Tests 1 and 2 in Combination</p> |

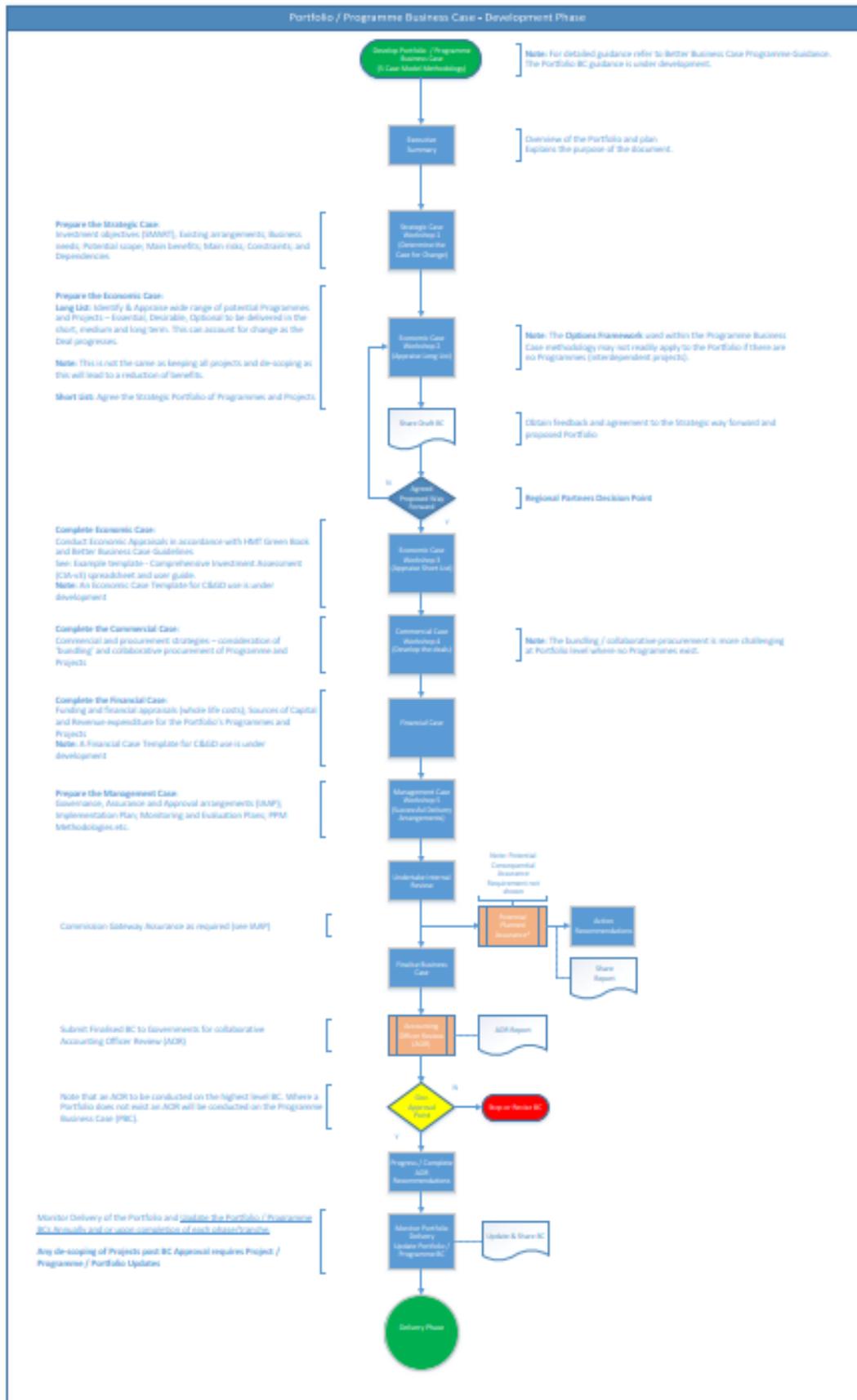
| Summary of Key Principles & Assumptions | | | |
|---|---|---|---------------------|
| Strategic Growth Priority | Estimating and Valuing Gross Benefits | Estimating Additionality | Sensitivity Testing |
| | <p>2021 prices using GDP Deflators.</p> <ul style="list-style-type: none"> - Indirect jobs estimated 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>. - Includes additional GVA associated with Amenity Value and Visitor Spending. Taken from benchmark interventions in Strengthened Tourism Offer. <p>Montgomery Canal – Restoration to Navigation:</p> <ul style="list-style-type: none"> - 40 Direct FTE Jobs taken from Project Proforma / SOC. - £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. - Indirect jobs estimated using Central Non-tradable (0.9) and Tradable (0.4) Place Based (i.e. Sub-UK) Employment | <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>Displacement:</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>Leakage:</p> | |

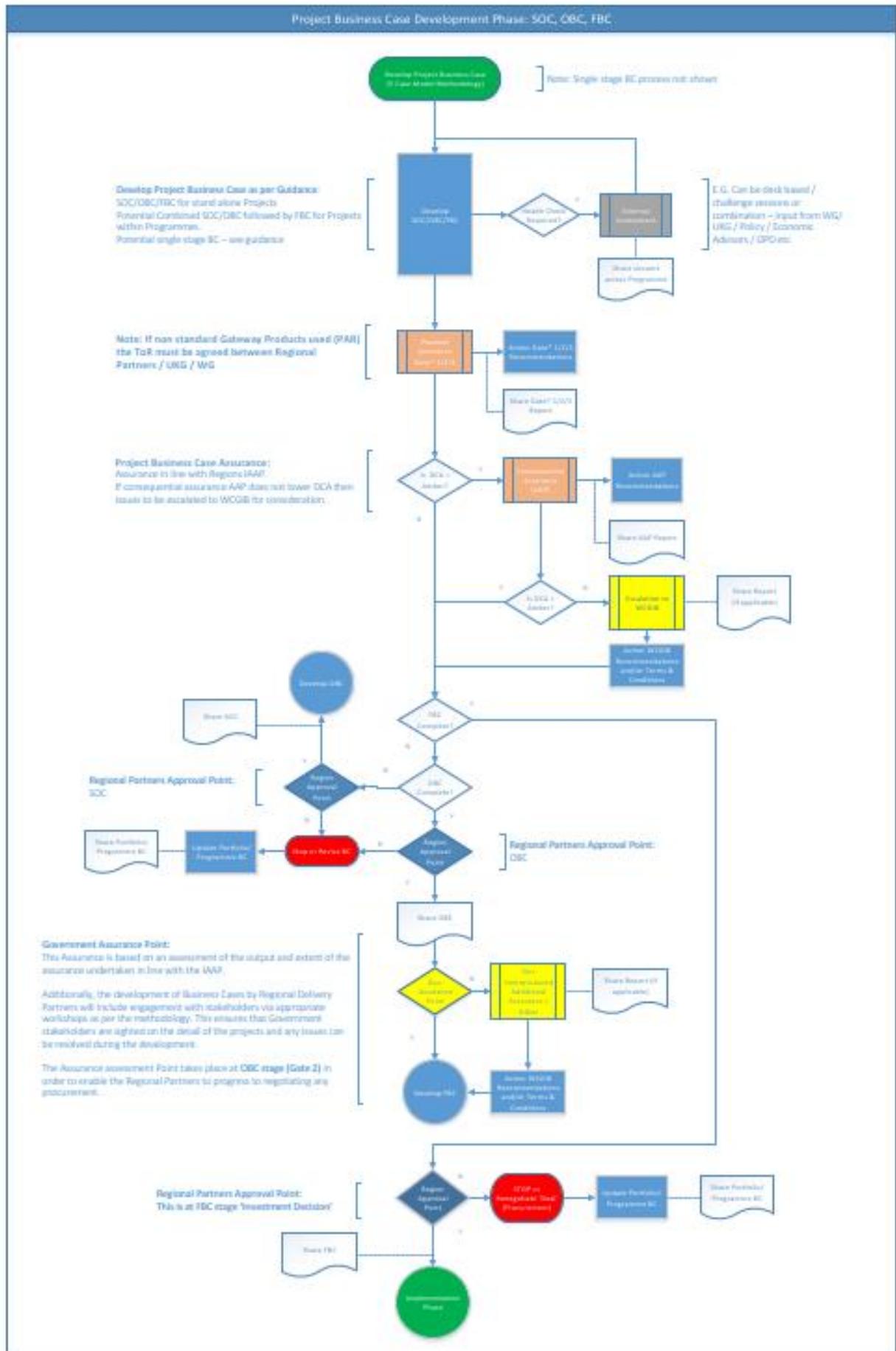
| Summary of Key Principles & Assumptions | | | |
|---|---|---|--|
| Strategic Growth Priority | Estimating and Valuing Gross Benefits | Estimating Additionality | Sensitivity Testing |
| | <p>multipliers from the <i>HM Treasury Green Book</i>.</p> <ul style="list-style-type: none"> - Includes additional GVA associated with Amenity Value and Visitor Spending. Information taken from SOC. <p>Cynefin – The Green Heart of Wales:</p> <ul style="list-style-type: none"> - 48 Direct FTE Jobs taken from Project Proforma / SOC. - £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. - Indirect jobs (144) estimated using information provided in Project Proforma / SOC. - Includes additional GVA from Visitor Spending. Information taken from SOC. | <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"> - 420 Direct FTE Jobs taken estimated using benchmarks of other digital Growth Deal programmes in Wales based | <p>Deadweight:</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>Test 1: 20% Lower Job Creation</p> <p>Test 2: Additionality Factors 20% Higher</p> <p>Test 3: Tests 1 and 2 in Combination</p> |

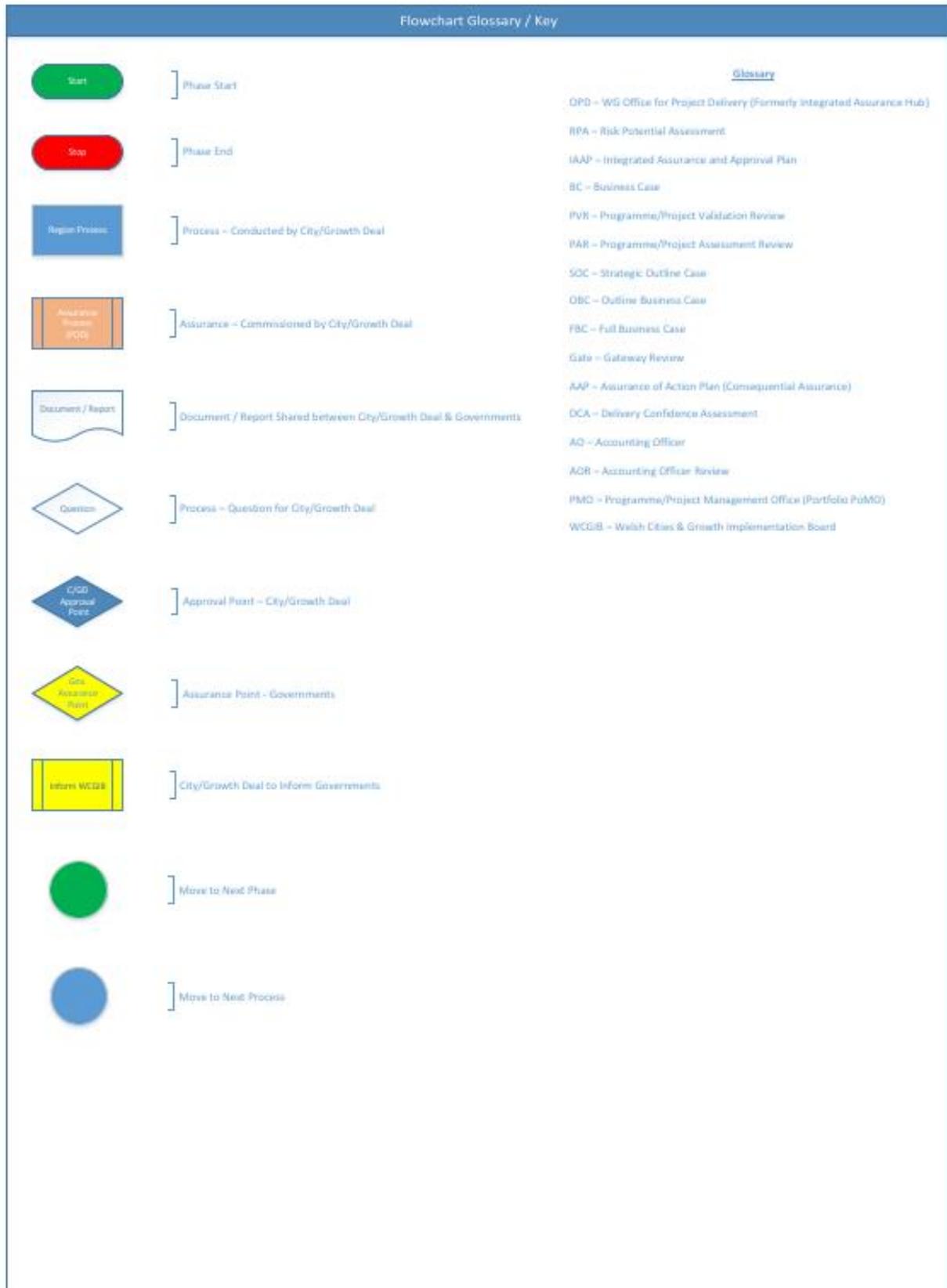
| Summary of Key Principles & Assumptions | | | |
|---|---|---|--|
| Strategic Growth Priority | Estimating and Valuing Gross Benefits | Estimating Additionality | Sensitivity Testing |
| | <p>on average Direct FTE Jobs per £ of Capital Costs .</p> <ul style="list-style-type: none"> - £36,875 (Ceredigion 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. - 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>. | <p>Displacement:</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>Leakage:</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"> - 386 Direct FTE Jobs taken from Project Proforma / PBC. - £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. - Indirect jobs estimated using Central Non-tradable (0.9) and | <p>Deadweight:</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>Displacement:</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>Test 1: 20% Lower Job Creation</p> <p>Test 2: Additionality Factors 20% Higher</p> <p>Test 3: 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> . | Leakage: Sites and Premises Programme: Sub-regional (mean) of 13.5% for 'People and skills' interventions taken from the HCA Additionality Guide Fourth Edition. | |

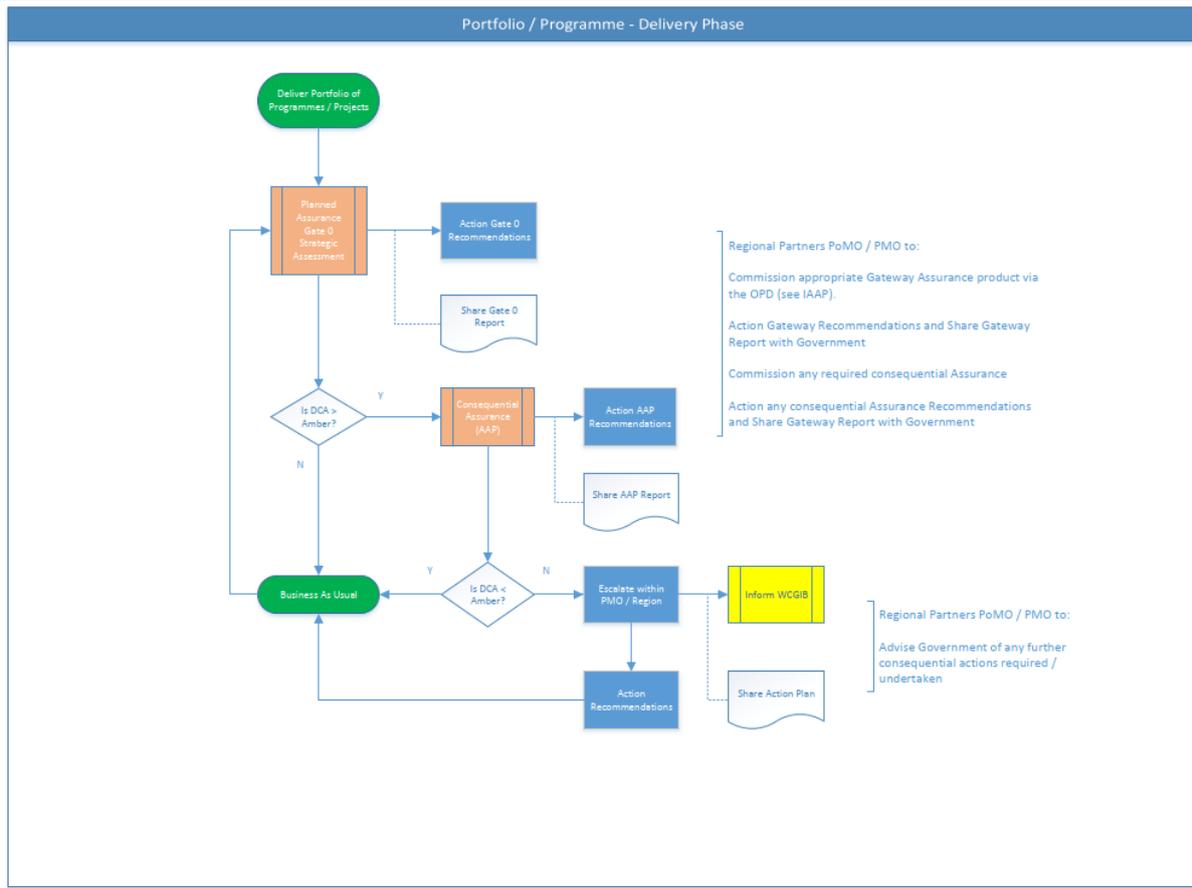
Appendix F – BUSINESS CASE DEVELOPMENT PHASE FLOWCHARTS

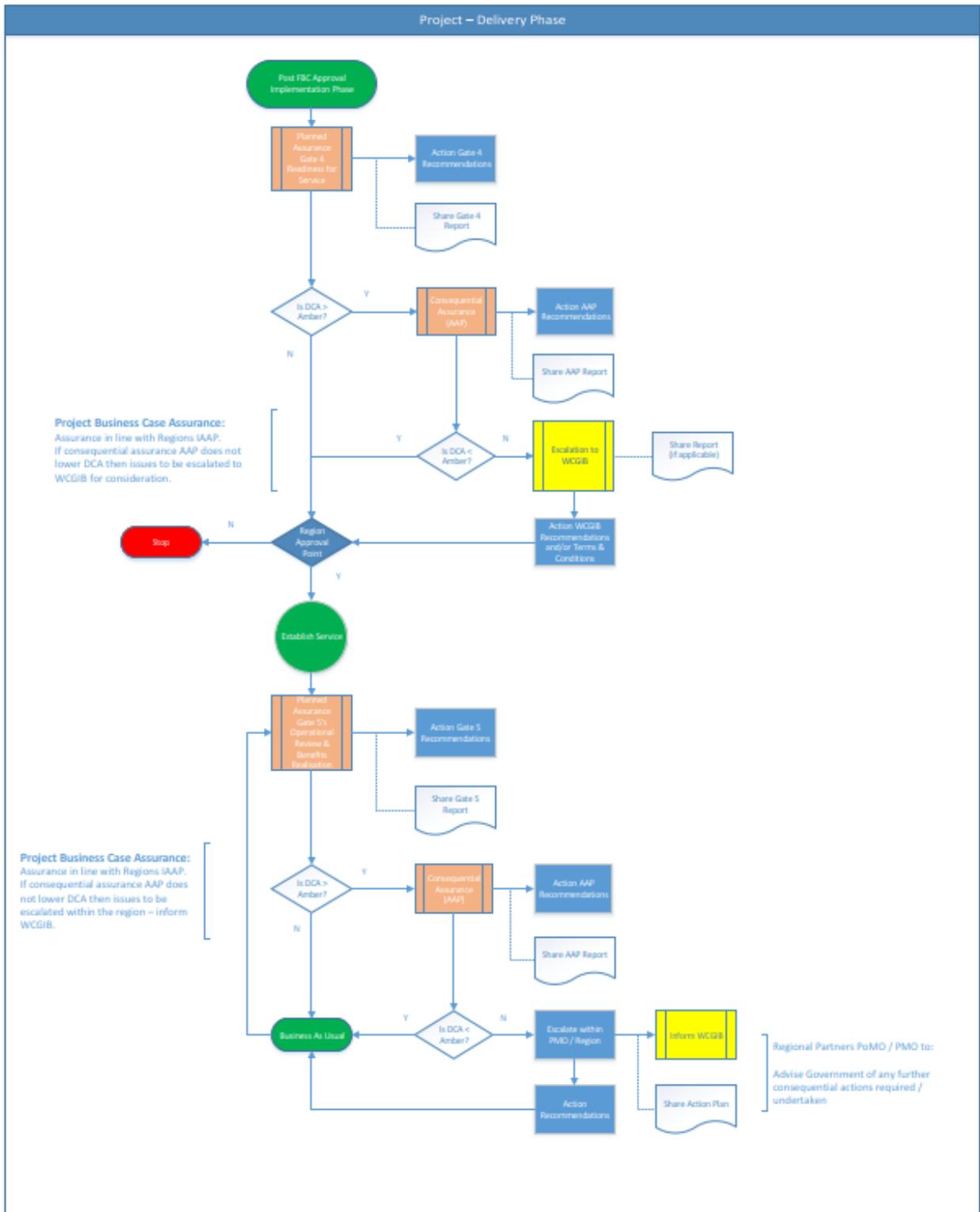






Appendix G – DELIVERY PHASE FLOWCHARTS





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

Appendix H – EXAMPLE PROJECT MONITORING PROFORMA



Monitoring Report

Project Name

Project Summary

| | |
|---------------|--|
| Report Date | |
| Project Code | |
| Project Name | |
| Report Author | |

Health

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

Commentary

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

Milestones and Activities

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

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

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

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

| Key Milestones | |
|----------------|--|
| ID | |
| Title | |

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

Key Milestones

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

Risks

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

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

Issues

| | |
|-------------------|--|
| Issue Name | |
| Issue Description | |

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

Outputs & Outcomes

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

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

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

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

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| output/outcome assessment | | | | |
| Please list any issues or risks impacting realisation | | | | |
| | | | | |
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| Detailed Description | | | | |
| Direct / Indirect? | | | | |
| If indirect, explain how the project is enabling the delivery of these outputs | | | | |
| Measures | Period | Target | Forecast | Actual |
| | | | | |
| Specify the degree of Business Change required to exploit the Project output/outcomes | | | | |
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| Detailed Description | | | | |
| Direct / Indirect? | | | | |
| If indirect, explain how the project is enabling the delivery of these outputs | | | | |
| Measures | Period | Target | Forecast | Actual |
| | | | | |
| Specify the degree of Business Change required | | | | |

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

Match Funding

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